Annual Report & Accounts 2008-2009

Hindustan Motors Limited

HINDUSTAN MOTORS LIMITED

ANNUAL REPORT

Year Ended March 31, 2009

Board of Directors

Shri C. K. Birla	**Chairman**
Shri Naresh Chandra	
Shri Pradip Kumar Khaitan	
Dr. Anand C. Burman	
Shri Kranti Sinha	
Shri S. C. Jain	**LIC Nominee**
Shri Yogesh Kr. Rastogi	**ICICI Nominee**
Shri A. Sankaranarayanan	
Shri Subroto Gupta	**IDBI Nominee**
Shri R. Santhanam	**Managing Director**

Chief Financial Officer & Company Secretary
Yogesh Goenka

Bankers
UCO Bank
Bank of India
United Bank of India
Bank of Baroda
State Bank of India

Auditors
Messrs. S. R. Batliboi & Co.
Chartered Accountants

Share Transfer Agents
M/s Karvy Computershare Pvt. Limited
Plot Nos. 17 to 24 Vittal Rao Nagar,
Madhapur, Hyderabad 500 081
Telephone No : (040) 23420818-828
Fax No. : (040) 23420814
E-mail : mahendra.singh@karvy.com

Registered Office
'Birla Building', 10th Floor
9/1, Rajendra Nath Mukherjee Road
Kolkata 700 001

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Notice to the Shareholders

NOTICE is hereby given that the Sixty-seventh Annual General Meeting of the Shareholders of HINDUSTAN MOTORS LIMITED will be held at Kolkata Ice Skating Rink, 78, Syed Amir Ali Avenue, Kolkata 700 019, on Friday, the 24th July, 2009 at 2.30 PM to transact the following business:-

AS ORDINARY BUSINESS :

(1) To receive, consider and adopt the Audited Statements of Account of the Company together with the Directors' Report as also the Auditors' Report thereon for the financial year ended 31st March, 2009.

(2) To appoint a Director in place of Shri Pradip Kumar Khaitan who retires by rotation and being eligible offers himself for re-appointment.

(3) To appoint a Director in place of Dr. Anand C. Burman who retires by rotation and being eligible offers himself for re-appointment.

(4) To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**, relating to the appointment of the Auditors of the Company:

"RESOLVED THAT Messrs. S. R. Batliboi & Co., Chartered Accountants, the retiring Auditors, be and they are hereby re-appointed as Auditors of the Company under Section 224 and other applicable provisions, if any, of the Companies Act, 1956 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a gross remuneration of Rs.22,00,000/- (Rupees Twenty-two lacs only) per annum exclusive of reimbursement of out-of-pocket expenses, as may be incurred by the Auditors on travelling, boarding and lodging at the Company's factories and its other branches outside Kolkata which shall also be borne by the Company and that the said remuneration be paid to the Auditors in four equal quarterly installments."

AS SPECIAL BUSINESS :

(5) To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Article 107 of the Articles of Association of the Company and Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents, approvals and permissions including from the Central Government, as may be needed, Shri R. Santhanam be and he is hereby re-appointed as the Managing Director of the Company not liable to retire by rotation for a period of five years with effect from 24th May, 2009 at a remuneration and on the terms and conditions set out below:-

1. Salary (Basic) per month	Rs.3,00,000/- in a time scale of Rs.3,00,000-Rs.30,000-Rs.4,50,000/-. Annual increment of Rs.30,000/- shall be payable on 1st April of each year.
2. Perquisites (including allowances):-	
a) Watchman/Gardener/Cleaner/ Servants' salary allowance	Rs.10,000/- per month
b) Other allowances	Rs.10,000/- per month
c) Leave Travel Allowance	The yearly payment in the form of allowance shall be equivalent to one month's salary (basic).
d) Magazines/Books allowance	Rs.50,000/- per annum.
e) Gas/Electricity/Maintenance allowance	Rs.50,000/- per annum
f) Housing I	Expenditure incurred by the Company on hiring furnished accommodation for the Managing Director subject to a maximum of 60% of the basic salary relevant for the concerned period

		OR
	Housing II	In case Company owned and furnished accommodation is provided no allowance shall be paid
		OR
	Housing III	In case no accommodation - owned or hired - is provided by the Company the Managing Director shall be entitled to 60% of the basic salary relevant for the concerned period as and by way of House Rent Allowance
g)	Medical reimbursement	Expenditure incurred by the Managing Director and his family, subject to a ceiling of one month's salary (basic) in a year or three months salary (basic) over a period of three years
h)	Club Fees	Actual fees for a maximum of two clubs. Admission fee and life membership fee shall not be paid by the Company.
i)	Hospitalisation Insurance Scheme	As per the scheme of the Company provided the premium amount does not exceed a sum of Rs.4,000/- per annum

j) Contribution to Provident Fund and Superannuation/Annuity Fund will be as per Scheme of the Company.

k) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company.

l) Encashment of unavailed leaves at the end of the tenure or at specified intervals will be as per Scheme of the Company.

m) Provision of car with driver for use in relation to Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

3. In addition to the above, the Managing Director shall be entitled for a Performance Variable Pay of a maximum of Rs. 15,00,000/- per annum. The exact quantum payable will be based on extent of achievement against the deliverables as decided by the Board of Directors and/or Remuneration Committee of Directors of the Company from time to time.

MINIMUM REMUNERATION : The remuneration specified at Sl. Nos.1 to 3 above subject to approval of Central Government shall be paid to Shri R. Santhanam as and by way of Minimum Remuneration notwithstanding any loss or inadequacy of profit in any financial year during the tenure of his employment as Managing Director.

RESOLVED FURTHER THAT the tenure of employment of Shri R. Santhanam as Managing Director of the Company is terminable by either side with a notice period of three months or payment of basic salary in lieu thereof''.

