Notes to Accounts *(Contd.)*

Corporate Information

Hindustan Motors Limited ("the Company") is a Company limited by shares, incorporated and domiciled in India having its Registered Office at Kolkata. The Shares of the Company are publicly traded on the National Stock exchange of India and BSE Limited. The Company is primarily engaged in manufacture and sale of Vehicles, Spare Parts of Vehicles, Steel Products and Components. The Company is also engaged in Trading of Spare Parts of Vehicles.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared as a going concern on an accrual basis in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act,2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended] and Other applicable provisions of the Act, to the extent applicable.

The financial statements have been prepared on accrual basis of accounting under historical cost convention and presented in Indian Rupees (INR) which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest lacs.

However, the following financial assets and financial liabilities are measured at fair value:

i) Certain financial assets and liabilities measured at fair value.

ii) Plan assets of defined employee benefit plans.

(b) Property, Plant and Equipment

The Company has regarded the Previous GAAP carrying value for all of its property, plant and equipment as deemed cost at the transition date, viz., 1 April, 2016. Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation, net of impairment, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on 'Straight Line Method', over the estimated useful lives of the respective assets as prescribed under Schedule II of the Companies Act, 2013 except for vehicles used for Research and development purpose, which are depreciated @20% p.a. which was higher than the rates prescribed under Schedule II of the Companies act, 2013. Depreciation on leasehold land (other than perpetual lease) is provided over the respective lease period. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Derecognition :

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

(c) Intangible Assets

The Company has elected to avail the exemption granted by IND AS-101"First time adoption of IND AS" and

Notes to Accounts *(Contd.)*

regard the Previous GAAP carrying value for all of its intangible assets as deemed cost at the transition date, viz., 1 April, 2016. Intangible assets are stated at cost less accumulated amortisation and net of impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and its cost can be measured reliably. Intangible assets are amortised on straight line basis over their estimated useful lives.

Derecognition :

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in profit or loss.

(d) Inventories

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

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

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

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

(e) Fair Value Measurement

Fair value is the price that would be received on sale of asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. Normally at initial recognition the transaction price is the best evidence of fair value.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and the risks of the asset or liability and at the level of the fair value hierarchy. This categorization is based on the lowest level input that is significant to the fair value measurement as a whole;

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(f) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to Accounts *(Contd.)*

Financial Assets :

Initial recognition and measurement

All financial assets except trade receivables are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expressed in the Statement of Profit and Loss.

The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.

Subsequent measurement

Subsequent measurement of financial assets is described below -

(i) **Debt instruments :**

A debt instrument is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(ii) **Equity investment :**

The Company subsequently measures all equity investments in companies other than equity investments in subsidiaries, joint ventures and associates at fair value. As per management, as sufficient recent information is not available to measure the fair value, cost represents best estimate of the fair value within that range.

Derecognition :

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when :

- The rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities :

Financial liabilities of the Company are contractual obligations to deliver cash or another financial asset to another entity.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value minus transaction costs that are directly attributable and subsequently measured at amortised cost. Any difference between

Notes to Accounts *(Contd.)*

the proceeds (net of transaction costs) and the fair value at initial recognition is recognised through profit or loss and loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value, and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in the Statement of Profit and Loss when the liabilities are derecognized.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

Derecognition :

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The differences in the respective carrying amounts are recognized in the Statement of Profit and Loss.

(g) Impairment

1. Property, plant and equipment and other intangible assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

2. Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. The Company tests for impairment using the ECL model for financial assets such as trade receivables, loans and advances to be settled in cash and deposits.

Notes to Accounts *(Contd.)*

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. Life time ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss (P&L). This amount is reflected in a separate line in the P&L as an impairment gain or loss. For financial assets measured at amortised cost, ECL is presented as an allowance which reduces the net carrying amount of the financial asset.

(h) **Revenue Recognition**

(i) Amounts disclosed as revenue are inclusive of excise duty and net of trade allowances, rebates, goods and service tax.

(ii) Insurance and other claims, to the extent considered recoverable, are accounted for in the year of claim. However, claims and refunds whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance basis.

(iii) Revenue from interest is recognized on accrual basis and determined by contractual rate of interest.

(iv) Dividend income is stated at gross and is recognized when right to receive payment is established.

The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity after dispatch of goods and passing of title to the customer.

(i) **Employee Benefits**

(i) **Short term obligations :**

Short term employee benefits are accrued in the year services are rendered by the employees.

(ii) **Post employment benefit obligations :**

Contributions to defined contribution plans such as Provident Fund etc. are being made in accordance with the statute and are recognized as and when incurred.

Contribution to defined benefit plans consisting of contribution to gratuity are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income. Other costs are recognized in the Statement of Profit and Loss.

Other long term employee benefits consisting of Leave encashment are determined at close of the year at present value of the amount payable using actuarial valuation techniques. The changes in the amount payable including actuarial gain or loss are recognized in the Statement of Profit or Loss.

Contribution to Superannuation Fund, a defined contribution plan is made in accordance with the Company Policy and is recognized in the Statement of Profit and Loss.

(j) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classsified as finance lease. Assets under finance lease are capitalized at the

Notes to Accounts *(Contd.)*

inception, at the fair value of the leased property or if lower, the present value of minimum lease payments. The corresponding rental obligations, net of finance charge, are included in borrowings or other financial liabilities, as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of intetest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating lease. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(k) Foreign Currency Transaction

(i) Transactions and balances

At each Balance Sheet date, monetary items denominated in foreign currency are translated at the functional currency exchange rates prevailing on that date and exchange difference has been recognized in the Statement of Profit and Loss. The company classifies all its foreign operations as integral in nature.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of transaction.

(ii) Forward Exchange contracts not intended for trading or speculation purpose

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

(l) Income Taxes

Current income tax is recognized based on the amount expected to be paid to the tax authorities, using tax rates and tax laws that have been enacted or substantially enacted on the date of Balance Sheet.

