



HINDUJA FOUNDRIES

June 29, 2016

The Listing Department,
Bombay Stock Exchange,
Floor 25, P J Towers,
Dalal Street,
Mumbai – 400 001.

The Listing Department,
National Stock Exchange of India Limited,
“Exchange Plaza”
Plot No. C/1, G Block,
Bandra - Kurla Complex,
Bandra East,
Mumbai 400 051.

Dear Sirs,

Sub: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We herewith enclose our company's Annual Report for the eighteen months period ended March 31, 2016, duly approved by the members of the Company at the 55th Annual General Meeting held on June 16, 2016.

This is for your information and record.

Thanking you,

Yours faithfully,

For HINDUJA FOUNDRIES LIMITED

S Venkatasubramanian
Company Secretary

Encl : As above

HINDUJA FOUNDRIES LIMITED

Corporate Office : No.477- 482, Anna Salai, Khivraj Complex II, 7th Floor, Nandanam, Chennai-600 035.

Phone: 044 - 42016742, 42013548, Fax : 044 - 42021443 Website : www.hindujafoundries.com

Regd. Office : Kathivakkam High Road, Ennore, Chennai – 600 057.

CIN: L27104TN1959PLC003849



HINDUJA GROUP



HINDUJA FOUNDRIES LIMITED

Annual Report

(For The Eighteen Months Period Ended March 31, 2016)



HINDUJA GROUP



HINDUJA FOUNDRIES

A tradition of leadership

One of the earliest jobbing foundries established in independent India, Hinduja Foundries (formerly Ennore Foundries) has been partnering the Indian auto industry during the past five decades of growth.

Being the largest producer of cylinder blocks and heads in the country and becoming specialists in the manufacture of high-end castings, Hinduja Foundries has led with trendsetting steps in design, development and production by introducing advanced engineering tools for development and high level automation for reliability and repeatability.

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General Information

Board of Directors

Dheeraj G Hinduja	Chairman
Dr C Bhaktavatsala Rao	Vice Chairman
T Anantha Narayanan	
D J Balaji Rao	
Bhumika Batra	
Mohana Srinivasan	
Sridharan Kesavan	
Sridhar Venkiteswaran	
Sudhanshu K Tripathi	
Vijay Vaid	
A R Chandrasekharan	Executive Director

Chief Executive Officer

D M Reddy

Chief Financial Officer

K R Ravishankar

Company Secretary

S Venkatasubramanian

Bankers

Bank of Baroda
DBS Bank Limited
State Bank of India
Yes Bank

Auditors

B S R and Company
10, Mahatma Gandhi Road
Nungambakkam
Chennai 600 034

Registered Office

Kathivakkam High Road
Ennore, Chennai 600 057

Corporate Office

477-482, Anna Salai, Khivraj Complex II
7th Floor, Nandanam, Chennai - 600 035

Plant Locations

Ennore, Chennai 600 057

Plot K - 2, SIPCOT Industrial Estate
Arneri Village, Sriperumbudur 602 105

Report of the Directors

To

THE MEMBERS:

Your Directors present the Fifty-Fifth (55th) Annual Report together with the Audited Financials of your Company for the 18 months period ended March 31, 2016.

FINANCIAL RESULTS

(₹ In Lakhs)

PARTICULARS	Eighteen Months Period ended March 31, 2016	Eighteen Months Period ended September 30, 2014
Profit / (Loss) before Depreciation and Taxation	(31,837.53)	(19,019.26)
Less : Depreciation	7,587.65	7,224.56
Less: Provision for Taxation	-	-
Profit / (Loss) after Taxation	(39,425.18)	(26,243.82)
Add : Balance brought forward from previous year	(64,963.05)	(38,719.23)
Add : Adjustment on account of depreciation	(279.36)	-
Balance carried to Balance Sheet	(1,04,667.59)	(64,963.05)
Basic and Diluted Earnings Per Share of face value of ₹ 10/- each. (in ₹)	(59.45)	(65.07)

BUSINESS OPERATIONS

During the period under review, your Company's net sales were ₹ 84,232 Lakhs compared to the net sales of ₹ 99,679 Lakhs for the eighteen months period ended September 30, 2014. The operations resulted in a loss of ₹ 39,425 Lakhs for the period under review compared to a loss of ₹ 26,244 Lakhs in respect of the previous eighteen months period.

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

MATERIAL CHANGES AND COMMITMENTS

Your Directors confirm that there are no material changes and commitments affecting the financial position of the Company which have occurred

between the end of the financial year of the Company and the date of this report.

DIVIDEND

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

TECHNOLOGY UPGRADATION/MODERNIZATION

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

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

The particulars required under Rule 8 of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption and foreign exchange earnings and outgo to the extent applicable are furnished in **Annexure - A** to this report.

PUBLIC DEPOSITS

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

AUTHORISED CAPITAL

During the period under review, the Company had, with the approval of members, increased its authorized capital from ₹ 550,00,00,000 (Rupees Five Hundred Fifty Crores only) to ₹ 1000,00,00,000 (Rupees One Thousand Crores only).

FUND RAISING

(i) Global Depository Receipts (GDR)

Pursuant to the approval of the members of the Company vide a special resolution passed through postal ballot, the Company had successfully completed an Offering of 11,200

Global Depository Receipts (non - voting) each representing 12,000 Equity Shares of par value of ₹ 10 at an Offering Price of U.S. \$ 5,351.33701 per Global Depository Receipt, aggregating 59,934,974.51 USD, equivalent to ₹ 3,998,400,000

Accordingly, your Company had issued and allotted 134.40 million equity shares of face value of ₹ 10 each at a price of ₹ 29.75 per equity share (including a premium of ₹ 19.75 per share) held by ICICI Bank Limited as the domestic custodian to the order of The Bank Of New York Mellon, Depository, such shares representing the underlying Equity Shares to 11,200 GDRs (non - voting) of an aggregate value of ₹ 3,998.40 million issued to overseas investors.

(ii) Term Loan

During the period under review, the Company has borrowed monies aggregating to ₹ 27,922 Lakhs.

(iii) Repayment

During the period under review, the Company has repaid Loans as follows :

Term loan – ₹ 27,498 Lakhs

Decrease in working capital loans – ₹ 14,222 Lakhs

CORPORATE GOVERNANCE

Your Company is fully compliant with the norms on corporate governance laid out in the notification dated September 2, 2015 of the Securities and Exchange Board of India enacting the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**New Listing Regulations**”) which have replaced the erstwhile Listing Agreement. All the Directors and the senior management personnel have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company. The details of the Code of Conduct are furnished in the Corporate Governance Report attached as **Annexure-B** to this Report. The Chief Executive Officer has given a certificate of compliance with the Code of Conduct which forms part of **Annexure-B**, as required under the New Listing Regulations.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to the New Listing Regulations and have certified the compliance, as required under the New Listing Regulations. The Certificate in this regard is attached as **Annexure-C** to this Report. Management Discussion and Analysis Report is attached in **Annexure – D**.

The certification by the Chief Executive Officer / Chief Financial Officer (CEO/CFO) as required under the New Listing Regulations is attached as **Annexure-B** to this Report..

MEETINGS OF BOARD OF DIRECTORS

Annual calendar of meetings of the Board/ Committees is finalized well before the beginning of the year after seeking concurrence of all Directors. Attempts are made to ensure that the scheduled meetings are made convenient to attend by the Directors. Where circumstances preclude the Chairman from attending the meeting, he entrusts an Independent Director or a non-executive Director to chair the meeting. Wherever possible, Directors who are not able to attend the meetings physically, participate in the proceedings through video conferencing or other audio visual means. Further, in order to facilitate the smooth functioning of the Company and to address exigent matters, the Board approves resolutions by circulation between two Board meetings.

During the period under review, the Board of Directors met ten times viz. on November 20, 2014, January 27, 2015, February 9, 2015, March 11, 2015, May 13, 2015, August 13, 2015, November 3, 2015, January 13, 2016, January 25, 2016 and February 9, 2016. The time gap between any two Board meetings did not exceed four months.

DIRECTORS

Changes that had taken place in the composition of the Board of Directors of the Company during the period under review and subsequent thereto are given below:

Appointments:

- (i) Mr. Markus Wermers was appointed as Chief Executive Officer with effect from February 1, 2015 and Managing Director with effect from August 13, 2015.

Report of the Directors

- (ii) Mr. Vijay Vaid was appointed as an Additional Director on March 11, 2015 and based on the declaration of independence received from him as prescribed under Section 149 (7) of the Companies Act, 2013, he has been classified as an Independent Director subject to the approval of the members at the ensuing annual general meeting of the Company.
- (iii) Mr. Sudhanshu K Tripathi and Mr. Sridharan Kesavan were appointed as Additional Directors on August 13, 2015 to hold office till the conclusion of the 55th Annual General Meeting.
- (iv) Dr. C. Bhaktavatsala Rao and Ms. Bhumika Batra were appointed as Additional Directors on November 3, 2015 and based on the declarations of independence received from them as prescribed under Section 149 (7) of the Companies Act, 2013, they have been classified as Independent Directors subject to the approval of the members at the ensuing annual general meeting.
- (v) Mr. A.R. Chandrasekharan was appointed as an Additional Director on May 11, 2016 to hold office till the conclusion of the 55th Annual General meeting. He was also appointed as an Executive Director.

The Independent Directors of the Company have declared that they meet the criteria of independence in terms of Section 149(6) of the Companies Act, 2013 and that there is no change in their status of independence as on date.

We seek your confirmation for appointment of Mr. Vijay Vaid, Dr. C Bhaktavatsala Rao and Ms. Bhumika Batra as Independent Directors for a term of three consecutive years on a non-rotational basis and Mr. Sudhanshu K Tripathi and Mr. Sridharan Kesavan as Directors of the Company, liable to retire by rotation. Your approval is also sought for the appointment of Mr.A.R.Chandrasekharan as Executive Director for a period of 3 years with effect from May 11, 2016.

Resignation :

- (i) Mr. GRV Rajan resigned as a member of the Board and Managing Director of the Company with effect from March 11, 2015.

- (ii) Mr. R Seshasayee resigned from the Board and Chairmanship of the Company on June 12, 2015.
- (iii) Mr. S Ragothaman, an independent Director resigned from the Board on November 18, 2015.
- (iv) Mr. Markus Wermers resigned as a member of the Board and Managing Director of the Company with effect from April 4, 2016.

The Board of Directors wish to place on record their sincere appreciation for the valuable contributions made by Mr.GRV Rajan, Mr.R. Seshasayee, Mr.S. Ragothaman and Mr. Markus Wermers during their tenure as Directors.

The casual vacancies caused by the resignations were not filled-up.

Director retiring by rotation:

In terms of Article 106 of the Articles of Association of the Company, Mr. Dheeraj G Hinduja is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

KEY MANAGERIAL PERSONNEL

Mr. D M Reddy was appointed as Chief Executive Officer and Key Managerial Personnel on April 4, 2016.

Mr. D M Reddy, Chief Executive Officer, Mr. K R Ravi Shankar, Chief Financial Officer and Mr. S Venkatasubramanian are the whole-time Key Managerial Personnel of the Company.

COST AUDITORS

As per Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. The Board of Directors of the Company has, on recommendation of the Audit Committee, approved the appointment of M/s. Geeyes & Co. (Firm Registration Number 000044) as the Cost Auditor of the Company to conduct cost audits pertaining to product(s) Steel (Castings) in compliance with the Companies (Cost Records and Audit) Rules, 2014, for the 18 months period ended March 31, 2016. As required under the Companies Act, 2013,

Report of the Directors

the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking ratification of the members for the remuneration payable to M/s Geeyes & Co., Cost Auditors is included at Item No. 10 of the Notice convening the Annual General Meeting.

Cost Audit Reports for the financial year ended September 30, 2014 were filed in a timely manner. The Cost Audit Reports for the 18 months period ended March 31, 2016 will be filed with the Ministry of Corporate Affairs in a timely manner.

The Board of Directors, subject to the approval of the Central Government, has appointed M/s. Geeyes & Co. as Cost Auditors for conducting cost audit for the financial year 2016-17.

INTERNAL CONTROL:

The Company has an internal control system commensurate with the size, scale and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, applicable laws and regulations and that all assets and resources of the Company are safeguarded against loss from wastage, unauthorised use and removal. The Internal Auditors are an integral part of the internal control mechanism of the Company. To maintain its objective and independence, the Internal Auditors report to the Audit Committee of the Board of Directors.

The internal control system of the Company is supplemented by documented policies, guidelines and procedures. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company, its compliance with the operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of the Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Audit Committee oversees the adequacy of the internal control systems. The Company reviews its policies, guidelines and procedures of internal control on an ongoing basis in view of the ever changing business environment.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the regulators or courts which would impact the going concern status of the Company and its future operations.

SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of Ms. B. Chitra, Company Secretary in Practice, Chennai to conduct the secretarial audit of the Company for the 18 months period ended March 31, 2016.

The Secretarial Audit Report (in Form MR-3) is attached as **Annexure-E** to this Report. The report is unqualified.

STATUTORY AUDITORS

M/s. B S R and Company, Chartered Accountants, retire at the close of this Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from M/s. B S R and Company that they are unwilling to be considered for re-appointment.

In their place, the Company has proposed the appointment of B S R & Co. LLP who are also a member firm of B S R and Affiliates network of firms, registered with ICAI and who have given consent and confirmed their eligibility under Section 139 and 141 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for appointment as the Auditors of the Company.

The Audit Committee and the Board of Directors have recommended B S R & Co. LLP, a Limited Liability Partnership Firm for appointment as Auditor of the company for a term of 5 years subject to ratification by the members at every Annual General Meeting.

The necessary resolution is being placed before the members for approval.

EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Companies Act, 2013, the details forming part of the extract of the Annual Return in Form MGT-9 are furnished in **Annexure – F**.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and on the basis of the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) in the preparation of the annual financial statements for the 18 months period ended March 31, 2016, the applicable Accounting Standards had been followed. There are no material departures.
- b) for the 18 months period ended March 31, 2016, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss and Cash Flow of the Company for the 18 months period ended March 31, 2016.
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual financial statements have been prepared on a going concern basis.
- e) that internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that proper systems to ensure compliance with the provisions of all applicable laws were devised and that such systems were adequate and operating effectively.

REMUNERATION POLICY OF THE COMPANY

The Remuneration policy of the Company comprising the policy followed by the Company on the appointment and remuneration of its Directors, Key Managerial Personnel and Senior Executives including criteria for determining qualifications, positive attributes, independence of a Director and other related matters has been provided in the Corporate Governance Report which is attached as **Annexure-B** to this Report.

In terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Directors of the Company are entitled to a sitting fee of ₹ 20,000 for every meeting of Board/ Committee attended by them. In the absence of profits, no commission was paid to them. The median remuneration of employees for the same period was ₹ 4 Lakhs. The ratio of median remuneration of employee to the remuneration of Managing Director was 1:30.

The Company had 1647 permanent employees on the rolls of the Company as on March 31, 2016.

The Company has effected increment in general on the remuneration to all employees after a span of three years. The average increase per employee was ₹ 6,750 p.m.

During the period under review, the Company also made a revision of remuneration to the Chief Financial Officer [CFO] and Company Secretary [CS] to reflect the market/industry standards to the extent possible commensurate with the performance of the Company and individual. The above remuneration is as per Remuneration policy of the Company.

RISK MANAGEMENT POLICY

Risks are events, situations or circumstances which may negatively impact the Company's business. Risk management is a structured approach to manage uncertainty. The Company is adopting a formal approach to risk management in such a way that key risks be managed within a unitary framework.

The Company has constituted a Risk Management Committee which met on August 13, 2015 and reviewed that the Company has an appropriate and

Report of the Directors

effective Enterprise Risk Management system with appropriate policies and processes which carries out risk assessment.

The details of Risk Management as practiced by the Company are provided as part of Management Discussion and Analysis Report attached as **Annexure - D** to this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Pursuant to Section 135 of the Companies Act, 2013, your Company is not required to constitute Corporate Social Responsibility Committee. However, as part of social initiative, the Company has undertaken a programme known as B.VOC degree(3 year work integrated programme conducted by Tata Institute of Social Sciences approved by AICTE/GOI) in order to enhance the skill of the society to enable them to get employed.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the New Listing Regulations, Independent Directors at their meeting without the participation of the Non-independent Directors and Management, evaluated the Board's performance, performance of the Chairman and other Non-independent Directors.

The Board subsequently evaluated its own performance, the working of its Committees (Audit, Nomination and Remuneration and Stakeholders Relationship Committee) and Independent Directors (without participation of the relevant Director).

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and the New Listing Regulations, the Board of Directors had approved the Policy on Vigil Mechanism/ Whistle Blower and the same has been hosted on the website of the Company. This Policy inter alia provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no Director/ employee has been denied access to the Chairman of the Audit Committee and that no complaints

were received during the year. Brief details about the policy are provided in the Corporate Governance Report attached as **Annexure-B** to this Report.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

The Board of Directors have approved the "Sexual Harassment Policy" in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said policy is uploaded on the website of the Company.

During the year under review, there were no complaints received from any regular/contract employee or from any of the outsiders who visited our office for official purpose.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Your Company has successfully implemented a voluntary retirement scheme at the Company's unit located at Ennore, Tamilnadu. All employees of the Company's Ductron casting unit located at Hyderabad, Telangana had sought voluntary separation from the Company, which was agreed and implemented. Consequently the unit had to be closed down. Your Company has successfully concluded Long Term Settlement (LTS) with workers at Sriperumbudur (SPU) and Ennore units.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are provided in the Annexure forming part of the Annual Report.

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are furnished in **Annexure-G**.

FORWARD LOOKING STATEMENTS

This Report together with the annexures contains forward looking statements that involve risks and uncertainties. When used in this report, the words "anticipate", "believe", "estimate", "expect", "intend", "will", and other similar expressions as

Report of the Directors

they relate to the Company and/or its business are intended to identify such forward looking statements. Neither the Company nor the Directors undertake any obligation to publicly update or revise any forward looking statements, whether as a result of any new information, future events, or otherwise.

We cannot, of course, guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

ACKNOWLEDGEMENT

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

By Order of the Board

Chennai
May 11, 2016

Dheeraj G Hinduja
Chairman

Annexure A to the Directors' Report

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

A) CONSERVATION OF ENERGY

Steps taken or impact on conservation of energy

Energy Conservation is an ongoing process in our organization. Continuous monitoring, planning, development and modifications for energy conservation are done at the unit levels. These effective measures have contributed to maintain the energy cost within the desired levels.

Steps taken by the Company for utilizing alternate sources of energy

Wherever possible, the Company is taking effective measures for economizing on fuel and power. Some of the more significant projects implemented on a continuous basis across all the manufacturing plants are:

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

g) Installation of energy management system in the induction furnaces and auto pour facility to ensure optimum power consumption.

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

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

J) Capital investment on energy conservation equipment

B) TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R & D)

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

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

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

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

Annexure A to the Directors' Report

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

- a) Meeting the customers demand and targets on quality, cost and delivery of new products and its variants.
- b) Substitute for imports and development of products with regulations through benchmark studies.
- c) Identifying and implementing emerging technologies and production processes and their deployment horizontally in applicable products.
- d) Improved dimensional accuracy and production of higher quality and better surface finish castings in a lesser span of time for development.

3. Future plan of action:

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

4. Expenditure on R & D: (₹ in Lakhs)

a. Capital	:	46.83
b. Recurring	:	206.41
c. Total	:	253.24
d. Total R & D expenditure as a percentage of total turnover	:	0.30 %

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

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

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

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

3. Other information:

a) Technology imported

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

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

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

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of earnings and outgo of foreign exchange are given in notes 39 & 40 forming part of financial statements. The Company continues to strive to improve the export earnings.

Annexure B to the Directors' Report

REPORT ON CORPORATE GOVERNANCE

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

1. PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

Pursuant to the New Listing Regulations, a confirmation from the Chief Executive Officer of the Company regarding compliance with the Code by all members of the Board and senior management is annexed to this Annual Report. The full text of the Code is furnished at the end of this Report and is also displayed on the Company's website www.hindujafoundries.com

2. BOARD OF DIRECTORS

As on March 31, 2016 your Company's Board of Directors comprised 11 Directors (out of which more than 50% of the Directors are Independent Directors) with Mr. Dheeraj G. Hinduja as Non-executive Chairman.