Registered Office:
'Birla Building'
9/1, Rajendra Nath Mukherjee Road
Kolkata 700 001
Dated, the 2nd June, 2009

By Order of the Board
For HINDUSTAN MOTORS LTD

Yogesh Goenka
Chief Financial Officer &
Company Secretary

NOTES:

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.**
2. In terms of Articles 90 and 91 of the Articles of Association of the Company Shri Pradip Kumar Khaitan and Dr. Anand C. Burman, Directors of the Company retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Information about such Directors as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends the respective re-appointments of the aforesaid Directors.
3. Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with a copy of the Annual Report. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold the shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.
5. Members who have shareholdings in multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the Registrar & Share Transfer Agents, M/s Karvy Computershare Private Limited at Plot Nos.17 to 24 Vittal Rao Nagar, Madhapur, Hyderabad - 500081 for consolidation of all such shareholdings into one account to facilitate better service.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 17th July, 2009 to Friday, the 24th July, 2009 (both days inclusive).
7. (a) Members are requested to notify change of address, if any, with PINCODE to the Company or to its Share Transfer Agents quoting reference of their folio number and in case their shares are held in dematerialised form, this information should be passed on to their respective Depository Participants.

   (b) In case the mailing address mentioned in this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
8. A member desirous of getting any information on the accounts or operations of the Company or share/ debenture related matter is requested to forward his/her query(ies) to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
9. Individual shareholders can now take the facility of making nomination of their holding. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of the death of the shareholder and the joint-holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the nomination form. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu undivided family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact M/s Karvy Computershare Private Limited, Hyderabad, the Registrar and Share Transfer Agents of the Company.
10. In all correspondence with the Company or with its Share Transfer Agents, members are requested to quote their folio number and in case their shares are held in the dematerialised form, they must quote their Client ID and their DP ID Numbers.
11. The shares of the Company are in compulsory demat segment. Those members who still continue to hold shares in physical form, are requested to get their shares dematerialised at the earliest.
12. Securities and Exchange Board of India vide its circulars dated 27th April, 2007 and 25th June, 2007 has made it mandatory with effect from 2nd July, 2007 for every participant in the securities/capital market to furnish income tax Permanent Account Number (PAN). Accordingly, all the shareholders (including joint holders) holding shares in physical form are requested to submit copy of their PAN Card duly attested by the Notary Public/Gazetted Officer/Bank Manager under their official seal stating their full name and address, registration number to our Registrar & Share Transfer Agents, M/s Karvy Computershare Private Limited.

Annexure to the Notice

Explanatory Statement

The following Explanatory Statement relating to Special Business at item No. 5 of the accompanying Notice sets out all material facts as required under Section 173 of the Companies Act, 1956.

Item No 5

Shri R. Santhanam was appointed as Managing Director of the Company with effect from 24th May, 2004 for a period of five years and accordingly his term expired on 23rd May, 2009.

The Board of Directors of the Company (Board) at its meeting held on 13th May, 2009 re-appointed Shri R. Santhanam as a whole-time Director designated as Managing Director for a further term of five years with effect from 24th May, 2009. The salient terms and conditions of the re-appointment are as set out in the Resolution under Item No.5 of the subjoined notice.

The remuneration payable to Managing Director has also been approved by Remuneration Committee of Directors at its meeting held on 13th May, 2009.

The re-appointment is subject to the approval of the shareholders in General Meeting and Central Government.

The information required pursuant to para 1(C)(iv) of Section II of Part II of Schedule XIII of the Companies Act, 1956 are as under:

I. GENERAL INFORMATION

(1) Nature of Industry:
Manufacture of Automobiles and Components namely Castings, Forgings and Stampings

(2) Date or expected date of commencement of commercial production:
The Company, incorporated in the year 1942, is an existing operating Company.

(3) Financial performance based on given indicators:

Rs. In lacs

Financial Year ended	**31.03.2009**	**31.03.2008**	**31.03.2007**
Gross Sales & Services	76412.30	85300.76	80637.01
Profit/(Loss) before Interest, Depreciation and Taxes	(952.34)	8698.54	5275.09
Interest Payment	1234.67	2002.82	1673.14
Depreciation	2065.95	2114.52	2323.31
Profit/(Loss) before Tax	(4252.96)	4581.20	1278.64
Provision for Tax	(367.30)	1497.05	(51.00)
Profit after Tax	(3885.66)	3084.15	1329.64
Equity Share Capital	16125.68	16125.68	16125.68

(4) Export performance and net foreign exchange collaborations:

Rs. In lacs

Financial Year ended	**31.03.2009**	**31.03.2008**	**31.03.2007**
Foreign Exchange Earnings (FOB value of Export)	64.27	31.70	309.96

(5) Foreign investments or collaborators, if any:
The Company has a wholly owned subsidiary in USA. The Company has License Agreements and Component Supply Agreements with Mitsubishi Motors Corporation, Japan for manufacture/ assembly of cars and utility vehicles.

II. INFORMATION ABOUT THE APPOINTEE

(1) Background details:

Education: Shri R. Santhanam, Managing Director of the Company is a Mechanical Engineer from IIT-Madras, MBA from IIM-Kolkata and a fellow of Advanced Management Programme from Harvard Business School.

Career: During the initial years of his career Shri R. Santhanam worked with Tata Motors, Eicher Motors Limited, TVS Suzuki Ltd. & Escorts Ltd. In the year 1993, Shri Santhanam joined Hindustan Motors Limited as Vice President Marketing and remained with the Company till May, 2000 when he resigned as Executive Vice President – Automobile Division. Thereafter he joined Mahindra & Mahindra as Executive Vice President – Marketing and Customer Operations and was made Managing Director and CEO of Mahindra Holiday Resorts Ltd. in October, 2001 and had played key role in turning around the business and making it a success. He was appointed as President of Hindustan Motors Limited with effect from 21st April, 2004 and Managing Director with effect from 24th May, 2004.

