

ANNUAL REPORT & Accounts 2018-2019



Hindustan Motors Limited

HINDUSTAN MOTORS LIMITED

ANNUAL REPORT

Year Ended March 31, 2019

Board of Directors

Shri A. Sankaranarayanan
Shri Raj Kamal Johri
Shri Uttam Bose
Smt. Mou Mukherjee

Chief Executive Officer

Shri Bhikam Chand Mishra (w.e.f. 26-5-2018)

Chief Financial Officer

Shri Mahesh Kumar Kejriwal (w.e.f. 26-5-2018)

Company Secretary

Ms. Prativa Sharma

Bankers

UCO Bank
ICICI Bank

Statutory Auditors

Messrs. Ray & Ray
Chartered Accountants

Share Transfer Agents

Karvy Fintech Private Limited
Plot 31-32, Karvy Selenium, Tower B,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad – 500 032
Phone : (040) 6716 1500
Fax : 040 – 2342 0814
E-mail: einward.ris@karvy.com
suresh.d@karvy.com
Kolkata Office: (033) 6628-5934/5901

Registered Office

'Birla Building', 13th Floor
9/1, Rajendra Nath Mukherjee Road
Kolkata 700 001
Tel: +91 33 2242 0932/4082 3700/2220 0600
Fax: +91 33 2248 0055
E-mail: hmcosecy@hindmotor.com;
Website: www.hindmotor.com

CIN : L34103WB1942PLC018967

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Notice to the Shareholders

NOTICE is hereby given that the Seventy-seventh Annual General Meeting of the Shareholders of HINDUSTAN MOTORS LIMITED will be held at Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700020, on Wednesday, the 18th September, 2019 at 2.00 PM to transact the following business:-

AS ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Standalone Financial Statements of the Company together with the Directors' Report as also the Auditors' Report thereon for the financial year ended 31st March, 2019.
- (2) To appoint a Director in place of Shri A. Sankaranarayanan (DIN-00385632) who retires by rotation and being eligible offers himself for re-appointment.
- (3) To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**, relating to the appointment of the Auditors of the Company:

"RESOLVED THAT pursuant to provisions of Section 139 of the Companies Act, 2013 and Rules made thereunder, Messrs. Ray & Ray, Chartered Accountants (Registration No. 301072E), be and are hereby reappointed for a further period of five consecutive years as Auditors of the Company to hold office from the conclusion of 77th Annual General Meeting (AGM) till the conclusion of 82nd AGM and that Board of Directors of the Company be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with auditors and that such remuneration may be paid on progressive billing basis to be agreed upon between the auditors and the Board of Directors."

AS SPECIAL BUSINESS:

- (4) To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** relating to re-appointment of Shri Raj Kamal Johri as an Independent Director of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Shri Raj Kamal Johri (DIN-06804524) who was appointed as an Independent Director of the Company and who holds office of Independent Director up to the conclusion of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from the conclusion of 77th Annual General Meeting till the conclusion of 82nd Annual General Meeting of the Company."

- (5) To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as a **Special Resolution** under Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and rules made thereunder including any statutory modification(s) or re-enactment thereof and Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members be and is hereby accorded to Mr. A Sankaranarayanan (DIN:00385632), Non-Executive Director of the Company, who has already attained the age of 75 years to continue as a Non-Executive Director of the Company."

Registered Office :
'Birla Building' 13th Floor
9/1, Rajendra Nath Mukherjee Road
Kolkata - 700 001

By Order of the Board
For HINDUSTAN MOTORS LTD

Dated, 14th June, 2019

Prativa Sharma
Company Secretary

NOTES :