Composition of the Board as on March 31, 2016

	Name of the Director	% to the total number of Directors
I)	Independent Directors	
	Mr. D J Balaji Rao	54.55
	Mr. Sridhar Venkiteswaran	
	Mrs. Mohana Srinivasan	
	Mr. Vijay Vaid *	
	Dr. C Bhaktavatsala Rao ***	
	Ms. Bhumika Batra ***	
II)	Non-Executive Directors	
	Mr. Dheeraj G Hinduja	36.36
	Mr. T Anantha Narayanan	
	Mr. Sudhanshu K Tripathi **	
	Mr. Sridharan Kesavan **	

Annexure B to the Directors' Report

	Name of the Director	% to the total number of Directors
III)	Managing Director & CEO	
	Mr. Markus Wermers ****	9.09

Note :

- * Mr. Vijay Vaid – Appointed as an Additional Director (Independent Director) at the Board meeting held on March 11, 2015
- ** Mr. Sudhanshu K Tripathi and Mr. Sridharan Kesavan – Appointed as Additional Directors at the Board meeting held on August 13, 2015
- *** Dr. C Bhaktavatsala Rao & Ms. Bhumika Batra – Appointed as Additional Directors (Independent Directors) at the Board meeting held on November 3, 2015.
- **** Mr. Markus Wermers, Managing Director and CEO, resigned on April 4, 2016 and Mr. D M Reddy appointed as Chief Executive Officer with effect from April 4, 2016

None of the above Directors are related to each other.

The Board evaluates the Company's strategic direction, management policies, performance objectives and effectiveness of Corporate Governance practices.

Further, the Board fulfills the key functions as prescribed under Regulation 17 (1) of the New Listing Regulations.

Attendance at Board Meetings and last Annual General Meeting (AGM) and details of memberships of Directors' in Boards and Board Committees

Names of Directors	No. of Board Meetings attended for the period from October 1, 2014 to March 31, 2016	Whether attended last AGM held on December 22, 2014	No. of Directorships(s) as on March 31, 2016 (including Hinduja Foundries Limited) (*)		No. of Memberships / Chairmanship(s) of Board Committees as on March 31, 2016 (Including Hinduja Foundries Limited) (**)	
			As Director	As Chairman	As Member	As Chairman
Mr. R Seshasayee (resigned on 12.06.2015)	5	Yes	N.A.	N.A.	N.A.	N.A.
Mr. Dheeraj G Hinduja	9	No	7	3	Nil	Nil
Mr. D J Balaji Rao	9	Yes	7	Nil	7	3
Mr. S Ragothaman (resigned on 18.11.2015)	2	No	N.A.	N.A.	N.A.	N.A.
Mr. Sridhar Venkiteswaran	8	Yes	5	Nil	Nil	Nil
Mr. GRV Rajan (resigned on March 11, 2015)	4	Yes	N.A.	N.A.	N.A.	N.A.
Mr. T Anantha Narayanan	10	Yes	3	1	4	3
Mrs. Mohana Srinivasan	10	Yes	3	Nil	2	Nil

Annexure B to the Directors' Report

Names of Directors	No. of Board Meetings attended for the period from October 1, 2014 to March 31, 2016	Whether attended last AGM held on December 22, 2014	No. of Directorships(s) as on March 31, 2016 (including Hinduja Foundries Limited) (*)		No. of Memberships / Chairmanship(s) of Board Committees as on March 31, 2016 (Including Hinduja Foundries Limited) (**)	
			As Director	As Chairman	As Member	As Chairman
Mr. Markus Wermers (Appointed as CEO on 01.02.2015 and MD on 13.08.2015 and resigned on 4.4.2016)	5	N.A	Nil	Nil	Nil	Nil
Mr. Vijay Vaid (appointed on 11.03.2015)	7	N.A	6	Nil	1	Nil
Mr. Sudhanshu K Tripathi (Appointed on 13.08.2015)	5	N.A	4	Nil	3	Nil
Mr. Sridharan Kesavan (Appointed on 13.08.2015)	5	N.A.	2	Nil	1	Nil
Dr. C Bhaktavatsala Rao (Appointed on 03.11.2015)	1	N.A.	1	Nil	Nil	Nil
Ms. Bhumika Batra (appointed on 3.11.2015)	4	N.A.	12	Nil	9	2

(*) Includes Private Limited Companies, but excludes Foreign Companies

(**) Only Audit Committee and Stakeholders Relationship Committee membership / chairmanship are reckoned.

All Directors other than Executive Directors are entitled to a sitting fee of ₹20,000/- for attending each of Board/ Committee Meetings.

The Companies Act, 2013 read with relevant Rules made thereunder, facilitates the participation of Directors in Board / Committee meetings through video conferencing or other audio visual means. Accordingly, the option to participate in the meeting was made available for the Directors except in respect of such meetings /items which are not permitted to be transacted through video conferencing.

The details of Directors seeking re-appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the Meeting of the members.

The details of shares held by Directors of the Company as on March 31, 2016 is furnished below:

Name of the Director	No. of equity Shares held	Designation
Mr. D J Balaji Rao	290	Director

Board Meetings held from October 1, 2014 to March 31, 2016 and the attendance details are given below :

Date of Meetings	Total No. of Directors	No. of Directors Present
20.11.2014	8	6
27.01.2015	8	7
09.02.2015	8	5
11.03.2015	9	8

Annexure B to the Directors' Report

Date of Meetings	Total No. of Directors	No. of Directors Present
13.05.2015	8	8
13.08.2015	10	9
03.11.2015	12	11
13.01.2016	11	10
25.01.2016	11	10
09.02.2016	11	10

Information relating to Corporate Governance [Regulation 17 (7) of the New Listing Regulations] is provided to the Board at every meeting.

Independent Directors

Your Company appointed Independent Directors who are renowned people having expertise in their respective field and areas of practice. They also fulfill the requirement of "Independence" prescribed under the regulations.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as required under Section 149(7) of the Companies Act, 2013.

The obligations with respect to Independent Directors under Regulation 25 of the New Listing Regulations are made known to Independent Directors so appointed. The Company also has familiarized Independent Directors about the foundry industry, in general and the business model and other relevant information about the Company.

The Company had issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed in the website of the Company.

Performance evaluation of Directors

The Nomination and Remuneration Committee of the Board has laid down the criteria for performance evaluation of all Directors. The performance evaluation is being done by the entire Board of Directors, except the Director concerned being evaluated. The criteria for performance evaluation are as follows:

Role & Accountability

- Understanding the nature and role of Independent Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to management for resolution of business issues.
- Offer constructive challenge to management strategies and proposals.
- Active engagement with the management and attentiveness to progress of decisions taken.

Objectivity

- Non-partisan appraisal of issues.
- Own recommendations given professionally without tending to majority or popular views.

Leadership & Initiative

- Heading Board Sub-committees.
- Driving any function or identified initiative based on domain knowledge and experience.

Annexure B to the Directors' Report

Personal Attributes

- Commitment to role & fiduciary responsibilities as a Board member.
- Attendance and active participation.
- Proactive, strategic and lateral thinking.

Meeting of Independent Directors

During the year, a meeting of Independent Directors was held to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

Familiarisation Programme

Your Company follows a structured orientation and familiarisation programme through various reports or codes or internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis.

Periodic presentations are made at the Board meetings on business and performance, long term strategy, initiatives and risks involved.

The details of familiarisation programme have been posted in the website of the Company under the web link [http://www. Hindujafoundries.com/companies-act-2013-compliance](http://www.Hindujafoundries.com/companies-act-2013-compliance).

Non-executive Directors' compensation and disclosures

Non-executive Directors (including Independent Directors) have been paid a sitting fees of ₹20,000 per Committee / Board meeting attended by the directors including attendance by video Conferencing, as prescribed under the Companies Act, 2013.

Other Provisions as to Board and Committees

The Board met 10 times during the year and the time gap between any two meetings did not exceed 120 days.

During the 18 months period ended March 31, 2016, none of the Directors of the Company was a member of more than 10 specified Committees or Chairman of more than 5 such Committees in companies in which he/she was a Director.

Your Company's Directors promptly notify any change(s) in the committee positions as and when they take place.

3. AUDIT COMMITTEE

The Audit Committee which acts as a link between the management, external and internal auditors and the Board of Directors of the Company is responsible for overseeing the Company's financial reporting process by providing direction to audit function and monitoring the scope and quality of internal and statutory audits.

Composition

The Audit Committee comprises Mr. D J Balaji Rao, Independent Director as Chairman, Mr. T Anantha Narayanan, Non-executive Director as Member, Mrs. Mohana Srinivasan, Independent Director as Member.

Mr. S Ragothaman who was the member of Audit Committee, ceased to be a member upon his resignation from the Board with effect from November 18, 2015.

All members of the Audit Committee are financially literate and have expertise in accounting/financial management.

Mr. D J Balaji Rao, Chairman – Audit Committee was present at the Annual General Meeting held on December 22, 2014

Annexure B to the Directors' Report

The Managing Director and CEO, Chief Financial Officer and Chief Operating Officer attended meetings of the Committee as invitees. The Statutory Auditors are permanent invitees to the Audit Committee Meetings. Mr. S Venkatasubramanian, Company Secretary is the Secretary to the Committee.

Meetings and Attendance

The Audit Committee met six times during the year and the time gap between any two meetings did not exceed more than four months.

Dates of Meetings	Total No. of Members	No. of Members present
20.11.2014	5	3
27.01.2015	4	3
13.05.2015	4	4
13.08.2015	4	3
03.11.2015	4	3
09.02.2016	3	3

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

The Company is governed by a charter adopted pursuant to the regulatory requirements and the Committee reviews the mandatory information as per requirement.

Terms of Reference

- i. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

Annexure B to the Directors' Report

- vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the Company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4. NOMINATION AND REMUNERATION COMMITTEE

Composition

The Nomination and Remuneration Committee comprises of Mr. Sridhar Venkiteswaran, Independent Director as Chairman, Mr. Dheeraj G Hinduja (Non-Executive Director), Mr. Sudhanshu K Tripathi (Non-Executive Director) and Mr. Vijay Vaid (Independent Director) as members.

Consequent to the resignation of Mr. S Ragothaman as a member of Board with effect from November 18, 2015, he ceased to be a member of Nomination and Remuneration Committee.

The Remuneration Policy is annexed at the end of this Report.

Meetings and attendance

Date of Meetings	Total No. of Members	No. of Members present
09.02.2015	4	2
11.03.2015	4	3
10.08.2015	3	2
03.11.2015	3	2
09.02.2016	4	4

Annexure B to the Directors' Report

Terms of Reference

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- (d) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (e) formulation of criteria for evaluation of Independent Directors and the Board;
- (f) devising a policy on Board diversity;
- (g) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Remuneration paid for 18 months period ended March 31, 2016 (from October 1, 2014 to March 31, 2016)

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

Name of the Director	Amount (₹)
Mr. D J Balaji Rao	4,40,000
Mr. S Ragothaman	1,20,000
Mr. Sridhar Venkiteswaran	2,40,000
Mr. T Anantha Narayanan	5,00,000
Mr. Sridharan Kesavan	2,40,000
Mrs. Mohana Srinivasan	3,00,000
Mr. Vijay Vaid	2,00,000
Ms. Bhumika Batra	2,40,000

Note :

Mr. R Seshasayee, Mr. Dheeraj G Hinduja, Dr. C Bhaktavatsala Rao and Mr. Sudhanshu K Tripathi have waived sitting fees payable to them.

- b. Managing Director / Manager

Description	Amount (₹)
Salary & Allowances	12,371,421
Contribution to Provident Fund and other Funds	141,368
Perquisites*	4,197,204
Commission	NIL
Total	16,709,993

* Certain perquisites are valued as per the provisions of the Income-Tax Act, 1961.

Annexure B to the Directors' Report

Mr. GRV Rajan, Managing Director resigned with effect from March 11, 2015. Neither severance fee nor Employee Stock option was offered by the Company to Mr. GRV Rajan

Mr. Markus Wermers was appointed as Managing Director of the Company with effect from August 13, 2015 and resigned on April 4, 2016

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition

The Committee consists of Mr. T Anantha Narayanan, (Non-Executive Director) as Chairman, Mr. Sudhanshu K Tripathi (Non-Executive Director) and Ms. Bhumika Batra, (Independent Director) as members.

Mr. S. Venkatasubramanian, Company Secretary is the Compliance Officer.

Meetings and Attendance

Dates of Meetings	Total No. of Members	No. of Members present
20.11.2014	3	2
27.01.2015	3	2
13.05.2015	3	3
13.08.2015	3	2
03.11.2015	3	2
09.02.2016	3	3

Terms of Reference

- shall consider and resolve the grievances of debenture holders, members and fixed deposit holders of the Company.
- Any other matters referred to by the Board in relation to the stakeholders.

This Committee which was formerly constituted in alignment with the requirements of the erstwhile Clause 49 of the Listing Agreement, oversees redressal of shareholder and investor grievances and approves issue of share certificates arising out of loss/destruction, sub-division, consolidation, rematerialization etc.

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

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

Details of complaints received and redressed

During the 18 months period ended March 31, 2016, 58 complaints were received, which were redressed to the satisfaction of the complainants. There were no pending complaints at the year - end.

Rights of Members

Your Company protects and safeguards members' rights, provides adequate and timely information, opportunity to participate effectively in general meeting and ensure equitable treatment to all members.

Annexure B to the Directors' Report

Role of stakeholders in Corporate Governance

Your Company recognises the rights of its stakeholders and encourages co-operation between the Company and stakeholders to enable participation in Corporate Governance process.

6. RISK ASSESSMENT AND MINIMISATION PROCEDURE

The Company has constituted a Risk Management Committee which met on August 13, 2015 and reviewed that the Company has an appropriate and effective Enterprise Risk Management system with appropriate policies and processes which carries out risk assessment.

7. GENERAL BODY MEETINGS

Details of Annual General Meetings and Extra-Ordinary General Meeting held during last three years.

ANNUAL GENERAL MEETING

AGM	YEAR	VENUE	DATE	TIME
52	2012 (18 months)	Rani Seethai Hall 603, Anna Salai, Chennai 600 006	December 28, 2012	10.00 a.m.
53	2013 (6 months)	Rani Seethai Hall 603, Anna Salai, Chennai 600 006	September 26, 2013	10.00 a.m.
54	2014 (18 months)	Rani Seethai Hall 603, Anna Salai, Chennai 600 006	December 22, 2014	10.00 a.m.

Mr. D J Balaji Rao, Audit Committee Chairman was not available to attend the fifty-third (53rd) Annual General Meeting held on September 26, 2013. The Board nominated Mr. Sridhar Venkiteswaran as an alternate Chairman of the Audit Committee for attending the fifty-third (53rd) Annual General Meeting.

Mr. D J Balaji Rao, Audit Committee Chairman was present at the fifty-fourth (54th) Annual General Meeting held on December 22, 2014.

All special resolutions passed in the last three Annual General Meetings were passed with requisite majority on show of hands / Postal Ballots by the members present at the meeting.

EXTRA ORDINARY GENERAL MEETING

An extraordinary general meeting of the Company was held as under wherein the members of the Company approved unanimously all the special businesses relating to raising of capital that were transacted at the meeting.

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

POSTAL BALLOT

The Company was in full compliance of Section 108 and 110 and other applicable rules and regulations including procedural formalities envisaged in conducting the Postal Ballot.

During the 18 months period ended March 31, 2016 i.e. from October 1, 2014 to March 31, 2016, there were two postal ballots conducted as per details given below :

- (i) The approval of the members by way of a special resolution was sought through postal ballot including voting through electronic means in connection with the appointment of Mr. Markus Wermers as Managing Director and remuneration payable to him. Ms. B. Chitra of M/s. B Chitra & Co., Practising Company Secretary was appointed as the Scrutinizer to conduct the Postal Ballot process.

Annexure B to the Directors' Report

The special resolution as set out in the Notice dated August 13, 2015 was approved by the members with the requisite majority. The Company has since made an application to the Central Government (Ministry of Corporate Affairs, New Delhi) to seek their approval and the same has been received.

- (ii) The Company sought the approval of its members through postal ballot including voting through electronic means in respect of the following resolutions:
1. Ordinary Resolution for increase in Authorized Share Capital.
 2. Special Resolution for amendment of Capital Clause of the Memorandum of Association.
 3. Special Resolution for alteration of Articles of Association.
 4. Special Resolution for issue of Securities under the provisions of Sections 41, 42 and 62 of the Companies Act, 2013.

Ms. B. Chitra of M/s. B Chitra & Co., Practising Company Secretary were appointed as the Scrutinizer to conduct the Postal Ballot process.

The Special Resolutions as set out in the Notice dated January 25, 2016 was approved by the members with the requisite majority.

8. DISCLOSURES

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

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

Particulars of contracts or arrangement with related party

The particulars of every contract or arrangement referred to in sub-section (1) of section 188 of the Companies Act, 2013 and entered into by the Company with its related parties including contracts or arrangements or transactions on an arm's length basis have been disclosed in Form AOC - 2 as **Annexure - H**.

The policy on related party transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company.

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

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

iii. Whistle Blower policy

Your Company has established a Vigil Mechanism/ Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s)/ employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman.

Your Company hereby affirms that no Director/ employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. The Whistle Blower Policy

Annexure B to the Directors' Report

has been disclosed on the Company's website under the web link <http://www.hindujafoundries.com/companies-act-2013-compliance> and circulated to all the Directors / employees.

iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("New Listing Regulations")

The Company complies with all the requirements of the New Listing Regulations.

Your Company has complied with the mandatory requirements and adopted the non-mandatory requirements of the New Listing Regulations.

v. Details of compliance of discretionary requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("New Listing Regulations")

Your Company has complied with the discretionary requirement of "D" and "E" of Regulation 27 (i), of Schedule II, Part E, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("New Listing Regulations").

9. MEANS OF COMMUNICATION

- (a) As stipulated under Regulation 47 of the New Listing Regulations, the Quarterly Results are published in one English National Newspaper and one Tamil Newspaper within 48 hours of the conclusion of the Board meeting in which the results are approved. They are also displayed in the website of the Company www.hindujafoundries.com
- (b) The Company's website also displays official press/news releases and several other details/information of interest to various stakeholders.
- (c) A Management Discussion and Analysis Report is being presented as part of the Directors' Report.
- (d) Green Initiative: As part of Green initiative, the Company sent request to members on September 26, 2013, January 17, 2014 and December 22, 2014 and sought their concurrence to send all communications to them by electronic mail. The Company is committed to good and faster communication to all members and in this regard the Company will take the support of the Depository Participants and Registrar & Share Transfer Agents to ensure that the members receive communication in a fast and effective way.

10. CODE OF CONDUCT

Your Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. Your Company has received confirmations from all concerned regarding their adherence to the said Code.

Pursuant to the New Listing Regulations, the Managing Director and the Chief Executive Officer have confirmed compliance with the Code by all members of the Board and the Senior Management.

The full text of the Code is furnished in this Report and also hosted on the Company's website under the web link <http://www.Hindujafoundries.com/corporategovernance>.

11. CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the period 18 months ended March 31, 2016 under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

Annexure B to the Directors' Report

12. GENERAL SHAREHOLDER INFORMATION

i. 55th Annual General Meeting

Day : Thursday
 Date : June 16, 2016
 Time : 11.00 A.M.
 Venue : Rani Seethai Hall, 603, Anna Salai, Chennai – 600 006.

ii. Financial Calendar

FINANCIAL YEAR 2016-17

Unaudited results for the quarter and three months ending June 30, 2016	Before Second week of August 2016
Unaudited results for the quarter and six months ending September 30, 2016	Before second week of November 2016
Unaudited results for the quarter and nine months ending December 31, 2016	Before second week of February, 2017
Audited results for the year ending March 31, 2017	Before end of May, 2017

iii. Closure Dates : June 7, 2016 to June 16, 2016 (both days inclusive).

iv. Dividend payment date : N.A.

v. Listing/Stock Code of equity shares

NAME OF EXCHANGE	STOCK CODE
Bombay Stock Exchange Limited (BSE)	505982
National Stock exchange Limited (NSE)	HINDUJAFO

Listing of Global Depository Receipt (GDRs) – Luxembourg Stock Exchange

vi. MARKET PRICE DATA

MONTH & YEAR	BOMBAY STOCK EXCHANGE				NATIONAL STOCK EXCHANGE			
	Share Price (₹)		Sensex		Share Price (₹)		S&P CNX Nifty points	
	High	Low	High	Low	High	Low	High	Low
Oct - 14	52.55	44.20	27894.32	25910.77	53.00	44.50	8330.75	7723.85
Nov- 14	55.00	42.00	28822.37	27739.56	55.75	40.05	8617.00	8290.25
Dec – 14	47.45	39.00	28809.64	26469.42	47.50	37.05	8626.95	7961.35
Jan – 15	42.45	38.10	29844.16	26776.12	45.65	36.50	8996.60	8065.45
Feb – 15	41.95	29.90	29560.32	28044.49	45.00	29.10	8941.10	8470.50
Mar – 15	37.75	30.15	30024.74	27248.45	41.95	30.85	9119.20	8269.15
April – 15	40.00	32.90	29094.61	26897.54	41.00	32.00	8844.80	8144.75
May -15	38.35	32.80	28071.16	26423.99	39.20	31.20	8489.55	8220.45
June – 15	35.50	29.35	27968.75	26307.07	36.80	29.00	8467.15	7940.30
July – 15	35.00	29.35	28578.33	27416.39	35.00	29.00	8654.75	8315.40
Aug – 15	41.75	29.60	28417.59	25298.42	38.00	27.25	8621.55	7667.25
Sept – 15	31.45	26.55	26471.82	24833.54	31.70	27.35	8055.00	7539.50
Oct -15	37.50	29.05	27618.14	26168.71	36.95	29.00	8336.30	7930.65

Annexure B to the Directors' Report

MONTH & YEAR	BOMBAY STOCK EXCHANGE				NATIONAL STOCK EXCHANGE			
	Share Price (₹)		Sensex		Share Price (₹)		S&P CNX Nifty points	
	High	Low	High	Low	High	Low	High	Low
Nov – 15	41.90	31.00	26824.30	25451.42	37.70	29.35	8116.10	7714.15
Dec – 15	35.75	30.00	26256.42	24867.73	36.60	31.15	7979.30	7551.05
Jan – 16	37.45	31.00	26197.27	23839.76	37.35	30.10	7937.55	7241.50
Feb – 16	36.65	27.30	25002.32	22494.61	36.50	26.45	7600.45	6825.80
Mar - 16	42.70	28.10	25479.62	23133.18	42.80	27.00	7777.60	7035.10

vii. REGISTRAR AND SHARE TRANSFER AGENTS

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

viii. SHARE TRANSFER SYSTEM

The authority relating to transfer, transmission and transposition of shares are vested with the Stakeholders Relationship Committee. In order to speed up the process of transfer related activities, the said Committee had authorized the Managing Director to approve all routine transfer, transmission and transposition of the shares.

ix. UNCLAIMED DIVIDEND

The amount of dividends remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund. Accordingly, the dividend declared for all the financial years ended upto March 31, 2008 and remaining unclaimed has been transferred to the Investor Education and Protection Fund after the completion of the statutory period of seven years. The amount so transferred cannot be claimed either from the Company or from the Fund. As on date no unclaimed dividend is required to be transferred.

x. DETAILS OF UNCLAIMED SECURITIES SUSPENSE ACCOUNT

As per SEBI directive, outstanding unclaimed shares are being transferred to Unclaimed Securities Suspense Account and the voting rights on these shares remain frozen till the rightful owner claims such shares

Particulars	No. of Shares	No. of Shareholders
Unclaimed shares at the beginning of the year	916	9
Unclaimed shares at the end of the year	916	9

Shares arising out of the certificates that have been returned undelivered to the Company are lying in the unclaimed securities suspense account. In view of the same, shareholders shall approach the Company/Registrar and Share transfer Agents (R&TA) with proper supporting documents for claiming such shares

Annexure B to the Directors' Report

xi. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016

Category of shares	No.of Holders	% to Holders	No.of Shares	% to Shares
1 - 50	4112	47.03	72304	0.03
51 - 100	1523	17.42	125251	0.06
101 - 200	1208	13.82	187037	0.09
201 - 500	1057	12.09	357343	0.17
501 - 1000	456	5.22	350324	0.17
1001 - 2000	196	2.24	280227	0.14
2001 - 5000	114	1.30	378743	0.18
5001 - 10000	32	0.37	233456	0.11
10001 and above	45	0.51	205069891	99.04
Total	8743	100.00	207054576	100.00

xii. SHAREHOLDING PATTERN AS ON MARCH 31, 2016 *

Sl.No.	Category	No.of Shareholders	No. of Shares	%
A	Promoters			
1	Hinduja Automotive Limited - U.K	1	14814609	20.74
2	Hinduja Foundries Holding Limited. Mauritius	1	17818448	24.94
3	Ashok Leyland Limited	1	5405793	7.57
	Total Promotor holding	3	38038850	53.25
B	Others			
1	Residents (Individuals/ Clearing member)	8547	4277239	5.99
2	Financial Institutions /Insurance Co. / Banks /UTI	2	4011	0.01
3	Foreign Institutional Investors	2	12322679	17.25
4	Bodies Corporate	114	1159482	1.62
5	Directors & Relatives	1	290	0.00
6	Non Resident Indians	66	25137	0.04
7	Foreign National	1	80	0.00
8	Trusts	2	391	0.00
9	Overseas Depository for GDRs	2	135621000	0.00
10	Foreign Portfolio Investor	3	15605417	21.85
	Total non - promoter holding	8740	169015726	46.75
	Total	8743	207054576	100.00

* The shares issued to the overseas depository (with underlying GDR) have not been considered for the calculation of the above shareholding percentage.

Annexure B to the Directors' Report

xiii. DEMATERIALIZATION OF SHARES AND LIQUIDITY

The shares, listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") are to be traded only in dematerialized form. The ISIN of the shares is INE291F01016. The shares are traded on the BSE and NSE.

As on March 31, 2016, 206813658 shares were held in dematerialized form representing 99.88 % of the total shares. The balance was held in physical form.

xiv. PLANT LOCATIONS:

Ennore	Kathivakkam High Road, Ennore, Chennai 600 057.
Hyderabad	Ductron Castings Unit, B-15, IDA, Uppal, Hyderabad 500 039. (Closure process of this unit is in progress)
Sriperumbudur	Plot K-2, SIPCOT Industrial Estate, Arneri Village, Sriperumbudur - 602 105 Kanchipuram District

xv. ADDRESS FOR CORRESPONDENCE

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

M/s. Integrated Enterprises (I) Ltd
II Floor, "Kences Towers",
No. 1, Ramakrishna Street, Off North Usman Road,
T Nagar, Chennai 600 017

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

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

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

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

Annexure B to the Directors' Report

Certification by Chief Executive Officer and Chief Financial Officer to the Board:

We, D M Reddy, Chief Executive Officer and K R Ravi Shankar, Chief Financial Officer of Hinduja Foundries Limited hereby certify that:

- a. We have reviewed the financial statements and the cash flow statement for the 18 months period ended March 31, 2016 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Statutory Auditors and the Audit Committee that:
 - i) There has not been any significant change in the internal control over financial reporting during the year under review.
 - ii) There has not been any significant change in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - iii) To the best of our knowledge and belief, there was no instance of any significant fraud during the year with the involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Chennai
May 11, 2016

D M REDDY
Chief Executive Officer

K R RAVI SHANKAR
Chief Financial Officer

CODE OF CONDUCT

Members of the Board and the Senior Management, shall

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

Annexure B to the Directors' Report

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

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

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

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 it is hereby affirmed that for the 18 months period ended March 31, 2016 all the Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

Chennai
May 11, 2016

D M REDDY
Chief Executive Officer

Annexure B to the Directors' Report

REMUNERATION POLICY

1. Objective

The objective of Hinduja Foundries Limited (HFL) Remuneration Policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of HFL stakeholders.

2. The Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("Committee") is responsible for formulating and making the necessary amendments to the Remuneration Policy for the Directors, Key Managerial Personnel (KMP) and Senior Executives of HFL from time to time.

3. Remuneration for Non-Executive Directors

Non-Executive Directors ("NED") are remunerated by way of Sitting Fee for each meeting of the Board/ Committees of the Board attended by them and an annual commission on the profits of the Company. Commission to respective NED is determined on the basis of an objective criteria discussed and agreed upon by the Committee Members unanimously. NED's are reimbursed of any out of pocket expenses incurred by them for the purpose of the Company.

4. Remuneration for Executive Directors, Key Managerial Personnel (KMP) and Senior Executives

The following elements are taken into consideration for determining the Remuneration of Executive Directors, KMP and Senior Executives:

- The remuneration policy reflects a balance between the interests of HFL main stakeholders as well as a balance between the Company's short-term and long-term strategy. As a result, the structure of the remuneration package for the Directors, KMP and Senior Executives is designed to balance short-term operational performance with the medium and long-term objective of creating sustainable value within the Company, while taking into account the interests of its stakeholders. HFL strives for a high performance in the field of sustainability and aims to maintain a good balance between economic gain, respect for people and concern for the environment.
- To ensure that highly skilled and qualified KMP/Senior Executives can be attracted and retained, HFL aims for a total remuneration level that is comparable to levels provided by other companies that are similar to HFL in terms of size and complexity.
- In designing and setting the levels of remuneration for the Directors, KMP and Senior Executives, the Committee also takes into account the relevant statutory provisions and provisions of the corporate governance regulations, societal and market trends and the interests of stakeholders.
- HFL policy is to offer the Directors, KMP and Senior Executives a total compensation comparable to the peer group.

Total Compensation (TC)

The total compensation of the Managing Director and Senior Executives consists of the following components:

1. Base salary
2. Variable income
 - Annual Performance Pay (APP)
 - Performance-related Long-Term Incentive Plan (LTIP)

Base salary

On joining the Company, the Managing Director, KMP and Senior Executives receive a base salary comparable to the peer group. Every year, base salary levels are reviewed by the Committee.

Annexure B to the Directors' Report

Variable income

The variable income part of remuneration consists of APP and LTIP. The distribution between APP and LTIP for (on target) performance aims to achieve a proper balance between short-term result and long-term value creation. The parameters relating to the various elements of the variable income part of the remuneration are established and where necessary adjusted by and at the discretion of the Committee, taking into account the general rules and principles of the remuneration policy itself.

The targets are determined each year by the Committee in consultation with the respective Director/ KMP / Executive, based on historical performance, the operational and strategic outlook of the Company in the short term and expectations of the Company's management and stakeholders, among other things. The targets contribute to the realization of the objective of long-term value creation.

It is one of the long term objectives to reach the proportion of variable compensation upto 50% of the total compensation.

5. Remuneration for other Employees

Remuneration of middle and lower level employees of the Company consists entirely of fixed pay which is reviewed on an annual basis. Increase in the remuneration of employees is affected based on an annual review taking into account performance of the employee and the performance of the Company also.

6. Remuneration for Workmen

Remuneration of workmen employed in the factories of the Company consists of fixed pay and performance incentives, which is negotiated and agreed upon on periodical basis. Increase in the remuneration of workmen is effected based on a review of performance of the Company and increase in the general price levels / cost of living index, etc.

7. Employee Stock Options

It is a long term objective of the Company to introduce employee stock options to inculcate a sense of ownership among the employees of the Company.

8. Alignment of Remunerations

The Committee strives to achieve that the remunerations of the Directors, Senior Executives, Middle and lower level employees of HFL are aligned to each other.

9. Term of Appointment

Term of Managing Director and other Executive Directors is generally for a period of 3 years and renewed for similar periods from time to time. Whereas, term of the other employees, generally is upto the age of superannuation. However, the Company also employs contractual employees as 'consultants' for shorter periods on need basis.

10. Post Retirement Benefits

All the executive directors and employees are entitled for retirement benefits such as provident fund, superannuation fund and gratuity.

11. Severance Arrangements

Contracts of employment with executive directors and regular employees, provide for compensation of upto 3 months pay or advance notice of similar period.

12. Loans

There is no system of granting of loans to Directors, KMP and employees of the Company.

Annexure C to the Directors' Report

Auditors' certificate on Corporate Governance

To

The Members of **Hinduja Foundries Limited**

We have examined the compliance of conditions of Corporate Governance by Hinduja Foundries Limited ('the Company'), for the period (eighteen months period) ended on 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1 October 2014 to 30 November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1 December 2015 to 31 March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of

Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement/ Listing Regulations, as applicable.

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

for B S R and Company

Chartered Accountants

ICAI Firm registration No.:128900W

S Sethuraman

Partner

Membership No: 203491

Chennai

May 11, 2016.

Annexure D to the Directors' Report

Management Discussion and Analysis Report

Foundry Industry

The Indian foundry industry manufactures castings for applications in Auto, Tractor, Railways, Machine tools, Defence, Earth Moving /Textile / Cement / Electrical / Power machinery, Pumps / Valves etc.

It is estimated to have a total turnover of about ₹1,00,000 crores with export approximately ₹15,000 crores and an annual output of 10.021 Million MT of various grades of Castings as per International standards.

Of these, Grey iron castings have the major share i.e. approximately 60% of total castings produced.

There are approximately 5000 units out of which 90% can be classified as MSMEs out of which approximately 1500 units have some International Quality Accreditation. Several large Indian foundries are modern & globally competitive with efficient Induction Furnaces and growing awareness about environment & energy conservation.

Overall the industry has had a CAGR of about 9% over the last eight years. Exports were growing at about 25% annually till 2011 after which the global downturn has affected exports quite badly.

Demand for Foundry products, especially in the sectors Hinduja Foundries operates in has seen adverse impact of successive bad monsoons affecting demand from Tractor and Farm Equipment OEMs, changing diesel policy affecting Passenger vehicle demand and lower demand from Commercial Vehicle sector owing to lower manufacturing and mining activity.

Indian Economy

Economic growth in India accelerated in Fiscal Year 2015 although there was a double-digit decline in exports. It was projected to dip marginally in FY 2016 due to a slowdown in public investment, stressed corporate balance sheets, and declining exports, then pick up in FY 2017 as newly strengthened bank and corporate finances allow a revival in investment. Notwithstanding unexpected delays in enacting some economic reform, the prospects for continued rapid growth are undiminished.

Selected economic indicators (%) – India	2015	2016 Forecast	2017 Forecast
GDP Growth	7.6	7.4	7.8
Inflation	5.0	5.4	5.8
Current Account Balance (share of GDP)	-1.3	-1.6	-1.8

Source: Asian Development Outlook 2016

Economic performance

The Government estimated the economy growing at 7.6% in FY 2015 (ending March 31, 2016), marginally above the forecast of 7.4% made in mid 2015.

Despite a weak monsoon for a second consecutive year, agriculture grew by 1.1% in 2015-16, mainly on strong growth in livestock. Food grain production is estimated to have increased by 0.5% in FY 2016, though there was lower production of rice, coarse cereals, oilseeds, and sugarcane.

After growing by 5.9% in 2014-15, industry accelerated further to 7.3% in 2015-16. Expansion in services moderated to 9.2%. Private consumption growth is estimated to have picked up to 7.6% in 2015-16 from 6.2% a year earlier. Much of the improvement in private consumption stems from a pickup in urban consumption, while rural consumption has remained subdued as a result of two consecutive weak monsoons. Government consumption growth also stayed muted as the Central Government boosted capital expenditure and curtailed current expenditure. A 20.9% increase in capital expenditure undertaken by the Central Government helped investment growth improve to 5.3% from 4.9% in FY 2014. However, private investment remained weakened by over capacity and Indian corporations' debt overhang.

Lower commodity prices and anemic global demand weighed on exports, which contracted by 18.0% in 2015-16.

Economic prospects

While public investment and urban consumption were the major drivers of growth in 2015-16, a revival of private investment and rural consumption is critical if growth is to remain strong in 2016 and 2017, given the likely sluggish recovery in the advanced economies and the anemic outlook for global trade.

Growth is projected at 7.4% in 2016-17, marginally lower than the 7.6% achieved in FY 2015 as the expected decline in external demand offsets a pickup in domestic demand. Moreover, the weak balance sheets of public sector banks will hamper lending and growth prospects. Growth is expected to pick up a bit to 7.8% in FY 2017, helped by the government's strengthening of public sector banks' capital and operations, private investment benefitting from corporate de-leveraging, the financing of stalled projects, and an uptick in bank credit.

Annexure D to the Directors' Report

Indian Automotive Industry

The Indian auto industry is one of the largest in the world accounting for 7.1 per cent of the country's Gross Domestic Product (GDP). As of FY 2014-15, around 31 per cent of small cars sold globally are manufactured in India.

The Two Wheelers segment with 81 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 13 per cent market share.

India is also a prominent auto exporter and has strong export growth expectations for the near future. In April-January 2016, exports of Commercial Vehicles registered a growth of 18.36 per cent over the same period in the previous year. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler (2W) and Four Wheeler (4W) market in the world by 2020.

Market Size

Domestic sales of Passenger Vehicles grew by 7.24 per cent in April-March 2016 over the same period last year. Within the Passenger Vehicles, Passenger Cars rose by 7.87 per cent, during the same period. The domestic sales of Commercial Vehicles increased by 11.51 per cent in April-March 2016 over the same period last year. Sales of Medium & Heavy Commercial Vehicles (M&HCVs) increased at 29.91 per cent.

Investment in auto sector

Several auto makers have started investing heavily in various segments of the industry during the last few years to leverage on the low cost manufacturing and engineering advantages of India. The industry attracted Foreign Direct Investment (FDI) worth US\$ 14.32 billion during the period April 2000 to December 2015, according to data released by Department of Industrial Policy and Promotion (DIPP).

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route.

Government of India also aims to make automobiles manufacturing the main driver of 'Make in India' initiative, as it expects passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26.

In the Union budget of 2015-16, the Government announced credit of Rs 850,000 crore (US\$ 124.71 billion) to farmers, which is expected to boost the tractors segment sales

The Automobile Mission Plan (AMP) for the period 2006–2016, designed by the Government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

India's automotive industry is one of the most competitive in the world with almost 97% indigenous content.

The Indian automotive sector has the potential to generate up to US\$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12 per cent to India's Gross Domestic Product, as per the Automotive Mission Plan 2016-26 prepared jointly by the Society of Indian Automobile Manufacturers (SIAM) and Government.

Operational and Financial Performance of the company

Net sales for the 18 months period October 2014 to March 2016 was ₹ 83,858 Lakhs as compared to ₹ 99,310 Lakhs during the 18 months period April 2013 to September 2014, a fall of 15.6%. The reduction was on account of discontinuation of manufacturing activity at Hyderabad and severe contraction of demand from the tractor segment which comprised over 55 % of the company's business. Input prices were erratic during the period. There was an increase in Finance Costs mainly due to additional funding raised to meet VRS expenses and restructuring costs. Net loss before Interest and Depreciation were about 39% lower than the previous period due to improved operational performance and cost reduction achieved by restructuring the business.

Net loss before tax during this 18 months period was ₹ 39,425 Lakhs, including exceptional items of ₹ 13,651 Lakhs, compared to ₹ 26,244 Lakhs including exceptional items of ₹ 1,130 Lakhs during the 18 month period April 2013 to September 2014.

Operational and Financial Performance

The company achieved gross production of 113,086 MT and sales of 102,018 MT in 18 months period from October 2014 to March 2016 compared to gross production of 137,152 MT and sales of 125,391 MT in the 18 months period April 2013 to September 2014. The sharp fall in demand from the Tractor and Farm Equipment sector, were not fully

Annexure D to the Directors' Report

offset by the recovery in M&HCV Segment and the passenger car segment. Demand from OEMs was stagnant due to bleak export prospects, subdued domestic demand, and high cost of borrowings. Lack of specific support or benefits for the industry in the Union Budget of 2016 restrained the full recovery of the industry.

During the period under review, the company consolidated its position among its major customers improving share of business, working with them on VA/VE projects and participating in a number of new product development programs.

Debottlenecking of capacity at Sriperumbudur facility to cater to much higher demand with moderate amounts of additional capital expenditure has been a focus area. More flexibility in the various production lines is being worked upon to enable cater to additional volumes of business and new business opportunities. The capabilities of the machine shop are being increased with the help of engineering solutions and innovation.

Cost reduction through procurement, consumption control, specific cost reduction initiatives and better shop floor management are receiving considerable attention and the impact of these will be seen in the current period. The benefits of the increased productivity, manpower right sizing, redeployment and outsourcing have started accruing to the Company.

The VRS and consequent discontinuation of business at the Ductron Casting unit at Hyderabad was completed in this period. Further, about 329 workmen at Ennore unit availed the VRS package during this period. Long Term wage agreements were concluded with concomitant productivity improvements in both Ennore and Sriperumbudur units

Human Resources and Industrial Relations

The Company has been successful in establishing positive relationship with employees, with focus on achieving higher productivity and quality norms. This is demonstrated by long term wage cum productivity settlement amicably concluded at both the units namely Ennore and Sriperumbudur with the support of employees. Continued capability

and skill up-gradation through structured training and development is an ongoing priority of the Organisation.

All these efforts have led to a very stable and conducive work environment in both the plants and paves way for the future growth.

The board acknowledges strong commitment and on-the-ground efforts of all the employees towards the growth of the organisation.

Internal Control Systems and their Adequacy

The company has a robust internal audit system covering all aspects of operations and management. This is done with the assistance of an in house team, supplemented with external domain experts. The findings and recommendations of the function are reviewed continuously at the highest levels of the organisation for corrective action and implementation. The company has also engaged the services of International audit and consultancy firms to review the Internal Financial controls and Internal controls for Financial reporting. Areas of improvement have been highlighted and are being implemented in a time bound manner.

Enterprise Risk Management

Risk management has been institutionalized as an integral part of management. A Risk Management Committee has formed to oversee the responsibilities with regard to Enterprise Risk Management and is accountable to the Board of Directors.

The Company evaluates all key risks and maintains a risk matrix identifying different levels of risks in achieving the organizational objectives. A formal assessment of the company's risk appetite is reviewed on a regular basis by the Risk Management Committee and the Board.

All business activities/investments which carry potential risks that are above the risk appetite levels will be carried on/committed only with specific approvals from Managing Director / Board, as may be appropriate.