Shri Santhanam has rich and vast experience in automobile industry.

(2) Past remuneration:

Rs.in lacs

2008-09	2007-08	2006-07
74.55	70.32	64.05

(3) Recognition or Awards:

i) Elected Member of Confederation of Indian Industries Regional Council – Southern Region;
ii) Elected Member of Executive Committee – Association of Indian Automobile Manufacturers;
iii) One of the founder Members of Society of Indian Automobile Manufacturers.

(4) Job profile and his suitability:

The Managing Director is entrusted with substantial power of management of the whole or substantially the whole of affairs of the Company subject to superintendence, control and directions of the Board. He will also perform such duties and exercise such powers as have been or may from time to time be entrusted or conferred upon him by the Board.

Shri R. Santhanam is a Senior Corporate Executive of proven caliber and excellence and is having wide ranging experience in industrial production planning, product designing, marketing and customer relations including market research. Shri R. Santhanam has been successfully managing the overall affairs of the Company as the Managing Director since 24th May, 2004. Shri Santhanam is responsible for the day-to-day operations of the Company under the superintendence, direction and control of the Board. He has successfully and in a sustained manner contributed significantly towards qualitative improvements at all the units of the Company. Under the leadership of Shri R. Santhanam the Company has been successful in achieving Financial and Corporate Debt Restructuring, taking approval from West Bengal Government for alternate use of land for revival of Uttarpara Plant, launching of new products and revamping of existing products for growth at Chennai Car Plant and resolving issues relating to industrial relations and reduction in fixed cost.

The professional services of Shri R. Santhanam and his in-depth knowledge of Company's product lines would be very valuable for the Company in the context of the present global slowdown, depressed market conditions and sluggish demand particularly for automobile products. With sufficient past experience in successfully managing the affairs of the Company, Shri R. Santhanam is best suited for the position.

(5) Remuneration proposed:

As referred in Item No.5 of the Notice of the Annual General Meeting

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

The executive remuneration in the industry has increased manifold in last few years. Having regard to type of industry, trends in industry, size of the Company, the responsibilities, academic background and capabilities of Shri R. Santhanam, the proposed remuneration is lower than the remunerations being paid to such senior executives by both domestic and multinational organizations in the Corporate Sector.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Shri R. Santhanam has no pecuniary relationship with the Company other than his remuneration as Managing Director of the Company. He is purely a professional executive of the Company. There is no managerial personnel related to Shri Santhanam.

III. OTHER INFORMATION

(1) Reasons of loss or inadequate profit:

The Company has primarily been focused on the automobile business with its Plants in Uttarpara and in Chennai. During the last couple of years, the Company's performance has been severally affected due to increased competition and lower off-take of its products specially the Ambassador, Lancer and Cedia. The Ambassador car is predominantly sold in taxis, institutional and commercial segment and the sales have been declining due to competition from mid-size car and utility vehicles. The Lancer car was introduced in 1998 and the Cedia was introduced in 2006, both are facing stiff competition from newer models in the mid-size segment. The Company introduced new models, Pajero, Outlander and Montero in the Sports Utility Vehicles segment but the volumes started increasing from 2007. The increase in volume could not fully compensate for the adverse foreign exchange fluctuations during the year 2008-09. The Company also diversified into auto component business of manufacturing and selling castings, forgings and stampings but the downturn in the automobile industry is adversely affecting the sales of such components. Operations of the Company's Uttarpara Plant were also adversely affected due to labour unrest during the period March to May 2007. Consequently, the initiatives taken by the Company for developing auto component business suffered a setback. In addition to above factors, fixed overheads, adverse exchange rate fluctuations, high input cost and competitive selling price have also affected the operations of the Company both in terms of top line and bottom line. The situation has been further aggravated by the unprecedented economic meltdown resulting in lower demand for the Company's products.

(2) Steps taken or proposed to be taken for improvement:

The Company has been relentlessly making efforts to increase revenue by introducing new products and new features in existing products as well as to reduce costs and make its operations profitable. The Company has taken following initiatives to improve its performance:-

a) Introduction of new models in Chennai Plant;

b) Introduction of new diesel as well as alternate fuel driven Mini Truck, Winner in the growing market segment;

c) Embarking on developing a set of auto component business namely supplying of castings, forgings and stampings to other manufacturers in the automobile and other industries;

d) Modernization of manufacturing facilities to improve efficiency and reduce costs;

e) Reduce the input and other overheads by value engineering, rationalisation of work force and other cost reduction measures;

f) Taking necessary steps to make the engines of its vehicles meet the emission norms of Bharat Stage-IV before the date set for the purpose by the Government;

g) Thrust being given to dealer development activity to strengthen the distribution network;

h) Revenue from development of Integrated IT Township and Automotive Ancillary Park.

(3) Expected increase in productivity and profits in measurable terms:

With the above steps being taken by the Company, the productivity and profitability of the Company is expected to improve in the coming years.

IV. DISCLOSURES

The shareholders of the Company have been informed of the remuneration package of Shri R. Santhanam and all elements thereof are given in the Corporate Governance Report annexed to the Directors' Report which should be read in conjunction with the Notice of 67th Annual General Meeting.

The re-appointment and remuneration payable to Shri R. Santhanam as Managing Director require approval of the Company in General Meeting in terms of Part III of Schedule XIII of the Companies Act, 1956 and the remuneration so payable to him also requires prior approval of the Central Government under Section 309 read with Schedule XIII of the Act.

Accordingly, your Directors recommend the resolution set out in Item No.5 of the convening Notice.