Current tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(m) Deferred Tax

Deferred tax is recognised, using the Balance Sheet- liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. If the Company has carry forward unabsorbed depreciation and tax losses, all deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

Notes to Accounts *(Contd.)*

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

(n) Earnings Per Share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares and dilutive equity equivalent shares outstanding during the period, except when results will be anti-dilutive.

(o) Provisions, Contingent Liabilities, Contingent Assets

Provisions are recognized when there is a present legal or statutory obligation or constructive obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are recognized when there is a possible obligation arising from past events due to occurance and non occurance of one or more uncertain future events not wholly within the control of the company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets where it is probable that future economic benefits will flow to the company are not recognised but disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

(p) Segment Reporting

In accordance with Ind AS 108-"Operating Segment", the operating segments are reported in a manner consistent with the internal reporting provided to the "Chief Operating Decision Maker"(CODM). The Board of Directors is collectively the Comany's CODM.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Ind AS 116, Leases :

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116, Leases. The new standard proposes an overhaul in the accounting for lessees by completely letting go off the previous “dual” finance vs. operating lease model. The guidance in the new standard requires lessees to adopt a single model approach which brings leases on the balance sheet on day 1, in the form of a right-of-use asset and a lease liability.

The standard permits two possible methods of transition :

- **Retrospective Approach -** Under this approach the standard will be applied retrospectively as if Ind AS 116 always applied, to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- **Prospective Approach –** Under this approach, measurement of asset is done as if Ind AS 116 had been applied from lease commencement (using incremental borrowing rate at initial application date i.e. April 01, 2019) or

measure the assets at an amount equal to the liability. Lease liability will be calculated by doing the present value of remaining lease payments for existing operating lease using incremental borrowing rate at the date of transition.

Further, standard has also given the relief as Grandfathering provision as follows:-

As on initial application date, Company may :

- Apply this standard only to leases identified as per erstwhile Ind AS 17 and
- Not apply Ind AS 116 to contracts which were not identified as leases as per Ind AS 17

The effective date for adoption of Ind AS 116 is financial periods beginning on or after 01 April, 2019. The Company will adopt the standard on 01 April, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March, 2019 will not be retrospectively adjusted.

3 USE OF ESTIMATES AND MANAGEMENT JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires management to make judgments, assumptions and the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides information about the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates, underlying assumptions and judgements are reviewed on ongoing basis. Revisions to accounting estimates are recognised in a period in which the estimates are revised. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

Notes to Accounts *(Contd.)*

4. Property, Plant and Equipment & Intangible Assets

(Amounts in INR Lakhs)

	Tangible Assets								Intangible Assets		
Particulars	Freehold Land [Note (d)]	Leasehold Land [Note (a)]	Buildings [Note (d)]	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software	Product Development	Total
At Deemed Cost											
As at April 01, 2017	***660.08***	***12.66***	***480.94***	***1,408.35***	***11.32***	***18.27***	***20.10***	***2,611.72***	***5.21***	***97.12***	***102.33***
Additions	–	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	7.55	5.51	0.01	–	–	13.07	–	–	–
As at March 31, 2018	***660.08***	***12.66***	***473.39***	***1,402.84***	***11.31***	***18.27***	***20.10***	***2,598.65***	***5.21***	***97.12***	***102.33***
Additions	–	–	–	–	–	–	0.78	0.78	–	–	–
Disposals	–	–	2.49	153.88	1.85	1.19	1.95	161.36	–	–	–
As at March 31, 2019	**660.08**	**12.66**	**470.90**	**1,248.96**	**9.46**	**17.08**	**18.93**	**2,438.07**	**5.21**	**97.12**	**102.33**
Depreciation											
As at April 01, 2017	**–**	**0.19**	**33.19**	**67.54**	**1.02**	**1.74**	**6.28**	**109.96**	**4.52**	**41.34**	**45.86**
Charge for the period	–	0.19	29.15	66.62	0.98	0.10	4.33	101.37	0.69	41.26	41.95
Disposals	–	–	–	–	–	–	–	–	–	–	–
As at March 31, 2018	***–***	***0.38***	***62.34***	***134.16***	***2.00***	***1.84***	***10.61***	***211.33***	***5.21***	***82.60***	***87.81***
Charge for the period	–	0.18	25.57	76.18	0.83	–	2.28	105.04	–	14.52	14.52
Disposals	–	–	–	14.65	0.17	–	1.08	15.90	–	–	–
As at March 31, 2019	**–**	**0.56**	**87.91**	**195.69**	**2.66**	**1.84**	**11.81**	**300.47**	**5.21**	**97.12**	**102.33**
Net Block											
As at March 31, 2018	**660.08**	**12.28**	**411.05**	**1,268.68**	**9.31**	**16.43**	**9.49**	**2,387.32**	**–**	**14.52**	**14.52**
As at March 31, 2019	**660.08**	**12.10**	**382.99**	**1,053.27**	**6.80**	**15.24**	**7.12**	**2,137.60**	**–**	**–**	**–**

Notes :

(a) Refer Note No. 42

(b) Building includes proportionate cost of a part of Building (on Lease Hold Land) and Other Assets amounting to INR 0.87 lakhs (2018-INR 0.87 lakhs) held in joint ownership basis with others at Kolkata.

(c) Building includes INR 4.50 lakhs (2018-INR 4.50 lakhs) being the value of share in Co-operative Housing Societies.

(d) Includes some portion of land and building given on rent, but the value of which could not be ascertained.