The Company will foster a culture of spreading best practices and expertise acquired from our risk management activities, across the Organization.

Annexure E to the Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR (18 months) ENDED 31.03.2016.

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule
No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,
M/s. Hinduja Foundries Limited
Chennai 57

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hinduja Foundries Limited (hereinafter called the "Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, we hereby report that, in our opinion, the Company has, during the audit period covering the period 1st October 2014 to 31st March 2016, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) *The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 / Share based employee benefits Regulations) 2014;
 - (e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Annexure E to the Directors' Report

(vi) The other laws applicable specifically to the company: Nil

We have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc

In respect of financial laws like Tax laws, etc we have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with BSE & NSE for Securities.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Note:

*** Denotes "NOT APPLICABLE".**

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Directors, Women Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company had the following major transactions/ events:

1. The Company had issued and allotted 11,200 GDRs comprising of 134,400,000 equity shares at USD 5,351.34 per GDR amounting to ₹ 3,998.40 million to the Depositary, Bank of Newyork Mellon.
2. The Company has obtained approval from Luxembourg Stock Exchange for Listing of GDRs as aforesaid.
3. The Company has filed Form MR-2 with the Central Government seeking approval for the appointment and payment of Remuneration to the Managing Director, during the period and obtained necessary approval on 2nd May 2016 for the appointment of Mr. Markus Wermers (a foreign national of Germany) as Managing Director and CEO of the Company for the period of three years with effect from 13.08.2015 to 12.08.2018 and payment of remuneration not exceeding ₹ 1,20,00,000/- (Rupees One Crore and Twenty Lakhs only) per annum to him.

This report has to be read along with our statement furnished in Annexure A

For **B.Chitra &Co**

B. CHITRA

FCS No.:4509

C P No.:2928

Place : Chennai

Date : May 11, 2016

Annexure E to the Directors' Report

Annexure 'A'

To,

The Members,
Hinduja Foundries Limited
Chennai - 57

Dear Sir(s),

Sub.: Secretarial Audit Report for the Financial Year ended 31.03.2016

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **B.Chitra &Co**

B. CHITRA

FCS No.:4509

C P No.:2928

Place : Chennai
Date : May 11, 2016

Annexure F to the Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	L27104TN1959PLC003849
2	Registration Date	30-07-1959
3	Name of the Company	HINDUJA FOUNDRIES LIMITED
4	Category/Sub-category of the Company	Company limited by Shares/ Indian - non Government Company
5	Address of the Registered office & contact details	Kathivakkam High Road Ennore, Chennai 600057 Phone : 044 – 25752103/ 044 – 42016742 Fax : 044 – 25750390/ 044 – 42021443 E-Mail : secretarial@hindujafoundries.com
6	Whether listed company Yes/No	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Integrated Enterprises (I) Ltd II Floor, "Kences Towers", No.1, RamaKrishna Street, Off North Usman Road, T Nagar, Chennai 600 017 Ph: 044-28140801 -03 Fax : 044-28142479 E-Mail : corpserv@integratedindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Casting of iron and steel	2431	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NIL				

Annexure F to the Directors' Report

IV. SHARE HOLDING PATTERN: (Equity share capital breakup as percentage of total equity)

(i) Category - wise Share Holding

Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A Shareholding of Promoter and Promoter Group									
(1) Indian									
a Individual/Hindu Undivided Family	-	-	-	-	-	-	-	-	-
b Central Government/State Government	-	-	-	-	-	-	-	-	-
c Bodies Corporate	5,405,793	-	5,405,793	7.57	5,405,793	-	5,405,793	7.57	0.00
d Financial Institutions/Banks									
e Any other(specify)									
SUB TOTAL A(1)	5,405,793	-	5,405,793	7.57	5,405,793	-	5,405,793	7.57	0.00
(2) Foreign									
a Individual (Non resident/foreign)	-	-	-	-	-	-	-	-	-
b Bodies corporate	32,633,057	-	32,633,057	45.68	32,633,057	-	32,633,057	45.68	0.00
c Institutions	-	-	-	-	-	-	-	-	-
d Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e Any other(specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL A(2)	32,633,057	-	32,633,057	45.68	32,633,057	-	32,633,057	45.68	0.00
Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2)	38,038,850	-	38,038,850	53.25	38,038,850	-	38,038,850	53.25	0.00

Annexure F to the Directors' Report

	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B	Public Shareholding									
(1)	Institutions									
a	Mutual funds/UTI	-	4,001	4,001	0.01	-	4,001	4,001	0.01	0.00
b	Financial Institutions/Banks	10	-	10	0.00	10	-	10	0.00	0.00
c	Central Government/State Government	-	-	-	-	-	-	-	-	-
d	Venture Capital Funds	-	-	-	-	-	-	-	-	-
e	Insurance Companies	-	-	-	-	-	-	-	-	-
f	Foreign Institutional Investors	29,053,816	-	29,053,816	40.67	12,322,679	-	12,322,679	17.25	0.00
g	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i	Any other(specify)	-	-	-	-	-	-	-	-	-
	SUB TOTAL B(1)	29,053,826	4001	29,057,827	40.68	12,322,689	4,001	12,326,690	17.26	-23.42

Annexure F to the Directors' Report

Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
a Bodies Corporate (Indian)	1,583,371	2,948	1,586,319	2.22	1,155,784	2,948	1,158,732	1.62	0.00
b Individuals(Resident/NRI/ Foreign National)	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding Nominal share Capital upto ₹1 Lakh	1,450,844	243,079	1,693,923	2.37	1,622,387	233,969	1,856,356	2.60	0.00
(ii) Individual shareholders holding Nominal share Capital above ₹1 Lakh	1,034,103	-	1,034,103	1.45	1,260,377	-	1,260,377	1.76	0.00
c Qualified Foreign Investor									
d Any other(specify)									
Clearing Member	22,413	-	22,413	0.03	1,186,763	-	1,186,763	1.66	0.00
Trust	141	-	141	0.00	391	-	391	0.00	0.00
Foreign Portfolio Investor - Corporate 2	-	-	-	-	5,005,417	-	5,005,417	7.00	0.00
Foreign Portfolio Investor - Corporate 3	-	-	-	-	10,600,000	-	10,600,000	14.83	0.00
SUB TOTAL B(2)	4,090,872	246,027	4,336,899	6.07	20,831,119	236,917	21,068,036	29.49	23.42
Total Public Share Holding (B)=B(1)+B(2)	33,144,698	250,028	33,394,726	46.75	33,153,808	240,918	33,394,726	46.75	0.00
TOTAL (A)+(B)	71,183,548	250,028	71,433,576	100.00	71,192,658	240,918	71,433,576	100.00	0.00
C Shares held by Custodians and against which Depository Receipts have been issued	1,221,000	-	1,221,000	0.00	135,621,000	-	135,621,000	0.00	0.00
GRAND TOTAL (A)+(B)+(C)	72,404,548	250,028	72,654,576	0.00	206,813,658	240,918	207,054,576	0.00	0.00

Annexure F to the Directors' Report

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	HINDUJA FOUNDRIES HOLDING LIMITED	17,818,448	24.94	0.00	17,818,448	24.94	-	0.00
2	HINDUJA AUTOMOTIVE LIMITED	14,814,609	20.74	0.00	14,814,609	20.74	-	0.00
3	ASHOK LEYLAND LIMITED	5,405,793	7.57	0.00	5,405,793	7.57	-	0.00

(iii) Change in Promoters' Shareholding

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	38,038,850	53.25	-	0.00
2	Date wise Increase / Decrease in Promoters Share holding during the year	-	-	-	-
3	At the End of the year	38,038,850	53.25	38,038,850	53.25
	HENCE THERE IS NO CHANGE IN PROMOTERS' HOLDING				

Annexure F to the Directors' Report

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	LTS INVESTMENT FUND LTD				
	PAN :AACCL0500F				
	Opening Balance as on 01/10/2014	7,100,000	9.94		
	Closing Balance as on 31/03/2016			7,100,000	9.94
2	CPCI (MAURITIUS) LTD				
	PAN :AAFCC1742D				
	Opening Balance as on 01/10/2014	7,000,000	9.80		
	Closing Balance as on 31/03/2016			7,000,000	9.80
3	BRIDGE INDIA FUND				
	PAN :AADCC3273B				
	Opening Balance as on 01/10/2014	5,222,679	7.31		
	Closing Balance as on 31/03/2016			5,222,679	7.31
4	ALBULA INVESTMENT FUND LTD				
	PAN :AAHCA3597Q				
	Opening Balance as on 01/10/2014	5,005,417	7.00		
	Closing Balance as on 31/03/2016			5,005,417	7.01
5	NEW LEAINA INVESTMENTS LIMITED				
	PAN :AABCF3805G				
	Opening Balance as on 01/10/2014	3,600,000	5.04		
	Closing Balance as on 31/03/2016			3,600,000	5.04
6	AFRIN DIA				
	PAN :AAKCA5505F				
	Opening Balance as on 01/10/2014	1,125,720	1.58		
	31/03/2016	-1,125,720	-1.58	0	0.00
	Closing Balance as on 31/03/2016			0	0.00
7	INDO INVEST VISION LIMITED				
	PAN :AABCI0645R				
	Opening Balance as on 01/10/2014	536,397	0.75		
	2/1/2015	45,775	0.06	582,172	0.82
	9/1/2015	123,679	0.17	705,851	0.99
	16/01/2015	2,500	0.00	708,351	0.99
	6/3/2015	-6,198	-0.01	702,153	0.98
	24/04/2015	-1,232	-0.00	700,921	0.98
	01/05/2015	-687	-0.00	700,234	0.98
	11/09/2015	-700,234	-0.98	0	0.00
	Closing Balance as on 31/03/2016			0	0.00

Annexure F to the Directors' Report

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
8	BHARAT JAYANTILAL PATEL				
	PAN :AAAPP6652R				
	Opening Balance as on 01/10/2014	380,662	0.53		
	21/11/2014	-99,300	-0.14	281,362	0.39
	Closing Balance as on 31/03/2016			281,362	0.39
9	AMLUCKIE INVESTMENT COMPANY LTD.				
	PAN :AACCA6749H				
	Opening Balance as on 01/10/2014	308,550	0.43		
	31/12/2014	-46,912	-0.07	261,638	0.37
	2/1/2015	-83,000	-0.12	178,638	0.25
	9/1/2015	-44,000	-0.06	134,638	0.19
	Closing Balance as on 31/03/2016			134,638	0.19
10	EVERETT CONSULTANTS PVT. LTD.				
	PAN :AAACE6068R				
	Opening Balance as on 01/10/2014	211,085	0.30		
	10/10/2014	6,729	0.01	217,814	0.31
	31/10/2014	-1,618	-0.00	216,196	0.30
	7/11/2014	-990	-0.00	215,206	0.30
	14/11/2014	-16,840	-0.02	198,366	0.28
	21/11/2014	-4,000	-0.01	194,366	0.27
	28/11/2014	1,100	0.00	195,466	0.27
	12/12/2014	6,758	0.01	202,224	0.28
	27/03/2015	-50,000	-0.07	152,224	0.21
	26/06/2015	-500	-0.00	151,724	0.21
	30/06/2015	-491	-0.00	151,233	0.21
	03/07/2015	-5,482	-0.01	145,751	0.20
	10/07/2015	-8,552	-0.01	137,199	0.19
	17/07/2015	-5,000	-0.01	132,199	0.19
	31/07/2015	-4,488	-0.01	127,711	0.18
	14/08/2015	-1,000	-0.00	126,711	0.18
	28/08/2015	-7,429	-0.01	119,282	0.17
	04/09/2015	-3,957	-0.01	115,325	0.16
	11/09/2015	-20,000	-0.03	95,325	0.13
	18/09/2015	-25,000	-0.04	70,325	0.10
	25/09/2015	490	0.00	70,815	0.10
	06/11/2015	400	0.00	71,215	0.10
	11/12/2015	1,000	0.00	72,215	0.10

Annexure F to the Directors' Report

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	31/12/2015	7,392	0.01	79,607	0.11
	08/01/2016	3	0.00	79,610	0.11
	15/01/2016	643	0.00	80,253	0.11
	22/01/2016	-3,242	-0.01	77,011	0.11
	11/03/2016	-47,340	-0.07	29,671	0.04
	18/03/2016	-15,202	-0.02	14,469	0.02
	25/03/2016	-10,000	-0.01	4,469	0.01
	Closing Balance as on 31/03/2016			4,469	0.01
11	MINDSET TECHNOLOGIES PVT. LTD.				
	PAN :AADCM0038N				
	Opening Balance as on 01/10/2014	170,141	0.24		
	9/1/2015	-5,457	-0.01	164,684	0.23
	16/01/2015	-4,684	-0.01	160,000	0.22
	23/01/2015	-6,332	-0.01	153,668	0.22
	30/01/2015	-39,760	-0.06	113,908	0.16
	6/2/2015	-7,070	-0.01	106,838	0.15
	13/02/2015	-6,838	-0.01	100,000	0.14
	20/02/2015	-100,000	-0.14	0	0.00
	Closing Balance as on 31/03/2016			0	0.00
12	AKASH BHANSHALI				
	PAN :AADPB5433H				
	Opening Balance as on 01/10/2014	126,612	0.18		
	13/03/2016	-4,200	-0.01	122,412	0.17
	Closing Balance as on 31/03/2016			122,412	0.17

Annexure F to the Directors' Report

(v) Shareholding of Directors and Key Managerial Personnel (KMP) :

Sl. No.	For each of the Directors of the Company and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Directors				
1	DOVETON JAGANNATHRAO BALAJI RAO				
	PAN :AADPD2835K				
	Opening Balance as on 01/10/2014	290	0.00		
	Closing Balance as on 31/03/2016			290	0.00
2	VIJAY P VAID				
	PAN :AABPV3676L				
	Opening Balance as on 01/10/2014	0	0.00		
	20/02/2015	1,500	0.00		
	27/02/2015	1,000	0.00	2,500	0.01
	20/03/2015	1,500	0.00	4,000	0.01
	17/04/2015	500	0.00	4,500	0.01
	01/05/2015	580	0.00	5,080	0.01
	25/09/2015	6,000	0.01	11,080	0.02
	11/12/2015	-11,080	-0.02	0	0.00
	Closing Balance as on 31/03/2016			0	0.00
3	S RAGOTHAMAN *				
	PAN :AAFPR6833B				
	Opening Balance as on 01/10/2014	5,000	0.01		
	Closing Balance as on 31/03/2016			5,000	0.01
	* Date of Cessation 18/11/2015				
	Other KMPs				
1	MARKUS WERMERS				
	PAN :ADLPW4594R				
	Opening Balance as on 01/10/2014	-	-	-	-
	Closing Balance as on 31/03/2016	-	-	-	-
2	K R RAVI SHANKAR				
	PAN :AEMPR5902A				
	Opening Balance as on 01/10/2014	-	-	-	-
	Closing Balance as on 31/03/2016	-	-	-	-
3	S VENKATASUBRAMANIAN				
	PAN :AAEPV8785B				
	Opening Balance as on 01/10/2014	-	-	-	-
	Closing Balance as on 31/03/2016	-	-	-	-

Annexure F to the Directors' Report

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. ₹/Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	59,830.98			59,830.98
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	342.53			342.53
Total (i+ii+iii)	60,173.51	-	-	60,173.51
Change in Indebtedness during the financial year				
* Addition	27,921.95	99.44		28,021.39
* Reduction	41,819.39			41,819.39
Net Change	(13,897.43)	99.44	-	(13,797.99)
Indebtedness at the end of the financial year				
i) Principal Amount	45,933.54	99.44		46,032.98
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	278.63			278.63
Total (i+ii+iii)	46,212.17	99.44	-	46,311.61

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (₹/Lakhs)
	Name	G R V Rajan	Markus Wermers	
	Designation	Managing Director	Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	41.86	83.27	125.13
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.24	36.73	41.97
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify			-
5	Others, please specify			-
	Total (A)	47.10	120.00	167.10
	Ceiling as per the Act	Limits as prescribed under Schedule V or approval as received		

Annexure F to the Directors' Report

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount (₹/Lakhs)
		Mr. S Ragothaman	Mr. Vijay Vaid	D J Balaji Rao	Mr. Sridhar Venkiteswaran	Mrs. Mohana Srinivasan	Ms. Bhumika Batra	
1	Independent Directors							
	Fee for attending board committee meetings / Committee meeting	1.20	2.00	4.40	2.40	3.00	2.40	
	Commission		-		-		-	-
	Others, please specify							-
	Total (1)	1.20	2.00	4.40	2.40	3.00	2.40	15.40
2	Other Non-Executive Directors	Mr.Sridharan Kesavan	Mr. T Anantha Narayanan					-
	Fee for attending board committee meetings	2.40	5.00					
	Commission							-
	Others, please specify							-
	Total (2)	2.40	5.00				-	7.40
	Total (B)=(1+2)							22.80
	Total Managerial Remuneration							
	Overall Ceiling as per the Act							

Note : Mr. R Seshasayee, Mr. Dheeraj G Hinduja, Dr. C Bhaktavatsala Rao and Mr. Sudhanshu K Tripathi have waived sitting fees payable to them.

C. Remuneration to Key Managerial Personnel

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (₹/Lakhs)
		Markus Wermers	K R Ravishankar	S.Venkatasubramanian	
		MD & CEO	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.57	75.42	27.25	115.24
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.82	7.55	-	12.38
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				-
2	Stock Option				-
3	Sweat Equity				-
4	Commission				-
	- as % of profit				-
	- others, specify				-
5	Others, please specify				-
	Total (A)	17.39	82.97	27.25	127.61

Annexure F to the Directors' Report

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Particulars of Remuneration	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

Annexure G to the Directors' Report

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

SL. No.	NAME	AGE (Years)	DESIGNATION	REMUNERATION ₹ in Lakhs	QUALIFICATION	TOTAL EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT HELD
1	Mr. GRV Rajan	56	Managing Director & CEO	47.10	Bachelor of Technology from Indian Institute of Technology, Varanasi and Post-graduate Diploma in Management from Indian Institute of Management, Ahmedabad	30	July 17, 2013	President – Energy Business' at M/s. Sundaram Clayton Limited
2	Mr. Markus Wermers	50	Managing Director & CEO	137.39	Graduation in engineering at Cologne University and the executive program from Stephen M Ross School of Business of University of Michigan.	24	February 1, 2015	Senior Vice President, Chief Procurement Officer and Member of the CEO Staff of Federal Mogul Corporation
3	Mr. Joseph Peeris	43	VP-HR	61.83	Master of Social Works – HR	19	June 1, 2015	Vice President in Vedanta Resources plc.
4	Dr. George Karl Otto Roth	52	Chief Operating Officer	112.96	Doctorate in Engineering Metallurgy	27	January 12, 2015	Worked with Wehrstapel Foundry of M Busch GmbH
5	Mr. K R Ravi Shankar	52	Chief Financial Officer	82.97	B.Com (Hons); ACA	28	November 5, 2012	Sr General Manager Finance and Accounts of Orchid Pharmaceuticals Limited Chennai

Notes:

1. Remuneration shown above is subject to tax and comprises salary, allowances, medical benefits, leave travel assistance as applicable in accordance with the Company's Rules, company's contribution to provident fund and superannuation fund, gratuity entitlement and perquisites evaluated as per Income Tax Rules.
2. Mr. GRV Rajan's appointment is contractual. No severance fee is payable to him.
3. The Company has no stock options scheme in force.
4. Mr. GRV Rajan is not a relative of any Director of the Company
5. Mr. GRV Rajan resigned on March 11, 2015
6. Mr. Markus Wermers appointed as Managing Director with effect from August 13, 2015

Annexure H to the Directors' Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
 - a) Name(s) of the related party and nature of relationship: NIL
 - b) Nature of contracts/arrangements/transactions: NIL
 - c) Duration of the contracts / arrangements/transactions: NIL
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any: NIL
 - e) Justification for entering into such contracts or arrangements or transactions: NIL
 - f) Date(s) of approval by the Board: NIL
 - g) Amount paid as advances, if any: NIL
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: NIL
2. Details of material contracts or arrangements or transactions at arm's length basis:
 - a) Name of the related party and nature of relationship:
 - Ashok Leyland Wind Energy Limited, India – Associate Company (upto January 5, 2015)
 - Hinduja Automotive Limited, UK– Promoter Company (upto January 29, 2014)
 - Key Managerial Personnel :
Mr. GRV Rajan Managing Director & CEO (from July 17, 2013 to March 11, 2015)
Mr. Markus Wermers, Managing Director & CEO (CEO February 1, 2015 to August 12, 2015 & MD from August 13, 2015)

Mr. K R Ravi Shankar, Chief Financial Officer
Mr. S Venkatasubramanian, Company Secretary.
 - b) Nature of transaction:
 - Purchase of Wind Power
 - Initial subscriber to equity share capital
 - Managerial Remuneration
 - c) Duration of transaction: One time transaction.
 - d) Salient terms of the transaction including the value, if any:
 - Purchase of wind power as permitted by Regulations – Ashok Leyland Wind Energy Limited - ₹306 Lakhs
 - Initial subscriber to equity share capital – Hinduja Automotive Limited, UK - ₹39,984 Lakhs
 - Managerial Remuneration - Key managerial personnel – ₹ 294.71 Lakhs
 - e) Date of approval by the Board, if any: Nil
 - f) Amount paid as advances, if any: NIL.