An abstract of the terms of re-appointment of Shri R. Santhanam Managing Director has been circulated to the Members as required under Section 302 of the Act.

Except Shri R. Santhanam, no other Director is in any way concerned or interested in the aforesaid Resolution.

A copy of the Notice with Explanatory Statement and the Minutes of the Meetings of the Board of Directors and Remuneration Committee both held on 13th May, 2009 and a copy of the Agreement between the Company and Shri R. Santhanam in this connection will be kept open for inspection by the Shareholders at the Registered Office of the Company situated at "Birla Building", 10th Floor, 9/1 R. N. Mukherjee Road, Kolkata – 700 001 between 10 AM and 12 Noon on any working day of the Company.

Directors' Report to the Shareholders

Your Directors present their Sixty-seventh Annual Report together with annual accounts of the Company for the year ended March 31, 2009.

Financial Results

During the year under review, the Company's revenue was Rs. 764 Crores compared to Rs. 853 Crores in the last financial year. The following table gives a summary of the performance.

		(Rupees in Crores)
	2008-09	*2007-08*
Gross sales and services	**764.12**	*853.01*
Profit/(Loss) before Interest, Depreciation and Taxes	**(9.52)**	*86.99*
Interest Payment	**12.35**	*20.03*
Depreciation	**20.66**	*21.15*
Profit / (Loss) before Tax	**(42.53)**	*45.81*
Provision for Tax	**(3.67)**	*14.97*
Profit / (Loss) After Taxation	**(38.86)**	*30.84*

In accordance with the Order of the Government of West Bengal in September 2006 wherein the Company was allowed to develop 314 acres of land at Hindmotor as Integrated IT Township & Auto Ancillary Park, the Company has further transferred a part of its land admeasuring 62.80 acres by handing over physical possession thereof against payment to the Developer and profit of Rs. 56.32 Crores thereon has been included in the Profit and Loss Account during the year. The Company shall be transferring the balance 62.791 acres land during the financial year 2009-10 against payment.

There was a debit balance of Rs. 42.32 Crores in the Profit and Loss Account, which was brought forward from last year. After considering the results of the year under review, there is a closing debit balance of Rs 81.17 Crores in the Profit and Loss Account.

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

Review of Operations

The Company has traditionally been focused on the automobile business with Plants in Uttarpara & Pithampur focusing on Ambassador range of cars and utility vehicles respectively and the Plant in Chennai focusing on Mitsubishi range of products consisting of Lancer, Cedia, Pajero, Montero and Outlander.

The Company's unit at Uttarpara, in addition to the car business, has in recent years embarked on developing a set of auto component business namely supplying of castings, forgings and stampings to other manufacturers in the automobile and component industries. Steps have been taken to modernize the facilities in order to increase its output and reduce costs.

The initiatives taken by the Company suffered a setback due to the recent global economic conditions, lack of retail finance and drop in demand of automobiles.

During the year your Company introduced a number of new models – Outlander and new Montero from its Chennai Car Plant and a new goods carrying vehicle, 'Winner' from the Uttarpara Plant. All these products have been received well in the market and are expected to increase the sales of your Company in the current financial year.

Sale of automobiles during the year under review consisting of Ambassador, Lancer, Cedia, Sports Utility Vehicle and other Utility Vehicles is 9211 nos. compared to 12713 nos. during the previous financial year. The sale of Company's product was adversely affected by the recent global meltdown, reduced credit availability and the downturn in the automobile industry. As a result, the sale of vehicles from November 2008 onwards dropped sharply.

The margins in the automobile business remained under pressure due to increase in input costs, adverse foreign exchange rates and competitive pressure on selling prices of vehicles. The Company could minimize pressure on margins by way of aggressive cost reduction and value engineering measures.

The Company's Remote Services Division, engaged in providing engineering services is confident of stepping up the sales revenue in the near future by using the business opportunities through its branch in Japan.

A detailed Management Discussion & Analysis Report (MDAR) forms part of this report as Annexure-1.

Outlook for 2009-10

In view of the recent slowdown in the economy as well as in the automobile industry, the Company is taking various initiatives to improve the sales of its products and expects to marginally improve the performance in the current financial year. Dealer development activities are in place so as to strengthen the distribution channel commensurately. The Company continues to focus on cost reduction efforts and improvements in operational efficiencies as well as value engineering activities to improve the margins. The sale of last lot of land at Hindmotor will be made during the current financial year. With these initiatives, the Company expects improved performance in the current financial year.

Industrial Relations

Industrial relations generally remain cordial and satisfactory.

Human resources initiatives such as skill level upgradation, training, appropriate reward & recognition systems and productivity improvement are the key factors continuously being focused for development of the employees of the Company.

Corporate Governance

The Company continues to remain committed for high standards of corporate governance. The report on corporate governance as per the requirement of the listing agreement with stock exchanges forms part of this report as Annexure-2. The Company has complied with all the requirements of corporate governance. The certificate from the Auditors of the Company confirming compliance to the conditions of the corporate governance requirements is also annexed.

Statutory Declaration

The Company has complied with all the Accounting Standards prescribed by The Institute of Chartered Accountants of India. In terms of the requirement of Section 217 of the Companies Act, 1956, Directors' Responsibility Statement is enclosed as Annexure-3 to this report. The particulars of employees to be disclosed as per the provisions of sub-section (2A) of the said Section are also given as Annexure-4.

Additional Information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under sub-section (1)(e) of the said Section is also given as Annexure-5 to this report.

There has been no material change and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2008-09 and the date of this report.

There has also been no change during the financial year under review in the nature of Company's business or in the Company's subsidiaries. One of the Company's subsidiaries has started dealership for the Company's product in order to focus on marketing in select areas.