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	As at March 31, 2019	*As at March 31, 2018*
5. NON-CURRENT INVESTMENTS		
Investments in equity instruments (fully paid)		
Unquoted - In Subsidiary Companies (at cost)		
1,00,000 (1,00,000) Equity shares in Hindustan Motors Limited, USA (Incorporated in the State of Delaware, USA)	163.09	*163.09*
Less : Diminuation in the value of Investment	(163.09)	*(163.09)*
In Other Entities (at cost)		
50,000 (50,000) equity shares of INR 10 each in Pithampur Auto Cluster Limited	5.00	*5.00*
2,000 (2,000) equity shares of INR 10 each in Bengal Shriram Hitech City Private Limited	0.20	*0.20*
10,000 (10,000) equity shares of INR 10 each in AVTEC Limited	5.64	*5.64*
Total Investment in equity instruments	**10.84**	***10.84***
Total non-current investments	**10.84**	***10.84***
Aggregate amount of unquoted investments	173.93	*173.93*
Aggregate amount of impairment due to diminuation in the value of investment	(163.09)	*(163.09)*

(Amounts in INR Lakhs)

	As at March 31, 2019	*As at March 31, 2018*
6. NON-CURRENT TRADE RECEIVABLES (Unsecured)		
Considered Doubtful		
Receivables other than from related parties	–	*41.54*
Less: Provision for doubtful receivables	–	*(41.54)*
Total trade receivables	–	–

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	As at March 31, 2019	*As at March 31, 2018*
7. OTHER NON-CURRENT FINANCIAL ASSETS		
Unsecured, considered good		
Security Deposits	9.26	*9.26*
Unsecured, considered Doubtful		
Loan to Related Party (Subsidiary Company)	107.65	*107.65*
Less : Provision made for doubtful loan	(107.65)	*(107.65*
Total other non-current financial assets	**9.26**	***9.26***
8. OTHER NON-CURRENT ASSETS		
Unsecured		
Deferred Rent Expense for Security Deposit Assets	1.31	1.33
Other Deposit of Non financial nature		
Considered good	73.52	*73.72*
Considered doubtful	98.20	*118.09*
Less : Provision made for doubtful Advamces	(98.20)	*(118.09)*
Other Receivables		
Considered doubtful	42.12	*43.05*
Less : Provision made for doubtful receivables	(42.12))	*(43.05)*
Total other non-current financial assets	**74.83**	***75.05***
9. INVENTORIES		
At lower of cost and net realisable value		
Raw Materials and Components	31.02	*71.72*
Goods under process	–	*32.45*
Finished goods	11.67	*18.52*
Traded goods	–	*0.10*
Stores and spares	–	*4.95*
Total inventories	**42.69**	***127.74***
10 TRADE RECEIVABLES		
Unsecured, Considered good		
from Related Party (HML, USA)	5.47	*5.47*
from Others	0.02	*–*
Total trade receivables	**5.49**	***5.47***

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	As at March 31, 2019	*As at March 31, 2018*
11 CASH & CASH EQUIVALENTS		
Balances with Scheduled Banks		
in Current Accounts	267.82	*154.59*
in Fixed Deposit Accounts (Deposit with maturity of less than three months)	–	*1,500.00*
Cheques in hand	0.40	–
Cash on hand	0.01	*0.10*
Total cash and cash equivalents	**268.23**	**1,654.69**
12 OTHER BANK BALANCES		
Unpaid Dividend Account	1.95	*1.95*
Total other bank balances	**1.95**	**1.95**
13 OTHER CURRENT FINANCIAL ASSETS		
Security Deposits	1.01	*1.01*
Receivable towards sale of CCP assets (Pursuant to Business Transfer Agreement)	190.79	*208.74*
Accrued Interest	–	*4.52*
Total other current financial assets	**191.80**	**214.27**
14 OTHER CURRENT ASSETS		
Prepaid Expenses	5.70	*1.71*
Deferred Rent Expense on Security Deposit given	0.02	*0.02*
Advances receivable in cash or in kind or for value to be received or for pending adjustments	164.65	*400.65*
GST and other refund receivable	29.26	*26.97*
Balances with Custom, Port trust & other government departments	97.37	*109.64*
Total other current assets	**297.00**	**538.99**

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	As at March 31, 2019	*As at March 31, 2018*
15 EQUITY SHARE CAPITAL		
Authorised		
33,00,00,000 (33,00,00,000) Equity shares of INR 5 each	16,500.00	*16,500.00*
55,00,000 (55,00,000) Unclassified shares of INR 100 each	5,500.00	*5,500.00*
	22,000.00	***22,000.00***
Issued		
20,90,76,597 (20,90,76,597) Equity Shares of INR 5 each	10,453.83	*10,453.83*
Subscribed & Paid-Up		
20,86,59,293 (20,86,59,293) Equity Shares of INR 5 each	10,432.96	*10,432.96*
Add: Forfeited Shares (amount originally paid-up)	8.48	*8.48*
Total equity share capital	**10,441.44**	***10,441.44***

(i) ***Reconciliation of equity share capital***

	Number of shares	*Equity share capital (par value)*
As at March 31, 2018	20,86,59,293	*10,433*
Change during the year	–	–
As at March 31, 2019	**20,86,59,293**	**10,433**

(ii) ***Rights and preferences attached to equity shares :***

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

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

(iii) ***Details of Shareholders holding more than 5 percent shares in the Company :***

Name of Shareholders	As at 31st March 2019		*As at 31st March 2018*	
	Number of Shares	% of Holding	Number of Shares	% of Holding
National Bearing Co. (Jaipur) Ltd.	2,16,12,354	10.36%	*2,16,12,354*	*10.36%*
Central India Industries Ltd.	1,84,00,600	8.82%	*1,84,00,600*	*8.82%*