By Order of the Board

Dheeraj G. Hinduja

Chairman

Place : Chennai

Date : May 11, 2016

Independent Auditors' Report

To

The Members of Hinduja Foundries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Hinduja Foundries Limited ('the Company'), which comprise the balance sheet as at March 31, 2016, the statement of profit and loss and the cash flow statement for the eighteen months period ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Independent Auditors' Report

the state of affairs of the Company as at March 31, 2016 and its loss and its cash flows for the eighteen months period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board

of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and

- (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for B S R and Company

Chartered Accountants

ICAI Firm's Registration No.:128900W

S Sethuraman

Partner

Chennai

May 11, 2016

Membership No: 203491

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

The Annexure referred to in our Independent Auditors' Report to the members of Hinduja Foundries Limited ("the Company") for the eighteen months period ended March 31, 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The Company is in the process of comprehensively compiling/updating the fixed asset register after incorporating the results of the physical verification.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme, certain fixed assets were verified during the period. The Company is in the process of reconciling some of the fixed assets counted with the fixed assets register. As explained to us the Company believes the difference, if any, will not be material.
- (ii) (a) The inventory, except certain goods-in-transit and stocks lying with third parties, has been physically verified by the management during the period. In our opinion, the frequency of such verification is reasonable. For major portion of stocks lying with third parties at the period-end, written confirmations have been obtained by the Company.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and generally adequate in relation to the size of the Company and the nature of its business.
- (c) In relation to the maintenance of inventory records, the Company had during the previous periods initiated certain corrective steps including implementation of an ERP system, introduction of perpetual inventory system, identification of non – moving inventory, strengthening the documentation and controls regarding recording and usage of rejections and consumption of materials etc. During the current period the Company continued to further implement and strengthen the above corrective steps initiated and monitor the operating effectiveness of the measures taken. Discrepancies noted on verification between the physical stocks and book records were not material and have been accounted as consumption in the books.
- (iii) The Company has not granted any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and similarly certain goods sold or services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, further to the corrective action initiated to the matter referred to in clause ii (c) above, there is no continuing failure to correct major weaknesses in internal control system.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and having regard to the comments in paragraph ii (c) above, we are of the opinion that prima facie the

Annexure to the Independent Auditors' Report

prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues have been generally regularly deposited during the period by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

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

- (c) According to the information and explanations given to us, the amounts which were required to be transferred to the Investor Education and Protection

Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules thereunder has been transferred to such fund within time.

- (viii) The Company's accumulated losses at the end of the financial period have exceeded 50% of its net worth. The Company has incurred cash losses in the current financial period and in the preceding financial period.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the period.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xii) According to the information and explanations/ confirmations given to us, no material fraud on or by the Company has been noticed or reported during the period.

for B S R and Company

Chartered Accountants

ICAI Firm's Registration No.:128900W

S Sethuraman

Partner

Membership No: 203491

Chennai

May 11, 2016.

Annexure to the Independent Auditors' Report

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

Name of statute	Nature of dues	Period to which the amount relates	Amount in Lakhs	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	2011-2012	3.11	CESTAT
Central Excise Act, 1944	Excise duty	2010-2011	3.08	Commissioner (Appeals)
CENVAT Credit Rules, 2004	Service tax	2014-2015	29.61	Additional Commissioner of Central Excise
CENVAT Credit Rules, 2004	Excise duty	2014-2015	0.88	Assistant Commissioner
CENVAT Credit Rules, 2004	Service tax	2014-2015	8.82	Assistant Commissioner of Central Excise
CENVAT Credit Rules, 2004	Excise duty	2014-2015	1.11	Commissioner of Central Excise (Appeals)
CENVAT Credit Rules, 2004	Service tax	2010-2014	387.10	Commissioner
CENVAT Credit Rules, 2004	Service tax	2013-2014	6.63	Joint Commissioner of Central Excise
CENVAT Credit Rules, 2004	Service tax	2014-2015	96.60	Commissioner of Central Excise
CENVAT Credit Rules, 2004	Service tax	2006-2007 and 2013-2016	# 13.35	Commissioner (Appeals)
CENVAT Credit Rules, 2004	Service tax	2006-2015	# 786.80	CESTAT
CENVAT Credit Rules, 2004	Excise duty	2009-2015	# 9.01	CESTAT
CENVAT Credit Rules, 2004	Excise duty	1993-1998	# 22.63	Hon'ble High Court of Madras
Customs Act, 1962	Customs duty	2006-2007	1.78	CESTAT
CST Act, 1956	Sales tax	2003-2005	71.09	Appellate Deputy Commissioner
CST Act, 1956	Sales tax	2014-15	# 44.60	TNSTAT
Finance Act , 1994	Service tax	2009-2011	# 335.31	CESTAT
Finance Act , 1994	Service tax	2010-2011	# 23.96	Commissioner (Appeals)
Finance Act , 1994	Service tax	2011 & 2013	# 1.34	Commissioner of Central Excise (Appeals)
TNGST Act, 1959	Sales tax	1994-1998	# 43.47	Hon'ble High Court of Madras
Income Tax Act, 1961	Income tax	2008-2010	36.62	Assessing Officer
Income Tax Act, 1961	Income tax	2007-2013	1,742.66	Commissioner of Income tax - Appeals

net of amounts paid under protest

Balance sheet as at March 31, 2016

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

	Note	March 31, 2016	September 30, 2014
Equity and Liabilities			
Shareholders' Funds			
Share capital	3	52,872.12	39,432.12
Reserves and surplus	4	(33,775.31)	(20,566.88)
		<u>19,096.81</u>	<u>18,865.24</u>
Non-current Liabilities			
Long-term borrowings	5	39,372.92	36,137.95
Long-term provisions	7	2,201.27	2,299.01
		<u>41,574.19</u>	<u>38,436.96</u>
Current Liabilities			
Short-term borrowings	8	1,506.74	15,728.49
Trade payables	9	13,098.84	14,001.42
Other current liabilities	10	6,711.37	11,939.54
Short-term provisions	7	30.69	13.09
		<u>21,347.64</u>	<u>41,682.54</u>
Total		<u>82,018.64</u>	<u>98,984.74</u>
Assets			
Non-current Assets			
Fixed assets			
Tangible fixed assets	11	47,105.72	66,159.07
Intangible fixed assets	12	-	309.00
Capital work-in-progress		836.63	2,376.25
Non-current investments	13	455.33	1,214.94
Long-term loans and advances	14	3,141.60	4,408.70
Other non-current assets	15	412.00	371.92
		<u>51,951.28</u>	<u>74,839.88</u>
Current Assets			
Inventories	16	7,919.71	8,716.20
Trade receivables	17	6,635.69	12,478.95
Cash and bank balances	18	1,151.45	493.12
Short-term loans and advances	19	711.05	807.91
Other current assets	20	13,649.46	1,648.68
		<u>30,067.36</u>	<u>24,144.86</u>
Total		<u>82,018.64</u>	<u>98,984.74</u>
Significant Accounting Policies	2		

The notes referred to above form an integral part of this financial statements.
As per our report of even date attached

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

S Sethuraman
Partner
Membership No : 203491

Place : Chennai
Date : May 11, 2016

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

Dheeraj G. Hinduja
Chairman
DIN: 00133410

S Venkatasubramanian
Company Secretary

A.R. Chandrasekharan
Director
DIN: 01794721

K R Ravi Shankar
Chief Financial Officer

Statement of profit and loss for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Note	18 months ended March 31, 2016	18 months ended September 30, 2014
Income			
Revenue from operations	21		
Sale of product (gross)		94,494.99	111,806.58
Less : Excise duty		(10,637.45)	(12,496.32)
Sale of product (net)		83,857.54	99,310.26
Sale of services		374.55	369.04
Other operating revenue		285.46	232.04
Total		84,517.55	99,911.34
Other income	22	791.84	694.72
Total Revenue		85,309.39	100,606.06
Expenses			
Cost of materials consumed	23	40,634.41	49,909.98
Change in inventories of finished goods and work-in-progress	24	(1,320.70)	1,212.21
Employee benefits	25	17,161.01	19,468.15
Finance costs	26	13,715.32	10,612.54
Depreciation and amortization	27	7,587.65	7,224.56
Other expenses	28	33,306.07	37,292.91
Total Expenses		111,083.76	125,720.35
Loss before exceptional items and tax		(25,774.37)	(25,114.29)
Exceptional items	29	(13,650.81)	(1,129.53)
Loss before tax		(39,425.18)	(26,243.82)
Tax Expense			
Current tax		-	-
Deferred tax expense		-	-
Loss for the period		(39,425.18)	(26,243.82)
Earnings per equity share [nominal value of share ₹10 each] (previous period: ₹10 each) (not annualised)	30		
Basic - ₹		(59.45)	(65.07)
Diluted - ₹		(59.45)	(65.07)

Significant Accounting Policies

2

The notes referred to above form an integral part of this financial statements.
As per our report of even date attached

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

S Sethuraman
Partner
Membership No : 203491

Place : Chennai
Date : May 11, 2016

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

Dheeraj G. Hinduja
Chairman
DIN: 00133410

S Venkatasubramanian
Company Secretary

A.R. Chandrasekharan
Director
DIN: 01794721

K R Ravi Shankar
Chief Financial Officer

Cash flow statement for the eighteen months period ended March 31, 2016

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

	Note	18 months ended March 31, 2016	18 months ended September 30, 2014
Cash flow from operating activities			
Net (loss) before Tax		(39,425.18)	(26,243.82)
Adjustments:			
Depreciation and amortisation		9,067.28	7,224.56
Interest income		(194.16)	(268.59)
Provision for doubtful receivables, net		725.84	379.01
Provision/liability no longer required written back		(223.19)	-
Provision for advances / inventory		4,001.37	1,164.31
Bad debts		-	378.83
Finance cost		13,715.32	10,612.54
Write down in value of Toopran Casting Unit related project cost (refer note 43)		1,287.27	-
Profit on sale of investments, net		(288.84)	-
Profit on sale of fixed assets, net		(5.90)	(388.26)
Operating Cash Flow before working capital changes		(11,340.19)	(7,141.42)
Changes in			
Decrease in trade and other receivables		5,438.92	2,277.05
(Increase) / decrease in inventories		(31.51)	1,288.84
Decrease in trade payables and other liabilities		(6,249.26)	(1,502.62)
Cash generated from operations		(12,182.04)	(5,078.15)
Income taxes (paid) / refund, net		(27.43)	(29.63)
Net cash used in Operating Activities (A)		(12,209.47)	(5,107.78)
Cash flow from investing activities			
(Purchase) of fixed assets / advances paid		(1,805.25)	(3,076.93)
Proceeds from sale of fixed assets / advance received		28.60	234.10
Advance against sale of investments		-	1,055.93
(Purchase) of investments, net		(7.48)	(10.56)
Interest received		198.37	343.11
Bank deposits (having original maturity of more than 3 months), net		104.69	689.47
Net cash (used in) investing activities (B)		(1,481.07)	(764.88)
Cash flow from financing activities			
Proceeds from issue of equity shares (net of share issue expenses)		39,773.50	14,095.90
Proceeds / (repayment) of short term borrowings, net		(14,221.75)	(6,348.07)
Proceeds / (repayment) of long term borrowings, net		2,681.03	8,766.31
Finance costs paid		(13,779.22)	(10,693.53)
Net Cash generated from financing activities (C)		14,453.56	5,820.61

Cash flow statement for the eighteen months period ended March 31, 2016

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

	Note	18 months ended March 31, 2016	18 months ended September 30, 2014
Net change in cash and cash equivalents (A+B+C)		763.02	(52.05)
Cash and cash equivalents - opening balance		349.49	401.54
Cash and cash equivalents - closing balance		1,112.51	349.49

Notes to cash flow statement

Components of cash and cash equivalents

Cash and cash equivalents

Cash on hand	3.63	7.13
Balance with banks		
On current accounts	108.88	216.40
On deposits (with original maturity of 3 months or less)	1,000.00	125.96
	1,112.51	349.49

Significant Accounting Policies

2

As per our report of even date attached.

for **B S R and Company**

Chartered Accountants

ICAI Firm registration no: 128900W

S Sethuraman

Partner

Membership No : 203491

Place : Chennai

Date : May 11, 2016

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

Dheeraj G. Hinduja

Chairman

DIN: 00133410

S Venkatasubramanian

Company Secretary

A.R. Chandrasekharan

Director

DIN: 01794721

K R Ravi Shankar

Chief Financial Officer

1. Company overview

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

2. Significant accounting policies

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

a. Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles ("GAAP") under the historical cost convention except in respect of revalued fixed assets on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India (SEBI), to the extent applicable.

b. Use of estimates

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

c. Fixed assets and depreciation

Tangible fixed assets

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

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

Depreciation on fixed assets is provided using the straight-line method based on useful economic life as estimated by the management or at the rates prescribed under Schedule II of the Companies Act, 2013, whichever is higher.

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

Plant and machinery	4.75%–33.33%
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Individual assets costing ₹ 5,000/- or less are depreciated in full in the year of purchase.

Effective October 01, 2014, the Company has revised the useful life of certain fixed assets based on Schedule II to the Companies Act, 2013 for the purposes of providing depreciation on fixed assets. Accordingly, the carrying amount of such assets as on October 01, 2014 has been depreciated over

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

the remaining revised useful life of the fixed assets. Consequently, the depreciation for the eighteen months ended March 31, 2016 is higher to the extent of ₹ 832.59 Lakhs. Further, an amount of ₹ 279.36 Lakhs representing the carrying amount of assets with revised useful life as nil, has been charged to the opening reserves as on October 01, 2014 pursuant to the Companies Act, 2013.

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

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

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

Intangible fixed assets

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

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

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

d. Impairment

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

e. Inventory

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

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

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

f. Borrowing costs

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

g. Employee benefits

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

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

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

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

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

h. Revenue recognition

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

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

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

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

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

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

i. Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or

substantively enacted by the balance sheet date, Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

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

j. Foreign currency transactions

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

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

k. Earnings per share

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

l. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

m. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither

recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs

n. Leases

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

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

o. Investments

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

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

p. Derivative instruments and hedge accounting

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

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

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

Changes in fair value relating to the ineffective portion of the hedges and derivatives that do not qualify for hedge accounting are recognised in the statement of profit and loss.

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

q. Cash flow statement

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

r. Cash and cash equivalents

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

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

March 31, 2016 September 30, 2014

3 Share Capital

Authorised

250,000,000 (September 30, 2014: 200,000,000) Equity shares of ₹10/- each	25,000.00	20,000.00
75,000,000 (September 30, 2014: 35,000,000) Preference shares of ₹100/- each	75,000.00	35,000.00
	100,000.00	55,000.00

Issued

207,166,983 (September 30, 2014: 72,766,983) Equity shares of ₹10/- each	20,716.70	7,276.70
1,500,000 (September 30, 2014: 1,500,000) 10% Redeemable non-convertible cumulative preference shares of ₹100/- each	1,500.00	1,500.00
1,000,000 (September 30, 2014: 1,000,000) 6% Redeemable non-convertible cumulative preference shares of ₹100/- each	1,000.00	1,000.00
30,000,000 (September 30, 2014: 30,000,000) 9% Redeemable non-convertible cumulative preference shares of ₹100/- each	30,000.00	30,000.00
	53,216.70	39,776.70

Subscribed and Paid up

207,054,576 (September 30, 2014: 72,654,576) Equity shares of ₹10/- each fully paid-up	20,705.45	7,265.45
1,500,000 (September 30, 2014: 1,500,000) 10% Redeemable non-convertible cumulative preference shares of ₹100/- each fully paid	1,500.00	1,500.00
1,000,000 (September 30, 2014: 1,000,000) 6% Redeemable non-convertible cumulative preference shares of ₹100/- each fully paid	666.67	666.67
30,000,000 (September 30, 2014: 30,000,000) 9% Redeemable non-convertible cumulative preference shares of ₹100/- each fully paid	30,000.00	30,000.00
	52,872.12	39,432.12

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	March 31, 2016		September 30, 2014	
	Number	Amount	Number	Amount
a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period				
Equity Shares				
At the commencement of the period	72,654,576	7,265.45	28,730,711	2,873.07
Shares issued (refer note 42)	134,400,000	13,440.00	43,923,865	4,392.38
At the end of the period	207,054,576	20,705.45	72,654,576	7,265.45
10% Redeemable non-convertible cumulative preference shares - 1999 Series				
At the commencement and at the end of the period	1,500,000	1,500.00	1,500,000	1,500.00
6% Redeemable non-convertible cumulative preference shares - 2003 Series				
At the commencement and at the end of the period	1,000,000	666.67	1,000,000	666.67
9% Redeemable non-convertible cumulative preference shares - 2012 Series				
At the commencement and at the end of the period	30,000,000	30,000.00	30,000,000	30,000.00

b) Rights, preferences and restrictions in respect of equity shares and Global Depository Receipts ("GDRs") issued by the Company

The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.

The rights, preferences and restrictions of the GDR holders of the GDRs issued during the year 2016 are governed by the terms of their issue, and the provisions of the Companies Act, 2013. Holder of such GDR is entitled to receive 12,000 equity shares of ₹10 each, per GDR, and are entitled to receive dividends as and when declared in proportion to holding but will have no voting rights of a equity shareholder with respect to the shares represented by these GDRs. These GDRs are listed on the Euro MTF Market of the Luxembourg Stock Exchange.

The rights, preferences and restrictions of the GDR holders of the GDRs issued during the year 2008 are governed by the terms of their issue. Holder of this GDR is entitled to receive 1 equity share of ₹10 each, per 3 GDRs, and are entitled to receive dividends as and when declared in proportion to holding but will have no voting rights of a equity shareholder with respect to the shares represented by these GDRs. These GDRs are listed on the Euro MTF Market of the Luxembourg Stock Exchange.

c) Rights, preferences and restriction attached to preference shares

1,500,000 10% Redeemable non-convertible cumulative preference shares of ₹100/- each issued to Ashok Leyland Limited on March 19, 1999 were redeemable at par during the period April 2011 to April 2013. Redemption due on April 2011 and April 2012 was initially rescheduled to April 2013 and April 2015. The Company has sought and obtained a further extension from the preference shareholder and the redemption has been rescheduled to April 2017.

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

1,000,000 6% Redeemable non-convertible cumulative preference shares of ₹100/- each issued to Ashok Leyland Limited on November 12, 2003 were redeemable at par during the period April 2008 to April 2010. Out of the above, an amount of ₹ 333.33 has been redeemed in April 2008. Redemption due on April 2009 and April 2010 was initially rescheduled to April 2013 and April 2015. The Company has sought and obtained a further extension from the preference shareholder and the redemption of the balance of ₹666.67 Lakhs has been rescheduled to April 2017.

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

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

15,000,000 9% Redeemable non-convertible cumulative preference shares of ₹100/- each issued to Ashok Leyland Limited on March 20, 2013 were redeemable at par within a period of two years from the date of allotment. The Company has sought and obtained a further extension from the preference shareholder and the redemption has been rescheduled to March 2017.