Auditors

The report by the Auditors is self-explanatory. Your Directors request you to re-appoint auditors for another term beginning the conclusion of the ensuing Annual General Meeting till the conclusion of the subsequent Annual General Meeting and approve their remuneration as specified in the proposed resolution attached to the notice.

Subsidiary Companies

The statement pursuant to Section 212 of the Companies Act, 1956 in respect of the three wholly owned subsidiary companies, namely Hindustan Motor Finance Corporation Limited, HM Export Limited and Hindustan Motors Limited, USA and their latest Annual accounts are attached to this Annual Report.

Directors

During the year under review, Shri Subroto Gupta was nominated by IDBI Bank Limited as Director of the Company with effect from 8th September, 2008 to fill in the casual vacancy caused by withdrawal of nomination of Shri R. Vasudevan as its nominee on Company's Board. The Board places on record its high appreciation of the valuable services rendered by Shri Vasudevan during his tenure as Director of the Company.

At the ensuing Annual General Meeting, Shri Pradip Kumar Khaitan and Dr. Anand C. Burman, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment.

The term of Shri R. Santhanam as Managing Director of the Company would expire on 23rd May, 2009. The Board of Directors of the Company at its meeting held on 13th May, 2009 had re-appointed him as the Managing Director of the Company for a further period of five years with effect from 24th May, 2009. The re-appointment of Shri R. Santhanam as Managing Director of the Company is subject to approval of Shareholders and Central Government.

Appreciation

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

For and on behalf of the Board of Directors

New Delhi — **C. K. Birla**

13th May, 2009 — *Chairman*

Annexure-1 to the Directors' Report

Management Discussion & Analysis Report

Industry Structure & Development

During the year under review the overall economy registered a GDP growth rate of 6.5% to 6.7% as per initial estimates of the Reserve Bank of India. The index of industrial production was substantially lower at 2.4% in this year compared to 9% in the previous year. Sale of Passenger Vehicles in the country grew by only 0.13% compared to 12.17% in the immediate preceding year.

The table below summarizes the growth in sale of passenger vehicles:

Domestic Sales-Nos	2007-08	**2008-09**	% age Increase
Passenger Cars	1203733	**1219473**	1.31
Utility Vehicles	245284	**225800**	-7.94
Multi-purpose Vehicles	100865	**106607**	5.69
Total Passenger Vehicles	**1549882**	**1551880**	**0.13**

Source: Society of Indian Automobile Manufacturers – Flash Report

Sale of Company's vehicles during the year was 9211 numbers compared to 12713 numbers in the previous financial year. The sale of Company's product was adversely affected in the second half of the financial year due to the recent global meltdown, reduced credit availability and downturn in the automobile industry.

During the year, the Company's plant at Chennai introduced two new models of Premium Sport Utility Vehicles from Mitsubishi Motors, Japan. In October 2008 'Outlander', a petrol driven soft-roader stylish premium SUV was launched and in March 2009, an upgraded version of Premium SUV 'Montero' was introduced. The Sports Utility Vehicles cater to the premium segment and the Company expects to increase its market share in this segment with its new products. A small goods carrying commercial vehicle, 'Winner' was launched in December 2008 from the Company's Uttarpara Plant with a payload capacity of around 1 Tonne. The market for such goods carrying vehicles is increasing in the country.

Opportunities & Threats

In view of the various macro economic factors like tight liquidity and credit availability, slower GDP and industrial production growth rates, depressed investment and consumer sentiment, the passenger vehicles may have a negative growth rate during 2009-10. The forecast of GDP growth rate by different agencies varies from 5.7% to 6.3%. With the increase in capacities and introduction of newer models, competition is expected to increase further.

Despite the above, your Company is hopeful of registering growth in sales during the current year. Specific opportunities such as the Orders of the Hon'ble High Court of Calcutta on replacement of 15 year old taxis plying in Kolkata, give this confidence.

With the recent downturn in the automobile industry, the opportunities in auto component business have also been restricted. As per estimates, the auto component business has grown by around 6-8% during the last year. In the current financial year, the growth is expected to be only around 5-7%. The Company is taking number of initiatives for development of the auto component business by approaching both domestic and overseas customers.

Financial Performance

Total turnover of the Company during the year was Rs. 764 Crores against Rs. 853 Crores in the previous year. The turnover declined by 10% compared to previous financial year. The loss before interest, depreciation and taxation for the year was Rs 9.52 Crores including other income of Rs. 65 Crores which includes profit from sale of immovable properties in the State of West Bengal. The profitability of the Company was adversely affected due to lower sales volume, adverse foreign exchange and material cost increase. Transfer of 314 acres land for Integrated IT Township & Auto Ancillary Park at Hindmotor, in five lots is proceeding in accordance with the approval of Government of West Bengal and periodic progress reports have been filed with the Government.

The Company is predominantly in automobile and auto component business. The segment-wise results are indicated in the notes schedule to the accounts.

The Outlook for the year 2009-10 and status on Human Resources/Industrial relations are given in the Directors' Report.

Risks & Concerns

In the normal course of business, the Company is exposed to external risks such as overall demand fluctuations in the market segment in which it operates, reduction in relative market share for its products due to the impact of competition as well as internal risks such as variations in operational efficiency and cost structure. The Company is also exposed to financial risks in the form of foreign exchange fluctuations and interest rate variations. The Company is taking appropriate steps to guard itself against these identified risks.

The Company has put in place a risk management policy to identify the nature and magnitude of risk associated with the Company and to take steps for mitigating the impact of such risks. These are reviewed periodically and placed before the Board.