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

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	As at March 31, 2019	*As at March 31, 2018*
16 OTHER EQUITY		
Capital Reserve	3.53	*3.53*
Securities Premium	2,771.60	*2,771.60*
Revaluation Reserve	720.86	*720.86*
Capital Subsidy	15.00	*15.00*
Surplus / (Deficit)	(16,979.13)	*(19,623.81)*
Total other equity	**(13,468.14)**	***(16,112.82)***
(i) **CAPITAL RESERVE**		
Opening Balance	3.53	*3.53*
Adjustment during the year	–	–
Closing Balance	**3.53**	***3.53***
(ii) **SECURITIES PREMIUM RESERVE**		
Opening Balance	2,771.60	*2,771.60*
Adjustment during the year	–	–
Closing Balance	**2,771.60**	***2,771.60***
(iii) **REVALUATION RESERVE**		
Opening Balance	720.86	*726.70*
Adjustment during the year	–	*(5.84)*
Closing Balance	**720.86**	***720.86***
(iv) **CENTRAL SUBSIDY**		
Opening Balance	15.00	*15.00*
Adjustment during the year	–	–
Closing Balance	**15.00**	***15.00***
(v) **RETAINED EARNINGS / SURPLUS**		
Opening Balance	(19,623.81)	*(25,218.07)*
Less : Revaluation Reserve Set off on Building Discarded	–	*5.84*
Add: Profit /(Loss) during the year as per Statement of Profit & Loss	2,671.37	*5,657.88*
Other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(26.69)	*(69.46)*
Closing Balance	**(16,979.13)**	***(19,623.81)***

Nature and purpose of Reserves

(i) **Securities premium**

Securities premium represents amount received in excess of per value of issue of shares. The Premium is utilised in accordance with the provisions of the Companies Act.

(ii) Revaluation Reserve

Revaluation Reserve was created under previous GAAP on upward revaluation of land and building.

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	As at March 31, 2019	*As at March 31, 2018*
17 OTHER NON-CURRENT FINANCIAL LIABILITIES		
Security Deposits	21.92	*8.85*
Total other non-current financial liabilities	**21.92**	***8.85***
18 PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS - Non-current		
Leave Encashment - Unfunded		
Present value of obligation	84.84	*96.62*
Gratuity - Funded		
Present value of obligation	301.21	*339.41*
Fair value of plan assets	139.44	*142.86*
Net Liability	161.77	*196.55*
Total employee benefit obligations	**246.61**	***293.17***
19 DEFERRED TAX LIABILITIES - NET		
Deferred Tax Liabilities on account of :		
Depreciation	274.75	*295.30*
Total deferred tax liabilities (A)	**274.75**	***295.30***
Deferred Tax Assets on account of :		
Accrued Expenses Deductible on Payment	*608.07*	*1,423.35*
Unabsorbed Depreciation and carried forward business loss	3,725.25	*4,474.66*
Total deferred tax assets (B)	**4,333.32**	***5,898.01***
Deferred Tax Liabilities / (Assets) (Net) - (A-B)	**(4,058.57)**	***(5,602.71)***

Movement in deferred tax liabilities

	Amounts in INR Lakhs
As at March 31, 2017	*339.21*
Change due to timing difference	*43.91*
As at March 31, 2018	***295.30***
Change due to timing difference (Refer Note below)	20.55
As at March 31, 2019	**274.75**

Notes to Accounts *(Contd.)*

Movement in deferred tax assets

	Statutory Expenses allowable against taxable income in future	Unabsorbed Depreciation and carried forward business loss	Amounts in INR Lakhs
As at March 31, 2017	*2,583.30*	*4,836.34*	*7,419.64*
Changes on the basis of amount claimed against taxable income	*1,159.95*	*361.68*	*1,521.63*
As at March 31, 2018	***1,423.35***	***4,474.66***	***5,898.01***
Changes on the basis of amount claimed against taxable income (Refer Note below)	(815.28)	(749.41)	(1,564.69)
As at March 31, 2019	**608.07**	**3,725.25**	**4,333.32**

Note : In terms of accounting policy 1(m) followed by the Company, net deferred tax assets have not been recognised.

(Amounts in INR Lakhs)

		As at March 31, 2019	*As at March 31, 2018*
20	**OTHER NON-CURRENT LIABILITIES**		
	Other liabilities	7.30	*2.09*
	Total other non-current financial liabilities	**7.30**	***2.09***
21	**TRADE PAYABLES**		
	Trade Payables - others	1,467.98	*1,733.98*
	Trade Payables to related parties	9.33	*9.33*
	Total trade payables	**1,477.31**	***1,743.31***

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

i.	Principal amount remaining unpaid to any supplier at the end of accounting period	–	–
ii.	Interest due on above	–	–
	Total of (i) & (ii)	**–**	**–**
iii.	Amount of interest paid/adjusted by the Company to the suppliers	–	*652.73*
iv.	Amounts paid to the suppliers beyond the respective due date		
v.	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act		
vi.	Amount of interest accrued and remaining unpaid at the end of accounting period	–	–
vii.	Amount of further interest remaining due and payable even in the succeeding years,until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.		

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	As at March 31, 2019	*As at March 31, 2018*
22 OTHER CURRENT FINANCIAL LIABILITIES		
Current Maturities of Long Term Debt		
S. T. Deferral Credit (STDC)*	1,791.50	*1,791.50*
Unclaimed Dividend **	1.95	*1.95*
Security Deposits	129.67	*221.99*
Accrued Interest		
Due	–	*51.69*
Others :		
- Other Payables	370.05	*681.35*
Liabilities for Other Expenses	263.85	*508.48*
Total Other current financial liabilities	**2,557.02**	***3,256.96***

*Repayment of interest free STDC of Rs. 1791.50 lakhs which already became due has not been paid as on Balance Sheet date.
**Amount not deposited as the cases are sub-judice.