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

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

2. Information about the Director proposed to be reappointed as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends the re-appointment of such Director.
3. Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with a copy of the Annual Report. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold the shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.
5. Members who have shareholdings in multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the Registrar and Share Transfer Agents, Karvy Fintech Pvt. Limited at Plot 31-32, Karvy Selenium Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 for consolidation of all such shareholdings into one account to facilitate better service.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 11th September, 2019 to Wednesday, the 18th September, 2019 (both days inclusive).
7. (a) Members are requested to notify change of address, if any, with PINCODE to the Company or to its Registrar and Share Transfer Agents quoting reference of their folio number and in case their Shares are held in dematerialised form, this information should be passed on to their respective Depository Participants.
(b) In case the mailing address mentioned in this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
8. A member desirous of getting any information on the accounts or operations of the Company or share related matter is requested to forward his/her query(ies) to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
9. Individual members can now take the facility of making nomination of their holding. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of Shares shall vest in the event of the death of the member and the joint-holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the nomination form. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu undivided family, holder of Power of Attorney cannot nominate. For further details in this regard members may contact Karvy Fintech Pvt. Limited, Hyderabad, the Registrar and Share Transfer Agents of the Company.
10. In all correspondence with the Company or with its Registrar and Share Transfer Agents, members are requested to quote their folio number and in case their Shares are held in the dematerialised form, they must quote their Client ID and their DP ID Numbers.
11. The shares of the Company are in compulsory demat segment. Those members who still continue to hold shares in physical form, are requested to get their shares dematerialised at the earliest.

12. Securities and Exchange Board of India has made it mandatory for every participant in the securities/capital market to furnish income tax Permanent Account Number (PAN). Accordingly, all the members (including joint holders) holding shares in physical form are requested to submit copy of their PAN Card duly attested by the Notary Public/Gazetted Officer/Bank Manager under their official seal stating their full name and address, registration number to the Registrar and Share Transfer Agents, Karvy Fintech Pvt. Limited.
13. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its members through electronic mode to the registered e-mail addresses of members. Keeping in view the underlying theme and the circular issued by MCA, the Company proposes to send all documents to members like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report etc. to the members through e-mail. Members holding shares in dematerialized form are requested to register their e-mail ID with their Depository Participants and members holding shares in physical form are requested to register their e-mail ID with Registrar and Share Transfer Agents of the Company i.e., Karvy Fintech Pvt. Limited, Plot 31-32, Karvy Selenium Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 for sending documents through e-mail.
14. The Notice of the 77th AGM and instruction for e-voting, along with the Attendance Slip and Proxy Form, is being sent by electronic mode to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2018-2019 are being sent by permitted mode.
15. Members may also note that the Notice of the 77th AGM and the Annual Report 2018-2019 will be available on the Company's website, www.hindmotor.com.
16. The Securities and Exchange Board of India (SEBI) vide its Circular dated 21st March, 2013 has provided that companies making cash payments to their investors shall use approved electronic mode of payment such as ECS, NECS, NEFT etc. To enable usage of electronic payment instruments, companies are required to maintain requisite bank details of their investors. Therefore, members of the Company who hold shares in physical form are requested to submit the following information under their signatures to Registrar and Share Transfer Agents of the Company i.e., Karvy Fintech Pvt. Limited for registering bank details if not already registered earlier:-
 - a) Name of the sole/first joint-holder
 - b) Folio number
 - c) Name of the Bank
 - d) Address of the Bank branch with Pin code
 - e) Bank Account No.
 - f) Type of Bank account whether saving or current
 - g) MICR Code and
 - h) IFSC Code
17. All relevant documents referred in the Notice and Statement will be available for inspection by the members at the Registered Office of the Company between 10 AM and 12 Noon on any working day of the Company up to the date of the meeting.
18. **Information and other instructions relating to e-voting are as under:**
 - (i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

- (ii) The facility for voting, either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 77th AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the AGM but shall not be entitled to cast their vote again at the AGM.

The Company has appointed Shri Anjan Kumar Roy, FCS, a Company Secretary in practice as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

- (iii) The Company has engaged the services of Karvy Fintech Pvt. Limited ("Karvy") as the Agency to provide e-voting facility.
- (iv) **Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 11th September, 2019.**
- (v) **A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 11th September, 2019 only shall be entitled to avail the facility of remote e-voting/ voting at the meeting.**
- (vi) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e., 11th September, 2019, may obtain the User ID and password in the manner as mentioned below:
- a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
 Example for NSDL:
 MYEPWD <SPACE> IN12345612345678
 Example for CDSL :
 MYEPWD <SPACE> 1402345612345678
 Example for Physical :
 MYEPWD <SPACE> XXXX1234567890
 - b) If e-mail address or mobile number of the member is registered against Folio No. /DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c) Member may call Karvy's toll free number 1-800-3454-001
 - d) Member may send an e-mail request to evoting@karvy.com or suresh.d@karvy.com
 If the member is already registered with Karvy e-voting platform, he/she can use his/her existing User ID and password for casting the vote through remote e-voting.