Internal Control Systems

The Company has established suitable internal control systems, which provide reasonable assurance with regard to safeguarding the Company's assets, promoting operational efficiency and ensuring compliance with various legal and regulatory provisions. The Internal Audit department reviews internal control systems in various business processes and also verifies compliance of the laid down policies and procedures. Reports of the internal auditor are reviewed by the senior management and are also placed before the audit committee of the Directors. The statutory auditors also review their findings with the senior management and the audit committee.

For and on behalf of the Board of Directors

New Delhi
13th May, 2009

C. K. Birla
Chairman

Annexure-2 to the Directors' Report

Report on Corporate Governance

1. **Company's philosophy on Corporate Governance**

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance and disclosure practices, many of which were in existence even before they were mandated by legislation. Transparency, integrity, professionalism and accountability-based values form the basis of the Company's philosophy for corporate governance. The Company strives to improve the corporate governance practices to meet stakeholders' expectations and strictly complies with regulatory guidelines on corporate governance.

2. **Board of Directors**

(a) **Composition of Board**

As on date the Board of Directors have ten members comprising of one Executive Director and nine Non-Executive Directors. The Non-Executive Directors account for ninety percent of Board's strength against minimum requirement of fifty percent as per Clause 49 of the listing agreement. There are six Independent Directors. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business & industry, finance & law. The Company has a Non-Executive Chairman who is also Promoter of the Company. The composition of Board of Directors as on the date of the report is as follows:-

Name of Directors	Category	No. of other Directorships	No. of other Board Committee (s) of which he is a member *	No. of other Board Committee (s) of which he is a Chairman
Shri C. K. Birla – Chairman	Promoter - Non Executive	11	-	-
Shri Naresh Chandra	Independent - Non Executive	17	9	-
Shri Pradip Kumar Khaitan	Not Independent - Non Executive	14	4	-
Dr. Anand C. Burman	Independent - Non Executive	14	2	-
Shri Kranti Sinha	Independent - Non Executive	2	4	3
Shri S. C. Jain	Independent - Non Executive - LIC Nominee	1	1	-
Shri Yogesh Kr. Rastogi	Independent - Non Executive - ICICI Nominee-Lender	2	-	-
Shri A. Sankaranarayanan	Not Independent - Non Executive	4	1	1
Shri Subroto Gupta	Independent - Non Executive - IDBI Nominee-Lender	-	-	-
Shri R. Santhanam	Managing Director	-	-	-

* includes the membership / chairmanship only of Audit Committee(s) and Shareholders' / Investors' Grievances Committee(s)

Shri R. Vasudevan ceased to be a Nominee Director of IDBI and Shri Subroto Gupta was appointed as Director as a Nominee of IDBI with effect from 8th September, 2008.

None of the Non-Executive Directors of the Company has any pecuniary relationship or transaction with the Company, except Shri Pradip Kumar Khaitan, Director of the Company, who is a partner of M/s Khaitan & Co., the Company's Solicitors and Advocates. There is no inter se relationship between the Directors.

(b) Board Meetings

During the year ended 31st March, 2009, five meetings of the Board of Directors were held on 8th May, 2008, 25th July, 2008, 5th August, 2008, 21st October, 2008, 28th January, 2009. The attendance of the Directors in these meetings was as follows:

Name of the Directors	Board Meetings		Last Annual General Meeting
	Held	Attended	If Attended
Shri C. K. Birla	5	5	Yes
Shri Naresh Chandra	5	5	Yes
Shri Pradip Kumar Khaitan	5	4	Yes
Shri R. Vasudevan (nomination withdrawn by IDBI w.e.f. 8th September, 2008)	5	3	Yes
Dr. Anand C. Burman	5	3	No
Shri Kranti Sinha	5	5	Yes
Shri S. C. Jain	5	5	Yes
Shri Yogesh Kr. Rastogi	5	3	No
Shri A. Sankaranarayanan	5	5	Yes
Shri Subroto Gupta (nominated by IDBI on 8th September, 2008)	5	1	N.A.
Shri R. Santhanam	5	5	Yes

(c) Shareholding of Non Executive Directors

As on 31st March, 2009 number of shares held by Non Executive Directors were as follows:-

Name of Non Executive Directors	No. of Shares held on 31st March, 2009
Shri C. K. Birla	6000
Shri Naresh Chandra	500
Dr. Anand C. Burman	1000
Shri Kranti Sinha	500
Shri A. Sankaranarayanan	1300

3. Audit Committee

(a) The Audit Committee of Directors was constituted on 15th May, 1987. The terms of reference of the Audit Committee were expanded by the Board of Directors of the Company at its meetings held on 25th January, 2000, 31st August, 2000, 29th January, 2005 and on 27th April, 2006 and covers the matters specified for it under Clause 49 of Listing Agreement as well as in Section 292A of the Companies Act, 1956.

(b) The composition of the Audit Committee as on the date is as follows:

Name	Nature of Directorship	Membership
Shri Naresh Chandra	Independent and Non Executive Director	Chairman
Shri Kranti Sinha	Independent and Non Executive Director	Member
Shri S. C. Jain	Independent and Non Executive Director	Member
Shri Yogesh Kr. Rastogi	Independent and Non Executive Director	Member
Shri A. Sankaranarayanan	Not Independent and Non Executive Director	Member
Shri Subroto Gupta	Independent and Non Executive Director	Member

- The composition of the Committee is in conformity with clause 49(II) (A) of the Listing Agreement. Three of the members are nominees of Financial Institutions.
- Shri Naresh Chandra, Chairman of the Audit Committee was present at the Annual General Meeting held on 5th August, 2008 to reply to shareholders' queries.
- The Audit Committee provides an overview on the reporting process of the Company's financial and accounting mechanism and ensures that disclosures in its financial statements are correct, sufficient and credible.
- The Committee reviews the efficacy of the internal control mechanism and monitors the risk management policies adopted by the Company. The Committee also reviews the report furnished by the internal and statutory auditors and ensures that suitable follow-up actions are taken. Besides, the Committee also examines accounting, taxation and disclosure aspects of all significant transactions.
- At the invitation of the Committee, the Managing Director, the Chief Internal Auditor, the Statutory Auditor, Cost Auditor, and the Chief Financial Officer & Company Secretary, who is acting as Secretary to the Audit Committee also attended the Audit Committee Meetings to answer and clarify the queries raised at the Committee Meetings.

