

## Directors' Report to the Members

Your Directors present their seventy-seventh Annual Report together with audited financial statements of the Company for the year ended March 31, 2019.

### Financial Results / Performance

During the year under review, the Company's revenue/Other Income are 36.06 Crores compared to 9.38 Crores in the previous financial year. The following table gives a summary of the performance.

(₹ in crores )

Particulars	2018-19	2017-18
Gross Revenue from Operations/ Other Income	36.06	9.38
Net Revenue from Operations	36.06	9.38
Profit/(Loss) before Exceptional items and Tax	26.60	(16.70)
Exceptional items (Net)	0	78.97
Profit/(Loss) before Tax	26.60	62.27
Tax Expenses (including net refund of ₹ 0.65 Cr from earlier year)	(0.11)	5.69
Net Profit/ (Loss) after tax	26.71	56.58
Other Comprehensive Income	(0.27)	(0.69)
a) Item that will not be reclassified to profit or loss	(0.37)	(0.90)
b) Tax on Comprehensive Income	0.10	0.21
Total Comprehensive Income for the year (Comprising Profit/(Loss) for the year (after tax) and Other Comprehensive Income (after tax))	26.45	55.89

The revenue account shows a profit of ₹ 26.45 Crores after providing ₹ 1.20 Crores for depreciation & amortisation expense. There is a deficit of ₹ 169.79 Crores in the Statement of Profit and Loss as at the end of the current year as against ₹ 196.24 Crores in the last year.

A Cash Flow Statement for the year under review is also attached to the enclosed Annual Accounts.

The Company is not having any subsidiary company and therefore consolidated accounts of the Company have not been prepared.

### Review of Operations

There has been no change during the period under review in the nature of business of the Company.

As reported earlier that due to low productivity, growing indiscipline, shortage of funds and lack of demand for products, the Company was compelled to declare "Suspension of work" at its Uttarpara Plant with effect from 24th May, 2014 and the suspension of work is continuing due to no change in the situation. The lay off in Company's Pithampur Plant with effect from 4th December, 2014 due to lack of orders is also continuing.

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

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

#### **Outlook for 2018-19**

In an effort to revive operations, the Company has started process of rationalising the cost post suspension of work at Uttarpara plant. The Company started to reduce the manpower substantially to a desired level as a result the strength of employee has been decreased from 450 to 395 in number. It has reduced the fixed cost including employee cost considerably and continuously working on further reducing its fixed cost.

Also, the Company has been engaged in scouting for tie-ups with potential investors/strategic partners who can introduce newer product portfolios in the market and infuse capital into the Company. The Company is considering various measures including alternative use of fixed assets to generate revenue.

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

The Company is also in the process of selling identified assets subject to necessary approvals to improve net worth as well as immediate cash generation to meet its financial obligations.

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

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

#### **Related Party Transactions**

There are no contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013. The details of other transactions entered into with the Related Parties are given in the note - 40 to the Financial Statements.

#### **Deposits**

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

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

In view of the no operating profit, the Company is not in a position to make any expenditure under Corporate Social Responsibility as per the provisions of Companies Act, 2013.

#### **Risks and Concerns and its Management**

The Company exposed to some internal risks to generate liquidity to meet the existing liability of the Company and day to day activities as the Uttarpara Plant of the Company is still under suspension of work and Pithampur Plant of the Company is still under layoff.

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

#### **Industrial Relations**

As reported earlier, the Company has declared "Suspension of Work" at its Uttarpara Plant in Hooghly District of West Bengal with effect from 24th May, 2014. At Pithampur Plant, the seven staff and technician grade employees have been laid off with effect from 4th December, 2014. The general industrial relation at both the plants is sensitive but being managed. The number of employees as on 31st March, 2019 is 395.

### **Extract of Annual Return**

The extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure-2** and is also available in the website link as mentioned below.

### **Meetings of the Board and Audit Committee**

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

### **Corporate Governance**

The Company continues to remain committed to high standards of corporate governance. The report on corporate governance as per the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this report is annexed as **Annexure-3**. The Company has complied with all the requirements of corporate governance. The certificate from the Auditors of the Company confirming compliance to the conditions of the corporate governance requirements is also annexed.