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

Commencement of remote e-voting: From 9.00 a.m. (IST) on Saturday the 14th September, 2019

End of remote e-voting: Up to 5.00 p.m. (IST) on Tuesday, the, 17th September, 2019

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

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

(ix) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e., 18th September, 2019.

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

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

- (a) Launch internet browser by typing the URL: <https://evoting.karvy.com>
- (b) Enter the login credentials (i.e. User ID and password) which will be sent separately. The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
- (c) After entering these details appropriately, click on "LOGIN".
- (d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- (e) You need to login again with the new credentials.
- (f) On successful login, the system will prompt you to select the E-Voting Event Number for Hindustan Motors Limited.
- (g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- (h) Members holding shares under multiple folios/demat accounts shall choose the voting process separately for each of the folios /demat accounts..
- (i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (j) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, members can login any number of times till they have voted on the Resolution(s).**
- (l) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: anjankumarroyco@hotmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

B. **In case a member receives physical copy of the Notice by Post** [for members whose e-mail addresses are not registered with the Company/Depository Participant(s)]:

- a) User ID and initial password - These will be sent separately.
- b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.
- C. **Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.**
- D. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.

Annexure to the Notice

Explanatory Statement

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

Item No. 4

Shri Raj Kamal Johri (DIN-06804524) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges. He holds office as an Independent Director of the Company up to the conclusion/date of the ensuing Annual General Meeting of the Company ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act).

Nomination and Remuneration Committee, on the basis of the report of performance evaluation of Independent Director, has recommended re-appointment of Shri Raj Kamal Johri as Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation of Independent Director and as per the recommendation of the Nomination and Remuneration Committee, considers that, on the basis of background and experience and contributions made by him during his tenure, the continued association of Shri Raj Kamal Johri would be beneficial to the Company and it is desirable to continue to avail his service as Independent Director. Accordingly, it is recommended to the members of the Company for re-appointment of Shri Raj Kamal Johri as Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an Independent Director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act.

Section 149(10) of the Act provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in the Board's report. Section 149(11) provides that an Independent Director may hold office up to two consecutive terms.

Shri Raj Kamal Johri is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

The Company has received notice in writing from a member under Section 160 of the Act proposing the candidature of Shri Raj Kamal Johri for the office of Independent Director of the Company.

The Company has also received a declaration from Shri Raj Kamal Johri that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and Regulation 25 of SEBI (LODR) Regulations, 2015.

In the opinion of the Board, Shri Raj Kamal Johri fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Shri Raj Kamal Johri is independent of the management.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Shri Raj Kamal Johri is reappointed as an Independent Director for another term of five years.

Details of Director whose re-appointment as Independent Director is proposed at Item No.4 is provided in the “Annexure” to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

Copy of the draft letter for appointment of Shri Raj Kamal Johri as an Independent Director setting out the terms and conditions is available for inspection by shareholders at the Registered Office of the Company.

Except Shri Raj Kamal Johri, none of the Directors, Manager, other Key Managerial Personnel and their relatives are in any way concerned or interested, financial or otherwise, in the aforesaid Resolution.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

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

Item No. 5

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘Listing Regulation’) as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, with effect from 1st April, 2019, no listed company shall appoint or continue the Directorship of a Non-Executive Director who has attained the age of 75 years, unless a special resolution is passed to that effect.

Mr. A Sankaranarayanan (DIN:00385632), was appointed as Non-Executive Director of the Company under Section 152 of the Companies Act, 2013 read with Rules made thereunder and pursuant to Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to hold office from the conclusion of 75th Annual General Meeting till the conclusion of the 77th Annual General Meeting to be held in the year 2019, liable to retire by rotation.

Mr. A Sankaranarayanan (DIN:00385632) is a BE (Mechanical Engineer). He has been associated with the Company since long time and is having profound knowledge about the Company. He has an enriched experience in developing and introducing new products, updating existing product range and mix in achieving import substitutions and strengthening the In-house R&D activities. His guidance on matters related to Accounts, Finance, Taxation and various other aspects has been notable and supportive to the Company in dealing with complex matters.

Therefore, approval of members to the special resolution regarding the continuation of the directorship of Mr. A Sankaranarayanan, after attaining the age of 75 years, is sought.

Except Mr. A Sankaranarayanan, none of the Directors and Key Managerial Persons of the Company and their relatives are in any way concerned or interested, financial or otherwise, in the aforesaid resolution.