	As at March 31, 2019	*As at March 31, 2018*
23 PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS - Current		
Leave Encashment - Unfunded		
Present value of obligation	9.01	*11.47*
Gratuity - Funded		
Present value of obligation	28.19	*339.41*
Fair value of plan assets	13.05	*142.86*
Net Liability	15.14	*19.47*
Total employee benefit obligations	**24.15**	***30.94***
24 TAX LIABILITIES (NET)		
Income Tax		
As per last Balance Sheet	486.98	*122.77*
Add : Tax Payable for the year	43.30	*548.35*
Less : Taxes Paid	(416.89)	*(209.48)*
Add : Refund/Adjustment for earlier Years	(64.80)	*25.34*
Total tax liabilities (Net)	**48.59**	***486.98***
25 OTHER CURRENT LIABILITIES		
Statutory and other dues	1,319.81	*4,439.43*
Liabilities related to Employees	361.26	*448.80*
Other Liabilities - Deferred Rent Income	2.42	*0.95*
Total other current liabilities	**1,683.49**	***4,889.18***

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	Year ended March 31, 2019	*Year ended March 31, 2018*
26 REVENUE FROM OPERATIONS		
Other Operating Income		
Sale of Scrap	32.00	–
Others	21.97	–
Total revenue from operations	**53.97**	–

27 OTHER INCOME		
a) Interest on Fixed Deposit with Banks and Others	65.87	*59.49*
b) Other Non Operating Income		
Unspent Liabilities and Provisions no longer required Written Back (Refer Note 50)	3,379.06	*714.74*
Miscellaneous Income -Non Operating	32.42	*104.26*
Profit on Sale of Fixed Assets (Net)	12.33	*10.15*
Provision for Doubtful Debts/Advances made in earlier years - wirtten back and adjusted	62.36	*49.94*
Total other income	**3,552.04**	***938.58***

28 COST OF MATERIALS & COMPONENTS CONSUMED		
Opening Stock	71.72	*193.19*
Purchases	–	*21.80*
Less : Closing Stock	31.02	*71.72*
Total Cost of Materials Components Consumed	**40.70**	***143.27***

Note: Consumption of Materials and Components includes profit / loss on sale thereof and for obsolences of Material & Components

29 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE		
Closing Inventories of :		
Goods under Process	–	*32.45*
Finished Goods	11.67	*18.52*
Trading Goods	–	*0.10*
	11.67	***51.07***
Opening Inventories of :		
Goods under Process	*32.45*	*96.69*
Finished Goods	*18.52*	*18.52*
Trading Goods	0.10	*0.20*
	51.07	***115.41***
Total changes in inventories of finished goods, work in progress and stock-in-trade	**39.40**	***64.34***

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	Year ended March 31, 2019	*Year ended March 31, 2018*
30 EMPLOYEE BENEFITS EXPENSE		
Salaries & Wages	184.38	*377.14*
Contribution to Provident and Other Funds	33.44	*59.80*
Staff Welfare Expense	7.35	*10.51*
Total employee benefits expense	**225.17**	***447.45***

31 FINANCE COSTS		
Interest on borrowings, on unpaid statutory liability & others	164.76	*870.63*
Total finance costs	**164.76**	***870.63***

* includes INR 44 Lakhs (2018- N IL) interest on income tax paid

32 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	105.04	*101.37*
Amortisation of intangible assets	14.52	*41.95*
Total depreciation and amortisation expense	**119.56**	***143.32***

33 RATES & TAXES		
Municipal & other taxes	47.78	*106.02*
Sales Tax	–	*329.51*
Total depreciation and amortisation expense	**47.78**	***435.53***

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	Year ended March 31, 2019	*Year ended March 31, 2018*
34 OTHER EXPENSES		
Consumptiom of Stores and Spares	4.95	*15.33*
Rent	6.35	*6.31*
Repairs & Maintenance		
Building	13.74	*15.93*
Plant & Machinery	1.80	–
Insurance Charges	0.14	*5.73*
Power & Fuel	8.94	*14.95*
Delivery Charges, Freight and Transportation	–	*0.06*
Travelling and Conveyence	10.88	*14.27*
Motor Car	3.36	*2.30*
Legal & Professional Fee	121.74	*183.81*
Membership Fee & Subscription	18.61	*19.22*
Bank Charges	0.51	*9.45*
Printing & Stationary	8.51	*9.60*
Factroy Sanitation & Cleaning	2.88	*2.59*
Sundry balance Written off	1.04	*66.36*
Directors Fee	4.10	*4.50*
Directos Travelling	1.19	*0.84*
Auditors Remuneration [refer note below *]	8.00	*9.00*
Advertisement & Publicity	0.40	*0.12*
Bad debt written off	61.44	*91.02*
Provision for Doubtful Debts	–	10.85
Miscellaneous expenses	29.90	*21.32*
Total other expenses	**308.48**	***503.56***
* **Details of Auditors' remuneration**		
Audit fee (2018 for two years)	7.00	*7.00*
Tax Audit Fees	1.00	2.00
Total auditors remuneration	**8.00**	***9.00***

35 EXCEPTIONAL ITEMS		
On sale of Ambassador Brand (Net of Exchange Fluctation)	–	*7,896.58*
	–	***7,896.58***

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

	Year ended March 31, 2019	*Year ended March 31, 2018*
36 TAX EXPENSE		
Income tax		
Tax on profits for the year	53.59	*520.83*
Adjustments for prior periods	–	*48.35*
Total income tax	**53.59**	*569.18*
Less : Recognised in OCI	(10.29)	*(20.83)*
Total tax expense	**43.30**	*548.35*
Reconciliation of tax expense and the accounting profit multiplied by tax rate :		
Profit before income tax expense	2,660.16	*6,227.06*
Other Comprehensive Income / (Expenses)	(36.98)	*(90.29)*
	2,623.18	***6,136.77***
Tax at the rate of 27.82% on Capital Gain (2018 - 23.072%)	**729.77**	***1,415.87***
Tax effect of amounts which are not deductible in calculating taxable income :		
Provision for Doubtful Debts	–	*2.50*
Short term capital gain	43.29	–
Depriciation adjustment on account of difference in WDV as per Companies Act and Income tax Act	(2.16)	*32.54*
Other Adjustment	63.23	*24.03*
	104.35	*59.07*
Tax effect of amounts which are claimed in calculating taxable income :		
Expenses earlier disallowed u/s 43B now claimed on payment basis (Net)	612.24	*710.68*
Expenses (net) claimed u/s 35DDA	103.24	*45.85*
Profit / Loss on sale of Fixed assets	3.43	*2.34*
MSME Interest Adjustment	–	*150.60*
Provision Disallowed in earlier year claimed	17.35	*11.52*
Brought forwarded Unabsorbed Depreciation	–	53.95
Brought forwarded Business Loss Setoff	54.56	
	790.82	*974.94*
Tax Expense provided for the year	**43.30**	**500.00**