	March 31, 2016		September 30, 2014	
	Number	% of total shares in class	Number	% of total shares in class
d) Shares held by shareholders holding more than 5 per cent shares				
Equity shares of ₹10/- each fully paid-up held by				
The Bank of New York Mellon (Depository of GDRs - legal ownership)*	135,621,000	65.50%	1,221,000	1.68%
Hinduja Foundries Holding Limited, Mauritius	17,818,448	8.61%	17,818,448	24.52%
Hinduja Automotive Limited, UK	14,814,609	7.15%	14,814,609	20.39%
LTS Investment Fund Limited	7,100,000	3.43%	7,100,000	9.77%
CPCI (Mauritius) Limited	7,000,000	3.38%	7,000,000	9.63%
Ashok Leyland Limited	5,405,793	2.61%	5,405,793	7.44%
Bridge India Fund (Formerly known as Credo India Thematic Fund Limited)	5,222,679	2.52%	5,222,679	7.19%
Albula Investment Fund Limited	5,005,417	2.42%	5,005,417	6.89%
* The disclosures in the financial statements have been made based on the legal ownership as the beneficial ownership is clearly not available from the depository.				
10% Redeemable Non-convertible cumulative preference shares of ₹100/- each fully paid - 1999 Series				
Ashok Leyland Limited, India	1,500,000	100%	1,500,000	100%

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	March 31, 2016		September 30, 2014	
	Number	% of total shares in class	Number	% of total shares in class
6% Redeemable Non-convertible cumulative preference shares of ₹100/- each fully paid - 2003 Series				
Ashok Leyland Limited, India	1,000,000	100%	1,000,000	100%
9% Redeemable Non-convertible cumulative preference shares of ₹100 each fully paid - 2012 Series				
Ashok Leyland Limited, India	30,000,000	100%	30,000,000	100%
	March 31, 2016		September 30, 2014	
4 Reserves and Surplus				
Capital Redemption Reserve		333.33		333.33
Securities premium account				
Balance as at the beginning of the period	24,615.41		14,911.89	
Add: Premium on allotment of shares (refer note 42)	26,544.00		9,785.29	
Less: Utilisation towards share issue expenses (refer note 42)	(210.50)		(81.77)	
Balance as at the end of the period		50,948.91		24,615.41
Revaluation reserve				
Balance as at the beginning of the period	18,840.13		18,856.98	
Less: Incremental depreciation for the period on revaluation	-		(16.85)	
Balance as at the end of the period		18,840.13		18,840.13
General Reserve		889.25		889.25
Hedging Reserve				
Balance as at the beginning of the period	(281.95)		(579.47)	
Add: Reversing during the period	162.61		297.52	
Balance as at the end of the period		(119.34)		(281.95)
(Deficit) in the statement of profit and loss				
Balance as at the beginning of the period	(64,963.05)		(38,719.23)	
Less: Adjustment on account of deprecaition #	(279.36)		-	
Add: (Loss) during the period	(39,425.18)		(26,243.82)	
Balance as at the end of the period		(104,667.59)		(64,963.05)
		(33,775.31)		(20,566.88)

refer note 2 (c)

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Non-current portion		Current portion *	
	March 31, 2016	September 30, 2014	March 31, 2016	September 30, 2014
5 Long Term Borrowings				
Term loans				
Secured				
Indian rupee loan from banks	36,719.84	29,976.60	2,500.00	5,500.00
Foreign currency loan from banks	2,653.08	6,161.35	2,653.32	2,464.54
	39,372.92	36,137.95	5,153.32	7,964.54

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

- a) The aforesaid loans are under fixed/floating rate (benchmarked to Libor) with different bankers. As at March 31, 2016, the rate of interest based on such arrangements ranged from 5.55% p.a. to 11.50% p.a.
- Secured**
- b) Term loan of ₹ 10,000 Lakhs (September 30, 2014 : Nil) and ₹ 10,000 Lakhs (balance as at March 31, 2016 : ₹ 9,375 Lakhs (September 30, 2014 : Nil)) from Yes Bank is secured by equitable mortgage and first charge over all the fixed assets of the Company including movable properties and immovable properties (both present and future) and second charge on the current assets of the Company. The first said loan is repayable in 20 quarterly instalments commencing from June 2017 to March 2022 and the second loan is repayable in 16 quarterly instalments commencing from March 2016 to December 2019 respectively.
- c) Term loan of ₹19,844.84 Lakhs (September 30, 2014 : ₹19,026.60 Lakhs) from Bank of Baroda is secured by equitable mortgage and first charge over all the fixed assets of the Company including movable properties and immovable properties (both present and future) and second charge on the current assets of the Company. The said loan is repayable in 12 equal quarterly instalments commencing from April 2017 to April 2019.
- d) Foreign currency term loan as at March 31, 2016, of ₹ 5,306.40 Lakhs (September 30, 2014 : ₹8,625.89 Lakhs) from DBS Bank is secured by first pari passu charge over all the fixed assets of the Company including movable properties and immovable properties (both present and future). The said loan is repayable in 10 equal half-yearly instalments commencing from August 2013.
- e) The Company has not met some of the financial covenants as set out in the agreements with bankers. The Company in the process of obtaining necessary waivers from compliance with such covenants. Based on past experience, the Company is confident of obtaining the relevant approvals. Accordingly the loan balances have continued to be classified as non - current to the extent they are not due to be settled within 12 months after the reporting date.

	March 31, 2016	September 30, 2014
6 Deferred tax liabilities, net		
Deferred tax liabilities		
Difference in depreciation and other difference in block of fixed assets as per tax books and financial books	3,621.55	4,743.92
Gross deferred tax liabilities	3,621.55	4,743.92
Deferred tax assets		
Unabsorbed depreciation / carried forward losses *	-	(2,683.12)
Provision for doubtful, trade and other receivables *	(1,142.01)	(933.47)
Others such as provision for employee benefits	(2,479.54)	(1,127.33)
Gross deferred tax assets	(3,621.55)	(4,743.92)
Deferred tax liabilities, net	-	-

* Deferred tax asset are recorded to the extent of deferred tax liabilities (refer note 2(ii))

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Long Term		Short Term	
	March 31, 2016	September 30, 2014	March 31, 2016	September 30, 2014
7 Provisions				
Provision for employee benefits				
Gratuity (refer note 31)	2,037.32	2,133.99	-	-
Compensated absences	163.95	165.02	30.69	13.09
	<u>2,201.27</u>	<u>2,299.01</u>	<u>30.69</u>	<u>13.09</u>
8 Short term borrowings			March 31, 2016	September 30, 2014
Secured				
Cash credit, overdraft and other facilities from banks			1,407.30	14,428.49
Others			-	1,300.00
Unsecured				
Buyer's credit			99.44	-
			<u>1,506.74</u>	<u>15,728.49</u>
Cash credit, overdraft and other facilities from banks are secured by a first charge on current assets and a pari passu second charge on the fixed assets of the Company. As at March 31, 2016, the interest on such facilities ranges from 12.00% p.a to 15.50% p.a.				
Other short term loans (secured) from DBS Bank Bank was secured by a first charge on current assets and a pari passu second charge on the fixed assets of the Company and the interest rate ranges from 11.50% p.a to 15.00% p.a. The said loan was fully repaid during the current period.				
Buyer's credit (unsecured)are repayable in forigen currency on their respective due dates within next 12 months. Interest rate on such buyer's credit ranges from 6% p.a.				
			March 31, 2016	September 30, 2014
9 Trade Payables				
Total outstanding due to micro enterprises and small enterprises*, and			331.84	-
Total outstanding due to creditors other than micro enterprise and small enterprise			12,767.00	14,001.42
			<u>13,098.84</u>	<u>14,001.42</u>
*refer note 35				
10 Other current liabilities				
Current maturities of long-term borrowings*			5,153.32	7,964.54
Interest accrued but not due on borrowings			278.63	342.53
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit				
Unclaimed matured fixed deposits			-	0.02
Unclaimed interest on fixed deposits			-	0.52
Unclaimed equity dividends			-	1.44
Other payables				
Statutory liabilities			186.09	160.56
Deposit from customers			-	0.35
Accrued salaries and benefits			879.24	1,717.67
Derivative financial instrument liability			119.34	281.95
Advance received from customer			71.31	276.05
Advance against sale of Investments			-	1,055.93
Others			23.44	137.98
Total			<u>6,711.37</u>	<u>11,939.54</u>
* refer note 5				

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

11 Tangible Assets

Particulars	Freehold land @ \$	Leasehold land	Buildings @	Plant and machinery # @	Service installations @	Electrical installations @	Patterns and dies	Fixtures	Office furniture	Office machinery	Motor vehicles	Total
Cost												
As at March 31, 2013	21,914.85	1,660.41	10,150.90	35,050.68	2,214.70	2,426.13	6,119.64	1,031.38	326.97	1,243.72	191.14	82,330.52
Additions**	-	-	447.67	12,394.85	54.46	14.20	223.40	232.82	4.77	8.03	60.93	13,441.13
Deductions	-	-	-	167.82	30.17	5.98	-	1.54	10.47	0.25	38.72	254.95
As at September 30, 2014	21,914.85	1,660.41	10,598.57	47,277.71	2,238.99	2,434.35	6,343.04	1,262.66	321.27	1,251.50	213.35	95,516.70
Additions**	-	-	60.86	1,586.56	13.70	27.74	150.73	126.66	2.88	49.36	9.16	2,027.65
Deductions	-	-	-	50.88	-	3.91	-	11.26	0.79	-	74.46	141.30
Transfer to held for sale ^	12,300.00	-	-	-	-	-	-	-	-	-	-	12,300.00
As at March 31, 2016	9,614.85	1,660.41	10,659.43	48,813.39	2,252.69	2,458.18	6,493.77	1,378.06	323.36	1,300.86	148.05	85,103.05
Depreciation												
As at March 31, 2013	-	300.21	2,720.54	14,302.42	1,200.45	978.12	1,908.81	265.40	122.25	811.77	74.16	22,684.13
Charge for the period	-	83.01	473.97	4,619.75	220.53	144.24	942.30	103.20	35.12	212.04	66.60	6,900.76
Transfer from revaluation reserve	-	-	16.37	-	-	0.48	-	-	-	-	-	16.85
Disposal	-	-	-	167.26	30.17	5.29	-	1.31	10.15	12.65	17.28	244.11
As at September 30, 2014	-	383.22	3,210.88	18,754.91	1,390.81	1,117.55	2,851.11	367.30	147.21	1,011.15	123.49	29,357.63
Charge for the period	-	84.37	1,107.45	4,825.52	322.94	637.48	1,266.94	214.42	69.76	181.58	47.82	8,758.28
Transfer from revaluation reserve	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	49.00	-	-	-	10.66	0.69	-	58.23	118.58
As at March 31, 2016	-	467.59	4,318.33	23,531.43	1,713.75	1,755.03	4,118.05	571.06	216.28	1,192.73	113.08	37,997.33
Net Block												
As at September 30, 2014	21,914.85	1,277.19	7,387.69	28,522.80	848.18	1,316.80	3,491.93	895.37	174.06	240.35	89.86	66,159.07
As at March 31, 2016	9,614.85	1,192.82	6,341.10	25,281.96	538.94	703.15	2,375.72	807.00	107.08	108.13	34.97	47,105.72
Capital work-in-progress												
As at September 30, 2014												2,376.25
As at March 31, 2016												836.63

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

@ includes upward revaluation made on March 31, 1992.

Consequent to realignment in the rupee value on foreign exchange, there has been a decrease of ₹Nil (previous period : decrease of ₹61.86 Lakhs) in the Company's liability for repayment of External Commercial Borrowings. Plant and machinery includes the aforesaid exchange differences.

** Consequent to realignment in the rupee value on foreign exchange, there has been an increase of ₹553.94 Lakhs (Previous period : increase of ₹1,379.41 Lakhs) in the Company's liability for repayment of External Commercial Borrowings. Additions to fixed assets includes the aforesaid exchange differences and the exchange differences arising on account of repayment of External Commercial Borrowings.

^ refer Note 44

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

12 Intangible Assets

Particulars	Technical - Know How	Goodwill and Others	Software	Total
Cost				
As at March 31, 2013	1,035.79	147.57	321.58	1,504.94
Additions	-	-	125.47	125.47
Deductions	-	-	-	-
As at September 30, 2014	1,035.79	147.57	447.05	1,630.41
Additions	-	-	-	-
Deductions	-	-	-	-
As at March 31, 2016	1,035.79	147.57	447.05	1,630.41
Amortization				
As at March 31, 2013	785.69	147.57	64.35	997.62
Charge for the year	125.05	-	198.75	323.79
Disposal	-	-	-	-
As at September 30, 2014	910.74	147.57	263.10	1,321.41
Charge for the year	125.05	-	183.95	309.00
Disposal	-	-	-	-
As at March 31, 2016	1,035.79	147.57	447.05	1,630.41
Net block				
As at September 30, 2014	125.05	-	183.95	309.00
As at March 31, 2016	-	-	-	-

13 Non-current Investments

(Valued at cost unless stated otherwise)

Trade investments : unquoted

Investment in Associates

Nil equity shares (September 30, 2014: 12,018,750) of ₹10/- each fully paid-up of Ashok Leyland Wind Energy Ltd.

- 1,201.88

Others

4,356,000 equity shares (September 30, 2014: Nil) of ₹10/- each fully paid-up of Ashok Leyland Wind Energy Ltd.

435.60 -

Nil equity shares (September 30, 2014: 25,000) of ₹10/- each fully paid-up OPG Energy (P) Ltd

- 2.50

178,415 equity shares (September 30, 2014: 96,000) of ₹10/- each fully paid-up OPG Power Generation Private Ltd

19.73 10.56

455.33 1,214.94

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Non-current portion		Current portion*	
	March 31, 2016	September 30, 2014	March 31, 2016	September 30, 2014
14 Long-term loans and advances				
Unsecured and considered good				
Capital advances	30.84	174.86	-	-
Security deposits	1,868.30	1,827.84	13.85	-
Other loans and advances				
Balances with Government and statutory authorities	538.46	445.57	331.13	178.02
Advance taxes	278.87	251.44	-	-
Loans / advances to employee	52.43	60.73	45.89	73.74
Others \$	372.70	1,648.26	-	-
Unsecured and considered doubtful				
Capital advances	115.54	50.12	-	-
Others	-	-	2,339.56	1,067.00
Less : Provision for advances	(115.54)	(50.12)	(2,339.56)	(1,067.00)
	3,141.60	4,408.70	390.87	251.76

* Amount disclosed under 'Short-term loans and advances'. (refer note 19)

\$ includes claim for refund of electricity tax on maximum demand charges amounting to ₹370.18 Lakhs (September 30, 2014: ₹370.18 Lakhs) represents electricity tax paid for the period September 1991 to November 2009 recoverable from Tamil Nadu Electricity Board (TNEB). The amount has been accounted based on a Supreme Court decision delivered in May 2007 and legal opinions obtained by the Company, also refer note 32.

	March 31, 2016	September 30, 2014
15 Other non-current assets		
Unamortized ancillary borrowing costs	412.00	371.92
	412.00	371.92
16 Inventories		
Raw material and other direct materials (net of provision : Nil (September 30, 2014 : ₹47.19 Lakhs))	877.64	1,612.21
Material in transit (net of provision : ₹ 828.56 (September 30, 2014 : Nil))*	-	828.56
Work-in-progress	6,269.23	5,107.46
Stores and spares	772.84	1,167.97
	7,919.71	8,716.20

*refer note 29

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	March 31, 2016	September 30, 2014
17 Trade receivables		
Receivables outstanding for a period exceeding six months from the date they become due for payment		
- Unsecured, considered good	-	1,245.52
- Unsecured, considered doubtful	930.34	1,582.14
Less: Provision for doubtful receivables	(930.34)	(1,582.14)
	-	1,245.52
Others		
- Unsecured, considered good	6,635.69	11,233.43
- Unsecured, considered doubtful	250.42	-
Less: Provision for doubtful receivables	(250.42)	-
	6,635.69	11,233.43
	6,635.69	12,478.95
18 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	3.63	7.13
Balance with banks		
On current accounts	108.88	216.40
On deposits (with original maturity of 3 months or less)	1,000.00	125.96
	1,112.51	349.49
Other bank balances		
in unpaid dividend	-	1.44
Others *	38.94	142.19
	38.94	143.63
	1,151.45	493.12
* Balances in deposit accounts subject to lien in favour of bank.		
Details of bank balances/deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	1,000.00	125.96
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	38.94	143.63
19 Short-term loans and advances		
(Unsecured and considered good)		
Current portion of long-term loans and advances (refer note 14)		
To parties other than related parties	390.87	251.76
Other loans and advances		
To parties other than related parties		
Prepaid expenses	102.61	112.27
Others (net of provision : ₹519.20 (September 30, 2014 : ₹519.20))	205.54	443.88
To related parties		
Due from Managing Director (refer note 33(iii))	12.03	-
	711.05	807.91

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	March 31, 2016	September 30, 2014
20 Other current assets		
Interest accrued on deposits	1.30	68.06
Insurance claims receivable	217.69	280.90
Unamortised ancillary borrowing costs	250.47	301.58
Unbilled revenue	880.00	998.14
Fixed assets reclassified as held for sale (refer note 44)	12,300.00	-
	13,649.46	1,648.68
	18 months ended March 31, 2016	18 months ended September 30, 2014
21 Revenue from operations		
Sale of products of finished goods (gross)	94,494.99	111,806.58
Less : Excise duty	(10,637.45)	(12,496.32)
Sale of products (net)	83,857.54	99,310.26
Sale of services	374.55	369.04
Other operating revenues		
Scrap sales	231.25	230.04
Others	54.21	2.00
	285.46	232.04
	84,517.55	99,911.34
Breakup of revenue from sale of products (net)		
Ferrous castings	83,856.57	98,998.60
Non-Ferrous castings	0.97	311.66
	83,857.54	99,310.26
22 Other Income		
Interest income on		
- fixed deposits	20.97	29.93
- electricity deposits	173.19	238.66
Net Profit on sale of long-term investments	288.84	-
Net Profit on sale of fixed assets	5.90	388.26
Net gain on foreign currency transactions	-	37.87
Provision/liability no longer required written back	223.19	-
Other non operating income	79.75	-
	791.84	694.72

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	18 months ended March 31, 2016	18 months ended September 30, 2014
23 Cost of material consumed		
Raw Material (including other direct materials)		
Inventory at the beginning of the period	1,612.21	1,385.22
Add: Purchases	39,899.84	50,136.97
	41,512.05	51,522.19
Less: Inventory at the end of the period	(877.64)	(1,612.21)
	40,634.41	49,909.98
24 Changes in inventories of finished goods and work in-progress		
Opening work-in-progress	5,107.46	6,319.67
Opening finished goods	-	-
	5,107.46	6,319.67
Closing work-in-progress	6,269.23	5,107.46
Closing finished goods	-	-
	6,269.23	5,107.46
Less: Amounts disclosed under exceptional items (refer note 29)	158.93	-
	(1,320.70)	1,212.21
25 Employee benefits		
Salaries, wages and bonus	12,930.96	14,291.08
Contribution to provident and other funds	1,754.81	2,389.40
Staff welfare expenses	2,475.24	2,787.67
	17,161.01	19,468.15
26 Finance costs		
Interest expense	12,905.85	10,216.02
Amortization of ancillary borrowing cost	809.47	396.52
	13,715.32	10,612.54
27 Depreciation and amortization		
Depreciation of tangible fixed assets	8,758.28	6,917.60
Less: Adjustment on account of adoption of Schedule II of Companies Act, 2013 (refer note 2 (c))	(279.36)	-
Less: Depreciation on revaluation increase transferred to revaluation reserve	-	(16.84)
Less: Classified under exceptional items (refer note 43 and 44)	(1,200.27)	-
	7,278.65	6,900.76
Amortisation of intangible fixed assets	309.00	323.80
	7,587.65	7,224.56

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	18 months ended March 31, 2016	18 months ended September 30, 2014
28 Other expenses		
Stores and spares consumed	3,234.44	4,446.29
Power and fuel	15,485.42	17,583.65
Rent	66.56	67.54
Repairs to buildings	259.38	213.97
Repairs to machinery	2,262.21	2,242.18
Insurance	173.29	112.92
Rates and taxes	211.30	221.89
Net loss on foreign currency transactions	113.22	-
Directors sitting fees	22.86	15.80
Auditors' fees*	42.38	33.55
Bank charges	92.58	178.17
Provision for doubtful receivables (net)	725.84	379.01
Bad debts written off	-	378.83
Provision for advances / inventory	1,629.35	1,164.31
Fettling/machining charges	2,373.91	4,352.39
Labour charges	2,459.46	2,199.11
Carriage outward	1,406.30	1,002.13
Other expenses	2,747.57	2,701.46
	33,306.07	37,293.20
Less: Expenditure capitalised	-	(0.29)
	33,306.07	37,292.91

*** Payment to Statutory auditors (excluding service tax)**

- Statutory audit fees	31.00 #	25.00
- Limited review	5.00	5.00
- certification	1.00	-
- Other services (refer note 42)	19.50	15.50
- Out of pocket expenses	5.38	3.05
	61.88	48.55

includes ₹ 3.00 for previous period

29 Exceptional items

Ductron Casting Unit (DCU), Hyderabad related expenditure / provisions*	4,106.65	1,129.53
Voluntary retirement compensation (Ennore, Chennai)	5,488.87	-
Write down in value of freehold land (Toopran Casting Unit)**	1,683.27	-
Provision for advances / inventory	2,372.02	-
	13,650.81	1,129.53

*(refer note 44)

** (refer note 43)

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	March 31, 2016	September 30, 2014
30 Earning per share (EPS)		
Loss after tax	(39,425.18)	(26,243.82)
Less: Dividend attributable to preference shares and tax thereon	(5,222.27)	(5,227.35)
Net loss attributable to equity shareholders for calculation of basic EPS	(44,647.45)	(31,471.17)
Total number of equity shares outstanding as at end of the period	207,054,576	72,654,576
Weighted average number of equity shares outstanding as at the end of the period	75,107,131	48,368,205
Basic earnings per share / diluted earnings per share (not annualised)	(59.45)	(65.07)

31 Employee benefits

Defined benefit plans

Gratuity

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

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

Statement of profit and loss

Net employee benefit expense (Recognised in employee benefits)