(c) During the year ended 31st March, 2009 four Audit Committee Meetings were held on 8th May, 2008, 25th July, 2008, 21st October, 2008, 28th January, 2009 and the attendance of the Audit Committee Members was as under:-

Audit Committee Meetings

Name of the Audit Committee Members	Held	Attended
Shri Naresh Chandra	4	4
Shri R. Vasudevan (ceased to be Member w.e.f. 8th September, 2008)	4	2
Shri Kranti Sinha	4	4
Shri S. C. Jain	4	4
Shri Yogesh Kr. Rastogi	4	3
Shri A. Sankaranarayanan	4	4
Shri Subroto Gupta (IDBI nominee, nominated on 21st October, 2008)	4	1

4. Remuneration Committee

The Board of Directors of the Company at their meeting held on 14th March, 2003 constituted a Remuneration Committee of Directors mainly for the purpose of recommending the Company's policy on Remuneration Package for the Managing/Executive Directors, reviewing the structure, design and implementation of remuneration policy in respect of such directors and approving, reviewing and evaluating Employees' Stock Option Plan.

The composition of the Remuneration Committee as on the date of the report is as follows :-

Name	Nature of Directorship	Membership
Shri Naresh Chandra	Independent and Non Executive Director	Chairman
Shri Pradip Kumar Khaitan	Not Independent and Non Executive Director	Member
Shri Kranti Sinha	Independent and Non Executive Director	Member
Shri S. C. Jain	Independent and Non Executive Director	Member
Shri A. Sankaranarayanan	Not Independent and Non Executive Director	Member

Shri R. Vasudevan ceased to be a Nominee Director of IDBI with effect from 8th September, 2008. Shri A. Sankaranarayanan was nominated on 28th January, 2009 and Shri Kranti Sinha and Shri S. C. Jain were nominated on 13th May, 2009.

The Chief Financial Officer & Company Secretary acts as the Secretary of the Committee.

During the year under review, no meeting of the Remuneration Committee was held.

In so far as the Managing Director is concerned, the Company pays remuneration by way of salary, perquisites and allowances (fixed components) within the range approved by the shareholders and subsequently approved by the Central Government. The annual increments effective 1st April of each year as recommended by the Remuneration Committee are also paid. The ceiling on perquisites and allowances is as fixed by the Remuneration Committee.

Remuneration paid to Directors during the financial year ended 31st March, 2009

Non Executive Directors *(Amount in Rs.)*

Name	Sitting fees for attending Committee and Board Meetings
Shri C. K. Birla	50,000
Shri Naresh Chandra	1,20,000
Shri Pradip Kumar Khaitan	80,000
Shri R. Vasudevan	70,000
Dr. Anand C. Burman	30,000
Shri Kranti Sinha	1,10,000
Shri S. C. Jain	90,000
Shri Yogesh Kr. Rastogi	60,000
Shri A. Sankaranarayanan	1,20,000
Shri Subroto Gupta	30,000

Executive Directors *(Amount in Rs.)*

Shri R. Santhanam, Managing Director	
Salary* and allowances	55,24,000
Benefits	4,78,710
Bonuses	5,77,195
Stock Option	-
Contribution* to :-	
(i) Superannuation Fund	4,86,000
(ii) Provident Fund	3,88,800
Total	**74,54,705**

* does not include contribution to Gratuity Fund

Notes:

a) Apart from making payment of sitting fee for attending the Board/Committee meetings and defraying expenses for attending such meetings and other travelling expenses incurred wholly and exclusively in attending to Company's work, no remuneration in any form is paid to Non Executive Directors.

b) M/s Khaitan & Co., Solicitors of the Company of which Shri Pradip Kumar Khaitan is a Partner renders professional services to the Company upon receipt of fee.

c) The employment of the Managing Director is contractual in nature and is terminable by either side on three months' notice or payment of basic salary in lieu thereof.

d) In view of the unprecedented slow down in the economy and in particular automobile industry, the Managing Director of the Company has voluntarily offered a cut of 12.5% on his total remuneration for the period from November, 2008 to March, 2009.

5. Special Committee of Directors

The Board of Directors of the Company at its meeting held on 25th January, 2007 had constituted a Special Committee of Directors comprising of Shri Naresh Chandra and Shri Pradip Kumar Khaitan for the limited purpose of finalizing the development programme / sale of the Company's land at Uttarpara. During the year under review only two meetings of such committee of Directors were held on 21st October, 2008 and 17th December, 2008 in which both the members were present.

6. Corporate Risk Management Committee

The Board of Directors of the Company at its meeting held on 28th July, 2006 had constituted a committee known as Corporate Risk Management Committee comprising of the Managing Director and six officers to ensure that risks as identified in the Risk assessment and minimization policy of the Company are controlled through a properly defined framework. During the year under review four meetings of such committee were held on 3rd June, 2008, 2nd September, 2008, 19th December, 2008 and 20th February, 2009.

7. Executive Committee of Directors

The Board of Directors had constituted an Executive Committee of Directors, the present composition of which as on the date is as follows :

1. Shri Pradip Kumar Khaitan - Chairman
2. Shri A. Sankaranarayanan

The Executive Committee meets as and when necessary to attend to urgent business and is empowered to do all such acts, deeds and things, which are delegated to it by the Board. No meeting of the Executive Committee was required to be held during the year under review.