Notes to Accounts *(Contd.)*

37 FAIR VALUE MESUREMENTS

Financial instruments by category

The accounting classification of each category of financial instrument, their carrying amount and fair value are as follows :-

(Amounts in INR Lakhs)

Particulars	As at March 31, 2019		*As at March 31, 2018*	
	FVOCI	Fair Value	*FVOCI*	*Fair Value*
Financial assets				
Investments				
– Equity instruments	–	10.84	–	*10.84*
Trade Receivables	–	5.49	–	*5.47*
Cash and cash equivalents	–	268.23	–	*1,654.69*
Other Bank Balance	–	1.95	–	*1.95*
Security deposits	–	10.27	–	*10.27*
Receivable towards sale of CCP assets (Pursuant to Business Transfer Agreement)	–	190.79	–	*208.74*
Accrued Interest	–	–	–	*4.52*
Total financial assets	**–**	**487.57**	**–**	***1,896.48***
Financial liabilities				
Security deposits	–	151.59	–	*230.84*
Trade payables	–	1,477.31	–	*1,743.31*
Unclaimed Dividend	–	1.95	–	*1.95*
Others	–	2,425.40	–	*3,033.02*
Total financial liabilities	**–**	**4,056.25**	**–**	***5,009.12***

(a) Fair value

The fair value of the financial assets and liabilities approximates their carrying amounts as the Balance Sheet date.

(b) Fair valuation Techniques

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

The following method of assumption were used to estimate the fair values:

(i) The fair value of cash and cash equivalents, trade receivables, trade payables, current financial liabilities/ financial assets approximate their carrying amount largely due to the short term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair falue

(ii) A substaintial portion of the Company's long-term debts has been contracted at fixed rate of interest. Fair value of variable interest borrowings approximates their carrying value subject to adjustments made for transaction cost.

Notes to Accounts *(Contd.)*

38 FINANCIAL RISK MANAGEMENT

The company's risk management is carried out by a treasury department under policies approved by the Board of Directors, Company Treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity.

(A) Market Risk

(i) Foreign currency risk

The Company does not operates internationally. The company does not have significiant foreign currancy exposure.

(ii) Interest rate risk

The company does not have borrowing as at 31st March 2019. As such there is no interest rate risk.

(iii) Price risk

The company does not have a practice of investing in market equity securities with a view to earn fair value changes gain. At the reporting date company does not hold quoted securities. Accordingly, company is not exposed to significant market price risk.

(B) Credit Risk

The Company is exposed to credit risk from its activities and from its financing activities including deposits with banks.

(C) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collatoral obligations without incurring unexpectable loses.

39 CAPITAL MANAGEMENT - RISK MANAGEMENT

The company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

40 RELATED PARTY TRANSACTIONS

A. List of Related Parties

a. Subsidiary Company

Hindustan Motors Limited, U.S.A (HML,USA) (Dissolved on 16th February, 2017)

b. Key Management Personnel of the company and close member of Key Management Personnel of the company

i) Mr. A. Sankaranarayanan, Director

ii) Mr. Raj Kamal Johri, Director

iii) Mr. Uttam Bose, Director

iv) Smt. Mou Mukherjee, Director

v) Mr. Bhikam Chand Mishra, Chief Financial Officer (Upto May 25, 2018)

vi) Mr. Bhikam Chand Mishra, Chief Executive Officer (From May 26, 2018)

vii) Mr. Mahesh Kumar Kejriwal, Chief Financial Officer (From May 26, 2018)

viii) Miss Prativa Sharma, Company Secretary

Notes to Accounts *(Contd.)*

B. Transactions with Related Parties for the year ended March 31, 2019

(Amounts in INR Lakhs)

Nature of Transactions	Subsidiary		Key Management Personnel/ Relative of Key Management Personnel	
	2019	***2018***	**2019**	***2018***
EXPENSES :				
Salaries, Allowances, Provident fund and Others				
Miss Sanu Agarwal	–	–	–	*1.52*
Mr Asim Kumar Basu	–	–	–	*41.83*
Mr Bhikam Chand Mishra	–	–	**31.94**	*23.70*
Mr Mahesh Kumar Kejriwal	–	–	**7.20**	–
Miss Prativa Sharma	–	–	**3.89**	*1.59*

C. Outstanding Balances as on March 31, 2019

(Amounts in INR Lakhs)

Nature of Transactions	Subsidiary		Key Management Personnel/ Relative of Key Management Personnel	
	2019	***2018***	**2019**	***2018***
PAYABLES :				
For Goods & Services				
Hindustan Motors Limited, U.S.A (HML,USA) (Balance outstanding as at 15th February, 2017)	9.33	*9.33*	–	–
LOANS & ADVANCES AND RECEIVABLES :				
For Goods & Services				
Hindustan Motors Limited, U.S.A (HML,USA) (Balance outstanding as at 15th February, 2017)	5.47	*5.47*	–	–

41 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR

The company had contingent liabilities as at March 31, 2019 in respect of :

a) Claims against the Company pending appellate/judicial decisions not acknowledged as debts :

(Amounts in INR Lakhs)

Particulars	March 31, 2019	*March 31, 2018*
(a) Sales Tax	2970.33	*5,830.22*
(b) Service Tax	421.82	*488.91*
(c) Customs Duty	94.17	*94.17*
(d) Excise Duty	3646.01	*3,671.01*
(e) Others	1129.40	*1,056.82*

Notes to Accounts *(Contd.)*

The Management believes that the outcome of the above will not have any material adverse effect on the financial position of the company. Against the above claims/demands, payments have been made under protest and/or debts have been withheld by the respective parties, to the extent of INR 75.46 Lakhs (INR 78.38 Lakhs).