Particulars	March 31, 2016	September 30, 2014
Current service cost	890.92	408.74
Interest cost on benefit obligation	397.63	335.75
Expected return on plan assets	(127.86)	(152.41)
Net actuarial(gain) / loss recognized in the period	(768.33)	166.95
Net benefit expense	392.36	759.04
Actual return on plan assets	112.94	164.21

Balance Sheet

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

Particulars	March 31, 2016	September 30, 2014
Fair value of plan assets at the end of the period	1,000.60	1,083.79
Present value of funded obligation at the end of the period	(3,037.92)	(3,217.77)
Liability recognized in the balance sheet (non-current)	(2,037.32)	(2,133.98)

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

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

Particulars	March 31, 2016	September 30, 2014
Present value of obligations as at the beginning of period	3,217.76	2,909.10
Interest cost	397.63	335.75
Current service cost	890.92	408.74
Benefits paid	(687.19)	(614.60)
Actuarial (gain) / loss on obligation	(781.20)	178.76
Present value of obligations as at the end of period	3,037.92	3,217.76

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

Particulars	March 31, 2016	September 30, 2014
Fair value of plan assets at beginning of period	1,083.79	1,471.10
Expected return on plan assets	127.86	152.41
Contributions	489.01	63.08
Benefits paid	(687.19)	(614.60)
(Loss) / gain actuarial gain on plan assets	(12.87)	11.81
Fair value of plan assets as at end of period	1,000.60	1,083.79

Particulars	March 31, 2016	September 30, 2014
Plan liabilities loss / (gain)	781.20	(178.76)
Plan assets (loss) / gain	(12.87)	11.81

Experience adjustments in :

Particulars	March 31, 2016	September 30, 2014	March 31, 2013	September 30, 2012	March 31, 2011
Fair value of plan assets at the end of the period	1,000.60	1,083.79	1,471.10	1,395.74	1,932.00
Present value of funded obligation at the end of the period	3,037.92	3,217.76	2,909.10	2,756.26	(2,579.00)
Asset/(Liability) recognized in the balance sheet	(2,037.32)	(2,133.97)	(1,438.00)	(1,360.52)	(647.00)
Plan liabilities - loss / (gain)	781.20	(178.76)	(78.58)	(94.07)	76.15
Plan assets - (loss) / gain	(12.87)	11.81	(30.17)	37.59	25.00

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

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

Particulars	March 31, 2016	September 30, 2014
	%	%
Discount rate	8.00	8.50
Expected rate of return on assets	8.50	8.50
Salary escalation	3.00	3.00

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

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

32 Contingent liabilities and commitments

(to the extent not provided for)

Particulars	March 31, 2016	September 30, 2014
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,079.05	480.35
Export obligations	19,994.66	20,013.73
Contingent liabilities		
Dividend on Redeemable preference shares	12,056.83	6,834.56
Sales tax (including C form), income tax and excise related matters	2,493.08	2,060.85

The Tamil Nadu Government has issued notification levying additional charge on High Tension Industries, having Arc furnaces at 25% of the power consumption effective from December 01, 2001 till March 15, 2003. Though the Company has not received any demand in this regard, the notification has been challenged by the Company through writ petition before the High Court of Madras. The High Court has granted interim stay. Subsequently, TNERC passed an order imposing 15 % Arc furnace additional charge effective from March 16, 2003. The Company also filed an affidavit stating that it had installed in 1999, harmonic filters to contain the harmonic levels. The Hon'ble Madras High Court after hearing the case on October 8, 2003, directed TNEB to verify the installation of harmonic filters by the Company and report back the status. Though the verification is done, TNEB has not filed the report in the High Court. The High Court dismissed the writ petition on account of non-appearance vide order dated November 05, 2015. The Company thereafter had made an application for restoration of the writ before the High Court. The writ petition has been restored and the same is currently pending hearing. The Management believes that the final impact is not ascertainable pending the receipt of report from TNEB. In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are reasonable chances of successful outcome of appeals.

Also refer note 14.

33 Related party disclosure *

i. List of parties where control exists

Holding Company	Hinduja Automotive Limited, UK (upto January 29, 2014)
Entities having significant influence	Hinduja Foundries Holding Limited, Mauritius (from January 30, 2014)
	Hinduja Automotive Limited, UK (from January 30, 2014)
Fellow Subsidiary	Ashok Leyland Limited (upto January 29, 2014)
Associate Company	Ashok Leyland Wind Energy Limited, India (upto January 5, 2015)
Entity under common control	Nissan Ashok Leyland Powertrain Limited (upto January 29, 2014)

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Key Managerial Personnel	Mr. B Swaminathan, Managing Director(Upto July 17, 2013)
	Mr. G R V Rajan, Managing Director (from July 17, 2013 to March 11, 2015)
	Mr. Markus Wermers, Chief Executive Officer (from February 1, 2015 to August 12, 2015) and Managing Director (from August 13, 2015)
	Mr. K R Ravi Shankar , Chief Financial Officer
	Mr. S Venkatasubramanian, Company Secretary

ii. Transactions/balance with related parties

Particulars	Relationship	March 31, 2016	September 30, 2014
Sale of goods/services	Fellow subsidiary	-	8,343.61
Sale of goods/services	Entity under common control	-	961.13
Purchases of materials	Fellow subsidiary	-	212.51
Purchase of power	Associate	306.00	3,070.19
Initial subscriber to equity share capital	Entity having significant influence -Hinduja Automotive Limited, UK	39,984.00	-
Subscription to equity share capital	Entity having significant influence - Hinduja Foundries Holding Limited, Mauritius	-	6,085.00
Interest paid on advance	Fellow subsidiary	-	23.26
Managerial remuneration**	Key managerial personnel	294.71	191.76
Balances outstanding			
Amount receivable**	Key managerial personnel	12.03	

* also refer note 3 (d)

iii. Details of remuneration to key managerial personnel**

Remuneration of key managerial person comprises of the following

Particulars	March 31, 2016	September 30, 2014
Salary	235.40	168.94
Contribution to provident and other funds	4.96	6.97
Perquisites or benefits	54.35	15.85

**The remuneration paid to the Managing Director of the Company was in excess of the limits under the Companies Act, 2013 by ₹12.03 Lakhs. The excess amount of ₹12.03 Lakhs paid to him has been shown as recoverable under short-term loans and advances.

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

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

34 Segment Reporting

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

35 Dues to micro and small suppliers

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2016 has been made in the financial statements based on information received and available with the Company and relied upon by auditors. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

Particulars	March 31, 2016	September 30, 2014
Principal amount due	331.84	Nil
Interest due on the above	Nil	Nil
Amount of interest due and payable where principal has already been paid but the interest has not been paid	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
Amount of further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	Nil	Nil

36 Raw materials consumed

Particulars	March 31, 2016	September 30, 2014
Pig iron	1,614.55	1,710.88
Steel scrap	13,924.33	23,099.40
Iron scrap	6,748.05	6,369.57
Carboriser	739.90	1,134.37
Ferro Alloys	2,856.91	3,811.57
Aluminium Alloy	-	98.92
Others	14,750.67	13,685.27
	40,634.41	49,909.98

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

i) Raw materials

Particulars	March 31, 2016		September 30, 2014	
	% of total Consumption	Amount	% of total Consumption	Amount
Imported	4.40%	1,787.19	0.86%	429.95
Indigenous	95.60%	38,847.22	99.14%	49,480.03
	100.00%	40,634.41	100.00%	49,909.98

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

ii) Stores and spares

Particulars	March 31, 2016		September 30, 2014	
	% of total Consumption	Amount	% of total Consumption	Amount
Imported	11.12%	359.69	3.75%	166.54
Indigenous	88.88%	2,874.75	96.25%	4,279.75
	100.00%	3,234.44	100.00%	4,446.29

38 Value of imports on CIF basis

Particulars	March 31, 2016	September 30, 2014
Raw materials	1,787.19	411.66
Spares	359.69	177.34
Capital goods	573.82	925.74
	2,720.70	1,514.74

39 Expenditure in foreign currencies (on accrual basis)

Particulars	March 31, 2016	September 30, 2014
Travelling	45.79	2.67
Consultants fees	76.34	6.72
Interest on external commercial borrowings	660.18	968.91
	782.31	978.30

40 Earnings in foreign currency (on accrual basis)

Particulars	March 31, 2016	September 30, 2014
Export on F.O.B basis	625.39	1,559.02
	625.39	1,559.02

41 Derivative instruments

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

i Hedges of highly probable forecasted transactions

The Company classifies its derivative contracts that hedge interest rate risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded as part of reserves and surplus within the Company's "hedging reserve", and re-classified in the statement of profit and loss as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion is immediately recorded in the statement of profit and loss. In respect of the aforesaid hedges of highly probable forecasted transactions, the Company has recorded, in reserves and surplus, a net profit of ₹162.61 Lakhs (September 30, 2014: ₹297.52 Lakhs) for the period (eighteen months period) ended March 31, 2016. The net carrying amount of the Company's "hedging reserve" was a loss of ₹ 119.34 Lakhs (September 30, 2014: ₹281.95 Lakhs) as at March 31, 2016.

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

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

Particulars	March 31, 2016		September 30, 2014	
	Amount (in original currency)	Amount (₹ in Lakhs)	Amount (in original currency)	Amount (₹ in Lakhs)
Loan payable				
USD	8,149,916	5,405.84	14,000,000	8,625.89
Trade payable				
EUR	12,309	9.24	41,070	32.12
USD	15,047	9.98	-	-
Trade receivable				
EUR	32,831	24.66	293,392	229.43

- 42** During the current period the Company has raised equity share capital of ₹ 39,984 Lakhs (comprising 134,400,000 equity shares of ₹10/- each at a premium of ₹19.75/- per equity share) through issue of 11,200 Global Depositary Receipts (GDR). As per the offer document, the proceeds from the aforesaid GDR net of share issue expenses of ₹ 210.5 Lakhs (includes ₹ 19.5 Lakhs paid to statutory auditors) have been utilized for repayment of a portion of its outstanding debt, for capital expenditures, for working capital and for general corporate purposes as may be permissible under applicable law.

During the previous period, the Company has raised equity share capital of ₹8,092.68 Lakhs (comprising 26,105,417 equity shares of ₹10/- each at a premium of ₹21/- per equity share) through Qualified Institutional Placement (QIP). Further, the Company has raised ₹6,085 Lakhs (comprising 17,818,448 equity shares of ₹10/- each at a premium of ₹24.15/- per equity share) through preferential allotment of shares to the promoters' group. As per the offer document, the proceeds from the aforesaid QIP and private placement net of share issue expenses of ₹81.77 Lakhs (includes ₹15 Lakhs paid to statutory auditors) have been utilized for augmenting the resources of the Company, funding the various capital expansion plans, long term working capital requirements and debt rationalisation other purposes as may be permissible under applicable law.

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

The Telangana State Industrial Infrastructure Corporation Limited (pursuant to the formation of the state of Telangana) vide its letter dated September 29, 2015 (and its earlier correspondence) has sought to cancel the allotment of the aforesaid land and has requested the Company to surrender the possession of the vacant land by October 07, 2015 for which the Company sought a further extension of time up to March 2016 and requested for revocation of the resumption proceeding. Based on legal advice, the Company believes that it has adequate grounds to defend its position on retaining the possession of the land. Pending the resolution of the aforesaid matter, the aforesaid land has been carried at cost as at March 31, 2016 after write down of related project expenditure.

Notes to financial statements for the eighteen months period ended March 31, 2016
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

44 Pursuant to the restructuring initiatives undertaken to improve the overall profitability and performance, the Company had announced voluntary retirement scheme (VRS) at one of its manufacturing units (DCU, Hyderabad), which was approved by the Board of Directors. The scheme was accepted by substantially all the employees of the unit leading to the subsequent discontinuance of the unviable business operations at the unit. Exceptional items include ₹2,716.88 (September 30, 2014 : ₹ 1,129.53) towards such VRS arrangements and also includes expenses on impairment losses and provisions in respect of non-recoverability towards assets pursuant to such restructuring/discontinuance of business operations. The freehold land at DCU, Hyderabad has been classified as “Fixed asset classified as held for sale” under other current assets.

45 The Company has taken various steps to improve its operational performance and liquidity to address the significant erosion of its network by the accumulated losses as at March 31, 2016. Based on the business plans, availability of bank and other funding arrangements, recent increase in capital and in view of the continued support by the promoters, the Company is confident that it would be able to improve on its performance and network.

46 Transfer pricing

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

47 Prior period comparatives

Previous period figures have been regrouped /reclassified, wherever necessary, to conform to current period’s classification. The Company’s previous financial year was for a period of 18 months ended September 30, 2014. Pursuant to the change of year -end , the current financial year ended March 31, 2016 is also for a period of 18 months.

As per our report of even date attached.

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

S Sethuraman
Partner
Membership No : 203491

Place : Chennai
Date : May 11, 2016

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

Dheeraj G. Hinduja
Chairman
DIN: 00133410

A.R. Chandrasekharan
Director
DIN: 01794721

S Venkatasubramanian
Company Secretary

K R Ravi Shankar
Chief Financial Officer



Hinduja Foundries Limited

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

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

CIN : L27104TN1959PLC003849

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-Fifth Annual General Meeting of the members of Hinduja Foundries Limited will be held on Thursday, June 16, 2016, at 11.00 A.M. at Rani Seethai Hall, 603, Anna Salai, Chennai 600 006 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statement of Profit and Loss and the Cash Flow for the 18 months period ended March 31, 2016, the Balance Sheet as at that date together with the Reports of Directors and the Auditors.
2. To appoint a Director in place of Mr. Dheeraj G Hinduja (DIN : 00133410) who retires by rotation in terms of Article 106 of Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
3. To appoint Messrs B S R & Co. LLP (ICAI Firm Registration No.101248W/W-100022) Chartered Accountants, Chennai, as Statutory Auditors of the Company in place of Messrs B S R and Company, (ICAI Firm Registration No. 128900W), the retiring Statutory Auditors and to consider, and, if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 139, 140 (4), 141 and 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Messrs B S R & Co. LLP (ICAI Firm Registration No.101248W/W-100022) Chartered Accountants, in respect of whose appointment the Company has received a special notice under Section 140 (4) (i) of the Companies Act, 2013, be and are hereby appointed as the Statutory Auditors of the Company for the term of 5 years from the conclusion of this 55th Annual General Meeting till the conclusion of the 60th Annual General Meeting subject to ratification at every Annual General Meeting of the Company in place of retiring auditors Messrs B S R and Company (ICAI Firm Registration No. 128900W) who have expressed their unwillingness to be re-appointed.
RESOLVED FURTHER THAT the Board of Directors of the Company, based on the recommendation of the Audit Committee, be and is hereby authorized to fix the remuneration (including terms of payment) of the Statutory Auditors so appointed including reimbursement of all out-of-pocket expenses, service tax and such other taxes, as may be applicable."

SPECIAL BUSINESS

4. To consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, Mr. Sudhanshu K Tripathi (DIN : 06431686) be and is hereby appointed, with effect from the conclusion of this Annual General Meeting as a Director of the Company liable to retire by rotation."
5. To consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, Mr. Sridharan Kesavan (DIN : 00051976) be and is hereby appointed, with effect from the conclusion of this Annual General Meeting as a Director of the Company liable to retire by rotation."
6. To consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Vijay Vaid (DIN: 00219709) who was appointed as an Additional Director of the Company on March 11, 2015 be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 consecutive years upto March 10, 2018."
7. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. C Bhaktavatsala Rao (DIN: 00010175) who was appointed as an Additional Director of the Company on November 3, 2015 be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 consecutive years upto November 2, 2018."
8. To consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Bhumika Batra (DIN: 03502004) who was appointed as an Additional Director of the Company on November 3, 2015 be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 consecutive years upto November 2, 2018."
9. To consider, and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
"RESOLVED THAT, pursuant to Section 196, 197 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, read with Schedule V to the Companies Act, 2013, Mr. A.R.Chandrasekharan (DIN No. 01794721), who was appointed as an Additional Director of the Company by the Board of Directors on May 11, 2016 in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. A.R.Chandrasekharan as a candidate for the office of Director of the Company, be and is hereby appointed as an Executive Director of the Company with effect from May 11, 2016 for a period upto three years and whose office shall not be liable to retirement by rotation."

Remuneration

Annual compensation will be Rs. 50,00,000/- (Rupees Fifty Lakhs Only) inclusive of allowances.

RESOLVED FURTHER THAT Mr. A.R.Chandrasekharan shall not be entitled to any sitting fee for attending the meeting of the Board or any Committee thereof.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors and/or the Nomination and Remuneration Committee be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company."

10. To consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s Geeyes & Co., the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2016-17, be paid remuneration of Rs.3,00,000/- (Rupees Three Lakhs Only) plus service tax and such other taxes, as may be applicable, and reimbursement of approved out - of - pocket expenses in connection with audit of the cost accounts of the Company.
RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office :
Kattivakkam High Road,
Ennore, Chennai – 600 057
Chennai
May 11, 2016

By Order of the Board

S VENKATASUBRAMANIAN
Company Secretary

NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from June 7, 2016 to June 16, 2016 (both days inclusive) for annual closing.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.
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.
THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.
Revenue Stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy Form, for identification purposes.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of details relating to Special Business is attached.
4. Members are requested to bring the Annual Report for their reference at the meeting. Admission Slip duly filled in shall be handed over the same at the entrance to the Meeting Hall.
5. Members who hold shares in dematerialized form are requested to quote Depository account number (Client ID No.) for recording of attendance at the meeting.
6. Consequent to the amendment to Sections 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, re-enacted vide Section 125 of the Companies Act, 2013, the amount of dividends remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund. Accordingly, the dividend declared for all the financial years ended up to March 31, 2008 has been transferred to the Investor Education and Protection Fund. The amount so transferred cannot be claimed either from the Company or from the Fund. As on date no other dividends remain unclaimed with the Company.
7. Pursuant to the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the Company shall provide / host the required details of unclaimed amount referred to under Section 205 C (2) of the Companies Act, 1956 to the Ministry of Corporate Affairs (MCA) in the relevant form every year.
8. Electronic mode of the Notice of the 55th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 55th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
9. Members may also note that the Notice of the 55th Annual General Meeting and the Annual Report for the 18 months period ended March 31, 2016 will also be available on the Company's website, "www.hindujafoundries.com" for their download. The physical copies of the aforesaid documents will also be available at the Company's Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send requests to the Company's investor email id: secretarial@hindujafoundries.com.
10. Voting through electronic means:
 - (i) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 read with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 55th Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

“Electronic voting system” means a secured system based process of display of electronic ballots, recording of votes of the Members and the number of votes polled in favor or against, in such a manner that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralized server with adequate cyber security.

“Remote e-voting” means the facility of casting votes by a Member using an electronic voting system from a place other than venue of a general meeting.

- (II) The facility for voting, through ballot paper shall be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
- (III) The “cut-off date” for determining the eligibility for voting either through electronic voting system or ballot is fixed as June 9, 2016

The e-voting period commences on June 13, 2016 at 9.00 a.m. and ends on June 15, 2016 at 5.00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. During this period, members of the Company holding shares either in physical form or in dematerialized form as on the cut-off date, i.e., June 9, 2016, shall be entitled to avail the facility of remote e-voting.

(IV) PROCESS FOR MEMBERS OPTING FOR REMOTE E-VOTING

(A) In case a Member receives an email from NSDL [whose e-mail ID is registered with the Company/Depository Participant(s)]:

- (i) Open e-mail sent by NSDL and open PDF file viz; “Hinduja Foundries remote e-Voting. pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login
- (iv) Type user ID and password as initial password/ PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select “EVEN” of Hinduja Foundries Limited.
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote and cast the vote again.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant resolution of the Board of Directors/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to chitraandco@gmail.com with a copy marked to evoting@nsdl.co.in

(B) In case a Member receives physical copy of the Notice (whose email ID is not registered with the Company/ Depository Participant(s) or who requested for physical copy) :

(a) Initial password is provided as per the format given below at the bottom of the Attendance Slip for the Annual General Meeting:

EVEN (E-Voting Event Number) USER ID PASSWORD/PIN

(b) Please follow all steps from Sl. No. (ii) to Sl. No.(xii) in (IV) (A) above, to cast vote.

- (V) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads section of www.evoting.nsdl.com or call Toll Free No.1800-222-990.
- (VI) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- (VII) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (VIII) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. June 9, 2016.
- (IX) Members who have already exercised their voting through Remote e-voting can attend the Annual General Meeting but cannot vote again.
- (X) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. June 9, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/ Password” option available on www.evoting.nsdl.com or contact NSDL at the following Toll Free no.: 1800-222-990.

- (XI) Ms. B. Chitra, Practicing Company Secretary (Membership No. FCS: 4509) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (XII) The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer’s Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- (XIII) As per Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the results of the e-voting are to be submitted to the Stock Exchange(s) within 48 hours of the conclusion of the Annual General Meeting. The results declared along with Scrutinizer’s Report shall be placed on the Company’s website www.hindujafoundries.com and the website of NSDL.