### **Directors' Responsibility Statement**

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

### **Information on Remuneration**

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

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

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

### **Internal Financial Controls System**

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

### **Auditors**

The Report by the Auditors is self-explanatory. The Statutory Auditors of the Company, Messrs. Ray & Ray, Chartered Accountants (Registration No.301072E), were appointed in the Seventy-second Annual General Meeting of the Company held on 25th September, 2014, as Statutory Auditors of the Company until the conclusion of Seventy-seventh Annual General Meeting to be held in 2019 for the financial years 2014-15 till 2018-19.

Messrs. Ray & Ray, the Statutory Auditors of the Company has completed the first term of five years and given their consent to continue as the statutory auditors of the Company for a further period of five years. Your Directors request you to appoint Messrs. Ray & Ray as the

Statutory Auditors of the Company to hold office for a further period of five years from the conclusion of the ensuing 77th Annual General Meeting of the Company till the conclusion of the 82nd Annual General Meeting and to fix their remuneration.

The Company has received a letter pursuant to Sections 139 and 141 of the Companies Act, 2013 from Ray & Ray, Chartered Accountants regarding their eligibility for appointment as Statutory Auditors of the Company.

Further, with regard to preparation of accounts on going concern basis, the Auditors have made some observations under "Emphasis of Matter" appearing in the Auditors' Report which the management has responded in note-47 to the audited financial statements for the year ended 31st March, 2019.

#### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs. R.B.M. & Associates, a firm of Company Secretaries in Practise (CP No.8659) to undertake the Secretarial Audit of the Company.

The Report of the Secretarial Auditor is annexed herewith as **Annexure-8**. There are no qualifications or observations or remarks made by Secretarial Auditor in his report.

#### **Subsidiary**

The Company has no subsidiary company and therefore nothing is required to be disclosed with respect to subsidiary company.

#### **Declaration by Independent Directors**

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

#### **Directors**

There is no change in the Directorship during the year.

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

Shri Raj Kamal Johri, Independent Director of the Company will complete his 1st term of five consecutive years at the ensuing Annual General Meeting and being eligible, is proposed to be reappointed for a further period of five consecutive years.

Information about the Director proposed to be reappointed as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided in the Report on Corporate Governance forming part of this Report.

#### **Key Managerial Personnel**

Shri Bhikam Chand Mishra has resigned from the post of Chief Financial Officer with effect from the close of business hours on 25th May, 2018.

Shri Bhikam Chand Mishra has been appointed as the Chief Executive Officer of the Company with effect from 26th May, 2018.

Ms. Prativa Sharma is continuing as the Secretary of the Company.

Shri Mahesh Kumar Kejriwal has been appointed as the Chief Financial Officer of the Company with effect from 26th May, 2018.

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

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

The remuneration / compensation / commission etc. to the Directors and Key Managerial Personnel is proposed by the Nomination

and Remuneration Committee in compliance with requirements of the Companies Act and recommended to the Board for its approval. Approval of Shareholders is obtained, if required.

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

At the time of appointing an Independent Director, a formal letter of appointment is given to the candidate, which inter-alia, explains the role, functions, duties and responsibilities expected of the person as an Independent Director of the Company. The Independent Director is also explained in detail the compliance required from him under the Companies Act, 2013 and other relevant regulations. The independence of Director is decided as per provisions of the Companies Act, 2013.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for remuneration of Directors, Key Managerial Personnel and Senior Management. The said Remuneration Policy is annexed as **Annexure-9** to this report.

### **Board Evaluation**

The Board of Directors evaluated the annual performance of the Board as a whole, its committees and the directors individually in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in the following manner:-

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

A separate meeting of Independent Directors was held on 12th November, 2018 to evaluate the performance evaluation of the Chairman of the meeting of Board of Directors (as there is no chairman of the Board), the Non-Independent Directors, the Board and flow of information from management

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

As per Section 177(9) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Equity Listing Agreement, the Company has established an effective vigil mechanism named Whistle Blower Policy ("the Policy") which is also in conformity with the Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with a view to provide a mechanism for Directors and Employees of the Company inter alia to raise genuine concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. The Company encourages its employees to use the mechanism and has made provision for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. Adequate safeguards against victimization of the persons who use such mechanism are provided in the policy. The policy is posted on the website of the Company [www.hindmotor.com](http://www.hindmotor.com).

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

The Company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company did not receive any complaint during the year 2018-19.

**Appreciation**

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

For and on behalf of the Board of Directors

Kolkata  
29th May, 2019

**Uttam Bose**  
*Director*

**A. Sankaranarayanan**  
*Director*