Included in the above are contingent liabilities to the extent of INR 886.41 (2017-INR 1187.20 Lakhs; 2016-INR 1187.20 Lakhs) relating to the pre transfer period of the earstwhile Power Unit Plant and Power Product Division of the Company, which were transferred to AVTEC Limited in June 2005, INR 502.21 (INR 502.21 Lakhs) relating to the pre-transfer period of the earstwhile Earthmoving Equipment division of the Company,which was transferred to Caterpillar India Private Limited in February 2001 and INR 631.80 (INR 701.11 Lakhs) relating to the pre transfer period of the earstwhile Chennai Car Plant of the Company, which has been tranferred to Hindustan Motor Finance Corporation Limited in March 2014. However, demands to the extent of INR 667.29 Lakhs (INR 667.29 Lakhs) in case of earstwhile Power unit Plant are covered by counter guarantees by the customers.

b) Bonus for the years 1963-64 to 1967-68 at Uttarpara unit is under adjudication (amount indeterminate). The Company contends that no liability exists in this regard under the Payment of Bonus Act,1965, as amended.

42 LEASES

Disclosure regarding leases as per IND AS -17 "Leases"

Finance Lease

As a lessee

In case of leasehold land, tenure of the lease is 99 years with effect from 23rd May,1989. The lease will be renewed on mutually agreed terms on the expiry of current lease period.

The year wise break-up of the outstanding lease obligations as on March 31, 2019 in respect of these assets are as under

(Amounts in INR Lakhs)

Particulars	March 31, 2019	*March 31, 2018*
Assets taken on lease		
Total Minimum Lease Payments at the year end	48.82	*49.53*
Present value of Minimum Lease Payments	7.77	*7.77*
Not later than one year		
Minimum Lease Payments	0.71	*0.71*
Present value	0.64	*0.64*
Later than one year but not later than five years		
Minimum Lease Payments	2.83	*2.84*
Present value	2.04	*2.04*
Later than five years		
Minimum Lease Payments	45.28	*45.98*
Present value	5.09	*5.09*
Contingent rents recognized as an expense in the Statement of Profit and Loss for the year.	Nil	*Nil*
The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date.	Nil	*Nil*

Notes to Accounts *(Contd.)*

43 DESCRIPTION OF PLANS

i) Description of Plans

A. Defined benefit plans

a) **Provident Fund**

The company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and neither it has further contractual nor any constructive obligation.

b) **Gratuity**

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972.

B. Other Employee Benefits

Leave Encashment

The amount of the provision of INR 9.01 Lakhs (March 31, 2018 INR 11.47 Lakhs) is considered as current and the accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose.

ii) Movement of defined benefit obligation and fair value of plan assets :

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows :

(Amounts in INR Lakhs)

Particulars	Gratuity (Funded)			Leave Encashment (Unfunded)
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation
April 1, 2017	***516.86***	***145.77***	***371.09***	***143.94***
Current service cost	*14.53*	–	*14.53*	*11.93*
Interest expense/(income)	*21.13*	*8.19*	*12.94*	*7.97*
Acturial (Gain) /Loss applicable				*19.52*
Total amount recognised in profit or loss	***35.66***	***8.19***	***27.47***	***39.42***
Remeasurements				
Loss due to experience	*103.22*	–	*103.22*	–
Loss due to change in financial assumptions	–	–	–	–
Return on plan assets (greater)/less than discount rate	–	*12.93*	*(12.93)*	–
Total amount recognised in other comprehensive income	**103.22**	**12.93**	**90.29**	**–**
Employer contributions	–	*272.83*	*(272.83)*	
Benefit payments	*(282.71)*	*(282.71)*	–	*(75.27)*
March 31, 2018	***373.03***	***157.01***	***216.02***	***108.09***
April 1, 2018				
Current service cost	*16.88*	–	*16.88*	*10.44*
Interest expense/(income)	*19.19*	*11.77*	*7.42*	*7.05*
Acturial (Gain) /Loss applicable				*(3.63)*
Total amount recognised in profit or loss	***36.07***	***11.77***	***24.30***	***13.86***

Notes to Accounts *(Contd.)*

(Amounts in INR Lakhs)

Particulars	**Gratuity (Funded)**			**Leave Encashment (Unfunded)**
	Present value of obligation	**Fair value of plan assets**	**Net amount**	**Present value of obligation**
Remeasurements				
Loss due to experience	154.55	–	154.55	–
Loss due to change in financial assumptions	–	–	–	–
Return on plan assets (greater)/less than discount rate	–	117.57	(117.57)	–
Total amount recognised in other comprehensive income	**154.55**	**117.57**	**36.98**	**–**
Employer contributions	–	100.39	(100.39)	
Benefit payments	(234.25)	(234.25)	–	(28.10)
March 31, 2019	**329.40**	**152.49**	**176.91**	**93.85**

The net liability disclosed above relates to funded and unfunded plan are as follows :

(Amounts in INR Lakhs)

Particulars	**March 31, 2019**	***March 31, 2018***
Present value of funded obligations	329.40	*373.03*
Fair value of plan assets	152.49	*157.01*
Deficit of funded plan	**176.91**	***216.02***
Unfunded plans	93.85	***108.09***
Deficit of Employee Benefit Plans	**93.85**	***108.09***

iii) Post-Employment benefits

The significant actuarial assumptions were as follows :

(Amounts in INR Lakhs)

Particulars	**March 31, 2019**	***March 31, 2018***
Discount Rate	7.50%	*7.50%*
Salary Growth Rate	1.00%	*1.00%*
Expected Return on Assets	7.50%	*7.50%*
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	*Indian Assured Lives Mortality (2006-08) Ultimate*
Withdrawal Rate	1.00%	*1.00%*

Notes to Accounts *(Contd.)*

iv) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is :

(Amounts in INR Lakhs)