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

Mr. Dheeraj G Hinduja, aged 44 years, is a graduate in Business Management and has international business experience. He is a member of the Hinduja Family and is a Director of the Company since 1998.

Details of other Directorship(s) / Committee Membership(s) held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
CHAIRMAN	
Ashok Leyland Limited	Nomination and Remuneration Committee
	Technology and Investment Committee (Chairman)
	Corporate Social Responsibility Committee (Chairman)
Hinduja Tech Limited	Nomination and Remuneration Committee (Chairman)
VICE CHAIRMAN	
Hinduja National Power Corporation Limited	Nomination and Remuneration Committee
CO-CHAIRMAN	
Hinduja Automotive Ltd (Regd.in.UK)	-
DIRECTOR	
Hinduja Leyland Finance Limited	Nomination and Remuneration Committee
	Corporate Social Responsibility Committee (Chairman)
Imperial College India Foundation	-

12. Corporate Members / FIIs / Financial Institutions intending to send their authorized representatives to attend the Annual General Meeting are requested to send a duly certified copy of the resolution of the Board of Directors / such other documents authorizing their representatives to attend and vote at the Annual General Meeting well in advance.
13. The Annual Report for the 18 months period ended March 31, 2016 of the Company circulated to the members of the Company, will be made available on the Company's website at www.hindujafoundries.com and also on the website of the respective Stock Exchanges at www.bseindia.com and www.nseindia.com.
14. Nomination Form: Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72 of the Companies Act, 2013 read with the Rules made thereunder are requested to send the prescribed Form SH-13 to the Corporate / Registered Office of the Company. Any change or cancellation of the nomination already given is to be given in Form SH-14. Form SH-13 and Form SH-14 are available on the Company's website for download.
15. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number(PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Integrated Enterprises (India) Limited (R&TA), "Kences Towers", 2nd Floor, No. 1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017.
17. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company / Integrated Enterprises (India) Limited (R&TA), for consolidation into a single folio.
18. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. June 16, 2016.
19. E-mail Registration: Members who have not registered their e-mail ID are requested to update the same with the Company, if held in physical form (or) to the Depository, if held in demat mode.

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

Item No.4

Mr. Sudhanshu K Tripathi was appointed as an Additional Director of the Company with effect from August 13, 2015 and his term of office as an Additional Director expires at the conclusion of this Annual General Meeting.

Mr. Sudhanshu K Tripathi, aged 56 years, is an Electrical Engineer and MBA from XLRI. He is currently Group President, HR: Hinduja Group. He is a senior HR professional with over 33 years work experience, of which over 18 years were spent at leadership (Company and Group HR head) level.

Details of other Directorship(s) / Committee Membership(s) held by him :

DIRECTORSHIP	COMMITTEE MEMBERSHIP
DIRECTOR	
Ashley Aviation Limited	-
Hinduja Ventures Limited	Audit Committee
Hinduja Leyland Finance Limited	Nomination and Remuneration Committee
	Stakeholders Relationship Committee
	Corporate Social Responsibility Committee

Pursuant to Section 160 of the Companies Act, 2013, the Company has received a notice from a member proposing the candidature of Mr.Sudhanshu K Tripathi for the directorship of the Company along with the requisite deposit amount.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution except Mr. Sudhanshu K Tripathi.

Item No. 5

Mr. Sridharan Kesavan was appointed as an Additional Director of the Company with effect from August 13, 2015 and his term of office as an Additional Director expires at the conclusion of this Annual General Meeting.

Mr. Sridharan Kesavan, aged 62 years is a Chartered and Cost Accountant by profession and has long years of experience in financial management.

He is the Chief Executive Officer of Hinduja Tech Limited.

Details of other Directorship(s) / Committee Membership(s) held by him :

DIRECTORSHIP	COMMITTEE MEMBERSHIP
DIRECTOR	
Hinduja National Power Corporation Limited	Audit Committee

Pursuant to Section 160 of the Companies Act, 2013, the Company has received a notice from a member proposing the candidature of Mr.Sridharan Kesavan for the directorship of the Company along with the requisite deposit amount.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution except Mr. Sridharan Kesavan.

Item No. 6

Mr. Vijay Vaid was appointed as an Additional Director at the meeting of the Board of Directors held on March 11, 2015.

Mr. Vijay Vaid, aged 67 years, is a Commerce Graduate from Bombay University. He has practical experience in all aspects of running labour intensive SME manufacturing components for OEM's for approximately 43 years.

He was on the Board of Directors of IndusInd Bank from 1998 to 2006 and has been inducted on IndusInd Bank Board as an independent director again from October 18, 2011. He was a member of Executive Committee of Automotive Component Manufacturers Association (ACMA).

He is the Chairman Trustee of two charitable trusts Shri Venkateshwar Nidhi & Vaid Foundation, which are actively involved in providing Education and Medical relief to the needy.

The Board of Directors, based on the experience and expertise declared by Mr. Vijay Vaid, is of the opinion that Mr. Vijay Vaid fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management.

In terms of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder, Mr. Vijay Vaid who, being eligible, offers himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 3 consecutive years i.e. from March 11, 2015 to March 10, 2018.

Mr. Vijay Vaid has given a declaration under Section 149(7) of the Companies Act, 2013 that he fulfils the conditions specified in Section 149(6) of the Companies Act, 2013 read with the Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the letter of appointment of Mr. Vijay Vaid as an Independent Director setting out the terms and conditions are available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day and is also hosted on the website of the Company.

Pursuant to Section 160 of the Companies Act, 2013, the Company has received a notice from a member proposing the candidature of Mr.Vijay Vaid for the directorship of the Company along with the requisite deposit amount.

The members are further requested to note that Mr. Vijay Vaid has given a declaration that he is not disqualified to become a Director under Section 164(2) of the Companies Act, 2013 and has consented to hold office as Director.

The Board of Directors deliberated and decided that owing to the rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Vijay Vaid as an Independent Director. Accordingly, the Board of Directors recommends the resolution for the appointment of Mr. Vijay Vaid as an Independent Director, for the approval by the members of the Company. Mr. Vijay Vaid does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him.

Details of other Directorship(s)/Committee Membership(s) held by him :

DIRECTORSHIP	COMMITTEE MEMBERSHIP
DIRECTOR	
Vaid Elastomer Processors Pvt. Ltd.,	-
Vijay Elastomer Processors Pvt. Ltd.,	-
Vaid Overseas Pvt. Ltd.,	-
Nine Enterprises Pvt. Ltd.,	-
Indusind Bank Ltd.,	Nomination and Remuneration Committee
	Stakeholders Relationship Committee
	Corporate Social Responsibility Committee
	Customer Service Committee

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution except Mr. Vijay Vaid.

Item No. 7

Dr. C Bhaktavatsala Rao was appointed as an Additional Director at the meeting of the Board of Directors held on November 3, 2015.

Dr. C Bhaktavatsala Rao, aged 66 years, holds a Ph.D. degree in Industrial Management and an M.Tech. Degree in Industrial Engineering, a B.E. Degree in Mechanical Engineering.

Dr. C Bhaktavatsala Rao has over 41 years of diversified experience in strategic and operational leadership of large companies in India, including subsidiaries of global MNCs.

In his most recent assignment, Dr. C Bhaktavatsala Rao served as President for India and as Corporate Officer of Hospira, Inc, now a Pfizer company. He was Managing Director of Hospira India for five years, virtually from inception in March 2010 and became Executive Chairman in March 2015, serving till September 29, 2015. Dr. C Bhaktavatsala Rao led the rapid development and diversification of Indian Operations through several brownfield and green-field projects, covering Manufacturing and R&D domains in both injectable dosage forms and APIs.

In his earlier leadership assignment as Deputy Managing Director at Orchid (1998-2010), Dr Rao was responsible for setting up and managing the formulations, drug discovery and biotechnology businesses of the Company, besides heading multiple corporate functions including strategy, business development and global alliances for the Company as a whole. Dr. C Bhaktavatsala Rao played a key leadership role in the strategic transformation of Orchid into an integrated pharmaceutical major, with presence across the total pharmaceutical value chain.

The Board of Directors, based on the experience and expertise declared by Dr. C Bhaktavatsala Rao, is of the opinion that Dr. Bhaktavatsala Rao fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management.

In terms of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder, Dr. C Bhaktavatsala Rao being eligible and offers himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 3 consecutive years i.e. from November 3, 2015 to November 2, 2018.

Pursuant to Section 160 of the Companies Act, 2013, the Company has received a notice from a member proposing the candidature of Dr. C Bhaktavatsala Rao for the office of Director of the Company alongwith the requisite deposit.

Dr. C Bhaktavatsala Rao has given declaration under Section 149(7) of the Companies Act, 2013 that he fulfils the conditions specified in Section 149(6) of the Companies Act, 2013 read with the Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the letter of appointment of Dr. C Bhaktavatsala Rao as an Independent Director setting out the terms and conditions are available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day and also hosted on the website of the Company.

The members are further requested to note that Dr. C Bhaktavatsala Rao has given declarations that he is not disqualified to become a Director under Section 164(2) of the Companies Act, 2013 and has consented to hold office as Director.

The Board of Directors deliberated and decided that owing to the rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Dr. C Bhaktavatsala Rao as an Independent Director. Accordingly, the Board of Directors recommends the resolution for the appointment of Dr. C Bhaktavatsala Rao as an Independent Director, for the approval by the members of the Company. Dr. C Bhaktavatsala Rao does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him.

Dr. C Bhaktavatsala Rao is not holding any directorship in any other Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution except Dr. C Bhaktavatsala Rao.

Item No.8

Ms. Bhumika Batra was appointed as an Additional Director at the meeting of the Board of Directors held on November 3, 2015

Ms. Bhumika Batra, aged 34 years, is a Practising Lawyer and holds Membership / Association with following Professional Associations:

- Bar Council of Maharashtra & Goa
- The Institute of Company Secretaries of India
- Recipient of scholarship from London School of Economics for Masters in Law

At present, she is an Associate Partner of M/s. Crawford Bayley & Co. Prior to Crawford Bayley & Co. she was an Associate with Dr. K.R. Chandratre, Practicing Company Secretary, Past President- Institute of Company Secretaries of India, from May 2003 to May 2005 and with Mr. Neeraj Kishan Kaul, Additional Solicitor General, from August 2002 – April 2003.

The Board of Directors, based on the experience and expertise declared by Ms. Bhumika Batra, is of the opinion that Ms. Bhumika Batra fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management. In terms of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder, Ms. Bhumika Batra being eligible and offers herself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 3 consecutive years i.e. from November 3, 2015 to November 2, 2018.

Pursuant to Section 160 of the Companies Act, 2013, the Company has received a notice from a member proposing the candidature of Ms. Bhumika Batra for the directorship of the Company along with the requisite deposit amount.

Ms. Bhumika Batra has given declaration under Section 149(7) of the Companies Act, 2013 that she fulfils the conditions specified in Section 149(6) of the Companies Act, 2013 read with the Rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. Copy of the letter of appointment of Ms. Bhumika Batra as an Independent Director setting out the terms and conditions are available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day and also hosted on the website of the Company. The members are further requested to note that Ms. Bhumika Batra has given declarations that she is not disqualified to become a Director under Section 164(2) of the Companies Act, 2013 and has consented to hold office as Director. The Board of Directors deliberated and decided that owing to the rich and varied experience, her association would be of immense benefit to the Company and it is desirable to avail services of Ms. Bhumika Batra as an Independent Director. Accordingly, the Board of Directors recommends the resolution for the appointment of Ms. Bhumika Batra as an Independent Director, for the approval by the members of the Company.

Ms. Bhumika Batra does not hold by herself or for any other person on a beneficial basis, any shares in the Company as per declaration given by her.

Details of other Directorship(s)/Committee Membership(s) held by her:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
DIRECTOR	
Team Relocations India Private Limited	-
Master Voss International Projects Private Limited	-
Hinduja Leyland Finance Limited	Audit Committee
	Stakeholders Relationship Committee

Sharp India Limited	Audit Committee (Chairman)
	Nomination and Remuneration Committee
	Stakeholders Relationship Committee
	Corporate Social Responsibility Committee
Hinduja Ventures Limited	Stakeholders Relationship Committee (Chairman)
Kancor Ingredients Limited	Audit Committee
	Nomination and Remuneration Committee
	Corporate Social Responsibility Committee
Patel Integrated Logistics Limited	-
Hinduja Tech Limited	-
Indusind Media And Communications Limited.	-
Ashok Leyland Nissan Vehicles Limited	Audit Committee
Nissan Ashok Leyland Powertrain Limited	Audit Committee

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution except Ms. Bhumika Batra.

Item 9

Mr.A.R.Chandrasekharan was appointed as an Additional Director of the Company at their meeting held on May 11,2016. It would be in the interest of the Company to appoint Mr.A.R.Chandrasekharan as an Executive Director taking into account professional background, experience etc.

He is the director in Ashok Leyland John Deere Construction Equipment Company Private Limited

The following information pertaining to Mr. A.R.Chandrasekharan is furnished pursuant to the provisions of Schedule V to the Companies Act, 2013:

I. GENERAL INFORMATION:

- Nature of Industry
Engineering - Foundry manufacturing ferrous and non-ferrous castings
- Date or expected date of commencement of commercial production
1961
- In case of new companies, expected date of commencement of activities as per approved by financial institutions appearing in the prospectus.
Not applicable
- Financial performance based on given indicators

(Rs. in Lakhs)		
Year	Sales	PAT
2011-12 (18 months)	1,02,936	(29,134)
2012-13 (6 months)	30,422	(10,378)
2013-14 (18 months)	99,679	(26,244)

- Foreign investments or collaborators, if any:
Hinduja Automotive Limited (formerly LRLIH Limited) UK holds 1,48,14,609 Equity Shares of the Company.
Hinduja Foundries Holding Limited, Mauritius holds 1,78,18,448 Equity shares of the Company.

II. INFORMATION ABOUT THE APPOINTEE:

- Background Details
Mr. A R Chandrasekharan, aged 63 years, is a Chartered Accountant with degree in Law with 40 years of rich experience in the field of banking, merchant banking. He has held senior positions in various industries.
He is a competent professional with expertise in Strategic & Financial Planning & Control, Mergers and Acquisitions, Resource Mobilisation Treasury Management, Budgetary Control & Variance Analysis, Financial Modelling, Internal Control and Audit compliance, Secretarial & Legal matters.
He retired as Executive Director and Company Secretary of Ashok Leyland in February 2013. Post retirement taken up the position of Advisor.
- Past Remuneration
He was in receipt of Rs.125 lakhs per annum.
- Recognition or Awards
14th All- India Rank in CA Final
- Job Profile and his Suitability
As Executive Director of the Company he will be responsible for the management of the Company, subject to the superintendence, guidance and control of the Board of Directors of the Company. He is also nominated as 'occupier' under the Factories Act,1948 as amended for the Company units located at Ennore and Sriperumbudur. He has rich experience in several industries at Senior Level positions.
- Remuneration Proposed:
The remuneration proposed is detailed in the resolution.

- (f) Comparative remuneration Profile with respect to Industry, size of the Company, profile of the position and person.
Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the proposed remuneration is reasonable and commensurate with the remuneration packages paid in the comparable companies.
- (g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personal, if any.
Mr.A.R.Chandrasekharan has no pecuniary relationship directly or indirectly with the Company or its managerial personnel other than his remuneration in the capacity of Executive Director.

III. OTHER INFORMATION:

- (a) Reasons for loss or inadequate profits
- High inputs cost including power.
 - Unable to pass on the incremental costs to the customer.
 - Lower capacity utilization on account of market demand.
 - Debt to equity ratio is high on account of more borrowings and high interest cost.
 - Irregular power availability which affected production and quality and loss lead to more rejections of customers' orders.
 - The impact of the global recession on the Indian automobile industry especially the commercial vehicles segment and the recovery in the foundry segment in particular has been slow.
- (b) Steps taken or proposed to be taken for improvement
Improved productivity and cost control measures have been put in place. The Company has initiated / concluded various steps to improve its operational performance/ liquidity, removing bottlenecks relating to its projects, improving the net worth including raising capital through preferential and qualified institutional placement issue.
- (c) Expected increase in productivity and profit in measurable terms.
Considering the prevalent volatile conditions in the automobile industry, the turnover and profitability are not precisely predictable.
However, based on the current business plans, strict cost control measures, availability of banking limits and continued support from the Promoters, the Company believes that it would be able to sustain the volatile market conditions and emerge successfully in terms of good turnover and profits in the days to come.

Item No. 10

The Board of Directors at its meeting held on May 11, 2016, has, on the recommendation of the Audit Committee, approved the appointment of M/s. Geeyes & Co. as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2016-17.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

The Board of Directors has, subject to the ratification by the members at this general meeting, determined the remuneration of the cost auditors at Rs.3,00,000/- (Rupees Three Lakhs Only) plus reimbursement of out - of - pocket expenses actually incurred by them and approved by the Company in connection with the cost audit.

Consent of the members is sought for passing an Ordinary Resolution as set out at Item No.10, of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2016-17.

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

The Board of Directors recommends the Ordinary Resolution set out at Item No.10, of the Notice for approval by the members.

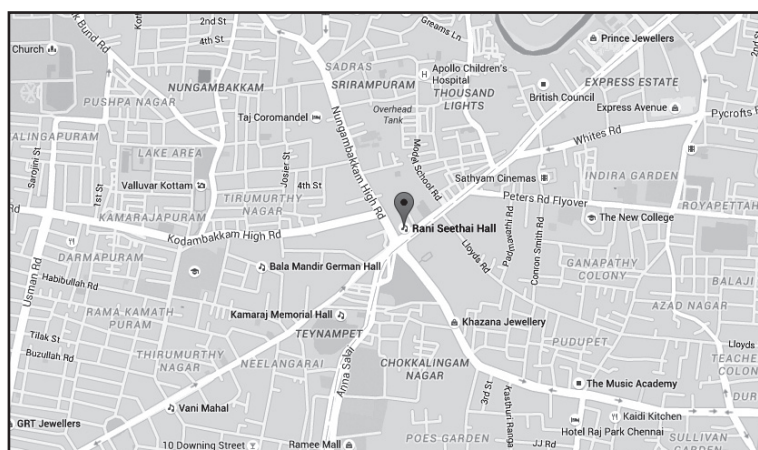
Annual Report containing Directors' Report and Audited Financial Statements are being sent by Book Post / E-mail.

Registered Office :
Kattivakkam High Road,
Ennore, Chennai – 600 057
Chennai
May 11, 2016

By Order of the Board

S VENKATASUBRAMANIAN
Company Secretary

Route Map of the venue for the Annual General Meeting is given below :





HINDUJA FOUNDRIES HINDUJA FOUNDRIES LIMITED

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

55th ANNUAL GENERAL MEETING

ADMISSION SLIP

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

NAME & ADDRESS OF THE MEMBER

I hereby record my presence at the FIFTY FIFTH ANNUAL GENERAL MEETING of the Company, at Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006 at 11.00 a.m. on Thursday, June 16, 2016.

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

*Strike out whichever is not applicable.

ELECTRONIC VOTING PARTICULARS

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



HINDUJA FOUNDRIES HINDUJA FOUNDRIES LIMITED

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

PROXY FORM (FORM NO. MGT - 11)

Folio No. Depository A/c No.

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

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

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 55th Annual General Meeting of the Company to be held at Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006 at 11.00 a.m. on Thursday, June 16, 2016 and at any adjournment thereof in respect of such resolutions, as are indicated overleaf.

Signed this day of 2016

Name :

Registered Address :

Revenue
Stamp

Signature of the Proxy

Signature of
the shareholder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. The proxy need not be a Member of the Company.

Please see overleaf

S.No	Resolutions
	ORDINARY BUSINESS
1.	To receive, consider and adopt the Audited Financial Statement of Profit and Loss and the cash flow for the 18 months period ended March 31, 2016, the Balance Sheet as at that date together with the Reports of Directors and the Auditors.
2.	To appoint a Director in place of Mr. Dheeraj G Hinduja, who retires by rotation and being eligible, offers himself for re-appointment.
3.	Appointment of Messrs B S R and Co. LLP, as Statutory Auditors, to hold office from the conclusion of 55 th Annual General Meeting till the conclusion of the 60 th Annual General Meeting, subject to ratification by the members at every Annual General Meeting.
	SPECIAL BUSINESS
	Ordinary Resolutions
4.	Appointment of Mr. Sudhanshu K. Tripathi as a Director.
5.	Appointment of Mr. Sridharan Kesavan as a Director.
6.	Appointment of Mr. Vijay Vaid as an Independent Director for 3 years.
7.	Appointment of Dr. C. Bhaktavatsala Rao as an Independent Director for 3 years.
8.	Appointment of Ms. Bhumika Batra as an Independent Director for 3 years.
	Special Resolution
9.	Appointment of Mr. A. R. Chandrasekharan as an Executive Director upto 3 years.
	Ordinary Resolution
10.	Remuneration of Cost Auditors