Particulars	Change in assumption		*Impact on defined benefit obligation*			
			Increase by 0.50%		*Decrease by 0.50%*	
Particulars	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
Gratuity						
Discount rate	0.50%	*0.50%*	320.02	*362.01*	339.18	*384.55*
Salary growth rate	0.50%	*0.50%*	339.71	*385.17*	319.45	*361.34*
Leave Encashment						
Discount rate	0.50%	*0.50%*	91.09	*104.77*	96.74	*111.57*
Salary growth rate	0.50%	*0.50%*	96.89	*111.76*	90.92	*104.57*

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method i.e. projected unit credit method has been applied as that used for calculating the defined benefit liability recognised in the balance sheet.

v) The major categories of plan assets are as follows :

Particulars	March 31, 2019		*March 31, 2018*	
	Unquoted	*in %*	*Unquoted*	**in %**
Investment funds with LIC of India *	152.49	100%	157.01	100%

*Gratuity trust pays contribution to LIC which inturn invests the amount in various instruments. As it is done by LIC in totality basis along with contributions from other participants, the Company wise investment in planned assets - category / class wise is not available.

vi) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below :

Description of Risk Exposers : Valuations are based on certain assumption which are dynamic in nature and vary overtime. As such Company is exposed to various risk as follows :

Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

Withdrawls : Actuals withdrawls providing higher or lower than assumed withdrawls can impact plan's liability.

Discount Rate : Reduction in discount rate in subsequent valuations can increase the plans liability.

vii) Defined benefit liability and employer contributions

Expected contribution to post employment benefit plan for the year ending March 31, 2019 is INR 347.42 Lakhs

Notes to Accounts *(Contd.)*

(INR 392.07 Lakhs)

The weighted average duration of the defined benefit obligation is 10 years in case of Gratuity and 10 years in case of Leave encashment in all the two years.

The expected maturity analysis of undiscounted gratuity and leave encashment is as follows :

(Amounts in INR Lakhs)

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 4 years	Between 4 - 5 years	Beyond 5 years	Total
		Unquoted	*in %*	*Unquoted*	in %	*Unquoted*	*in %*
March 31, 2019							
Defined benefit obligation							
Gratuity	29.23	24.72	35.32	35.98	61.07	349.23	535.55
Leave encashment	9.34	8.98	9.87	13.23	16.09	119.06	176.57
Total	**38.57**	**33.70**	**45.19**	**49.21**	**77.16**	**468.29**	**712.12**
March 31, 2018							
Defined benefit obligation							
Gratuity	*34.86*	*36.75*	*30.84*	*41.71*	*42.67*	*433.48*	*620.31*
Leave encashment	*11.89*	*10.79*	*12.22*	*13.26*	*17.31*	*155.59*	*221.06*
Total	***46.75***	***47.54***	***43.06***	***54.97***	***59.98***	***589.07***	***841.37***

(Amounts in INR Lakhs)

Particulars	March 31, 2019	*March 31, 2018*
44 INCOME IN FOREIGN CURRENCY		
On sale of Ambassador Brand (Net of Exchange Fluctuation)	–	*7896.58*

Particulars	March 31, 2019	*March 31, 2018*
45 EARNINGS PER EQUITY SHARE		
a) Basic and diluted earnings per share :		
Basic earnings per share	1.28	*2.71*
Diluted earnings per share	1.28	*2.71*

b) Reconciliation of earnings used in calculating earnings per share :

Particulars	March 31, 2019	*March 31, 2018*
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	2,671.37	*5,657.88*
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	2,671.37	*5,657.88*

c) Reconciliation of weighted average number of shares used as the denominator :

	Number of shares	*Number of shares*
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	20,86,59,293	*20,86,59,293*
Adjustments for calculation of diluted earnings per share:	–	–
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	20,86,59,293	*20,86,59,293*

Notes to Accounts *(Contd.)*

46 SEGMENT REPORTING

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 IND AS 108 - "Operating Segments " is not applicable.

47 The operating results have been adversely affected due to adverse market conditions and the accumulated losses of the Company as at 31st March, 2019 stand at INR 16979.13 Lakhs as against the share capital of INR 10441.44 Lakhs. Also current liabilities as at 31st March, 2019 exceed current assets by INR 4983.40 Lakhs. The Company had also declared “Suspension of work” at its Uttarpara plant w.e.f. 24th May, 2014 & layoff at its Pithampur plant w.e.f. 4th December, 2014. These conditions indicate the existence of material uncertainty about the Company’s ability to continue as a going concern, which is dependent on the Company establishing profitable operations and sustainable cash flows. The Management is in the process of further rationalizing the expenses continuously reducing its liabilities and also considering the measures to generate additional revenue apart from revenue generated during the year. Accordingly, the Company continues to prepare its accounts on a “Going Concern” basis. The Auditors in their audit report for the year ended 31st March, 2019 had also given Emphasis of Matter on above.

48 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 24th May 2014. The Company also declared layoff at its Pithampur plant with effect from 4th 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.

49 The wholly owned immaterial foreign subsidiary of the Company namely Hindustan Motors Limited, USA was already dissolved on 16th February, 2017 as per the laws appliacble in USA as such not in existence since after dissolution. Further, the application made by the Company to Reserve Bank of India seeking permission for writing off its entire investment in Hindustan Motors Limited, USA (Capital, Loan and other receivables/payables) for which necessary provision has been made in the accounts of the Company, is under consideration.

50 Other Non-operating income includes INR 2700.27 Lakhs being the liability no longer required written back towards VAT / Sales Tax in dispute including interest thereon, on settlement of disputes under The West Bengal Sales Tax (Settlement of Disputes) Rules 1999.

51 a) Figures in brakets represent figures for the previous year.

b) Previous year's figures have been regrouped / rearranged wherever necessary.

As per our report of even date.

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

Asish Kumar Mukhopadhyay
Partner
Membership No. 056359

Place : Kolkata
Date : May 29, 2019

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

Prativa Sharma
Company Secretary

A. Sankaranarayanan
Director

Bhikam Chand Mishra
Chief Executive Officer

Mahesh Kumar Kejriwal
Chief Financial Officer

Uttam Bose
Director