8. The Shareholders'/Investors' Grievances Committee

The present composition of the Shareholders'/Investors' Grievances Committee as on the date of the report is as follows:

Name	Nature of Directorship	Membership
Shri Pradip Kumar Khaitan	Not Independent and Non Executive Director	Chairman
Shri Kranti Sinha	Independent and Non Executive Director	Member
Shri A. Sankaranarayanan	Not Independent and Non Executive Director	Member
Shri Subroto Gupta	Independent and Non Executive Director	Member
Shri R. Santhanam	Executive Director	Member

Shri Yogesh Goenka, Chief Financial Officer & Company Secretary of the Company is designated as the Compliance Officer.

The Committee oversees the performance of M/s Karvy Computershare Pvt. Limited, the Registrar and Share Transfer Agents of the Company and recommends measures to improve the level of investor related services. Though the powers to approve share transfer/share transmission are delegated to the Registrar and Share Transfer Agents, all the share transfer/transmission cases approved by the Registrar are reported to the Committee which also keeps a close watch on disposal status of all complaints/grievances of shareholders. During the year under review, 119 complaints (including 4 nos. of complaints pending as on 1-4-2008) were received by the Company/Registrar and Share Transfer Agents from shareholders and/or through regulatory bodies. All these complaints have been redressed. There were no share transfer applications pending for registration as on 31st March, 2009 except 14 applications for 2466 shares are under the category of objection and 1 application for 120 shares is under the category of Seller's Notice.

During the year ended 31st March, 2009 three meetings were held on 8th May, 2008, 5th August, 2008 and 28th January, 2009 and the attendance of the Members was as under:-

Shareholders'/Investors' Grievances Committee

Name of the Shareholders'/Investors' Grievances Committee Members	Held	Attended
Shri Naresh Chandra (ceased to be Chairman and Member w.e.f. 16th May, 2008)	3	1
Shri Pradip Kumar Khaitan	3	2
Shri Kranti Sinha (nominated on 25th July, 2008)	3	2
Shri R. Vasudevan (IDBI Nominee, ceased to be Member w.e.f. 8th September, 2008)	3	2
Shri A. Sankaranarayanan	3	3
Shri Subroto Gupta (IDBI Nominee, nominated on 21st October, 2008)	3	1
Shri R. Santhanam	3	3

Complaints received during the financial year ended 31st March, 2009 by the Company and the Registrar and Share Transfer Agents of the Company

Nature of Complaints	No. of complaints	
	Received (including 4 complaints pending as on 1-4-2008)	Attended to
Non-receipt of Dividend Warrants	49	49
Non-receipt of redemption warrant	1	1
Non-receipt of Annual Report	6	6
Non-receipt of Securities	31	31
Non-receipt of fresh/new Securities	3	3
Non-receipt of Securities after transfer	20	20
Miscellaneous	9	9
	119	**119**

9. General Body Meetings

Nature of the General Meetings held in the last three years	Date	Venue	If Special Resolution(s) passed
Annual General Meeting	5th August, 2008	Kolkata Ice Skating Rink 78, Syed Amir Ali Avenue Kolkata-700019.	No
Annual General Meeting	27th August, 2007	-do-	Yes
Annual General Meeting	28th July, 2006	-do-	No

During the year, no resolution was passed through postal ballot in accordance with Section 192A of the Companies Act, 1956.

10. Disclosures

There are no materially significant transactions with the related parties that may have potential conflict with Company's interest at large.

There were no cases of non-compliance, no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

No personnel has been denied access to the Audit Committee.

The Company complies with all the mandatory requirements and one non-mandatory requirement of Clause 49 of Listing Agreement viz. constitution of Remuneration Committee of Directors.

11. Means of Communication

Subject	Details
Quarterly results	Published in the newspapers in terms of Clause 41 of the Listing Agreement.
Newspapers wherein results normally published	The Financial Express – All India publications. Aajkal (Bengali version) – Kolkata Edition
Any website, where displayed	www.hindmotor.com
Whether it also displays official news released and presentations made to institutional Investors/Analysts	Yes
Whether MD&A is a part of Annual Report	Yes. The same is as per Annexure 1 to the Directors' Report.

12. General Shareholder Information

Annual General Meeting			
Date & time	24th July, 2009 at 2.30 p.m.		
Venue	Kolkata Ice Skating Rink, 78, Syed Amir Ali Avenue, Kolkata – 700 019.		
Financial Year		1st April, 2009 to 31st March, 2010	
	a.	1st Quarterly Results	On or before 31st July, 2009
	b.	2nd Quarterly Results	On or before 31st October, 2009
	c.	3rd Quarterly Results	On or before 31st January, 2010
	d.	Annual Audited Results	On or before 30th June, 2010
Date of Book closure	17th July, 2009 to 24th July, 2009 (both days inclusive)		
Dividend Payment	In view of the cumulative debit balance in the profit & loss account after taking into account the results for the year under review, there did not arise any occasion for the Board of Directors to consider recommending any dividend on the equity shares of the Company.		
Listing on Stock Exchanges	The Calcutta Stock Exchange Association Limited, 7, Lyons Range, Kolkata 700 001 Tel: 91-33-2230 9366/1488, Fax : 91-33-2210 4492/4486		
	Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Tel: 91-22-2272 1233/1234 Fax: 91-22-2272 2041/3577		
	National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai 400 051 Tel: 91-22-2659 8235/8236 Fax: 91-22-2659 8237/8238		
Stock code	The Calcutta Stock Exchange Association Ltd.	1000012	
	Bombay Stock Exchange Ltd.	500500	
	National Stock Exchange of India Ltd.	HINDMOTOR	
ISIN Number	INE253A01017		

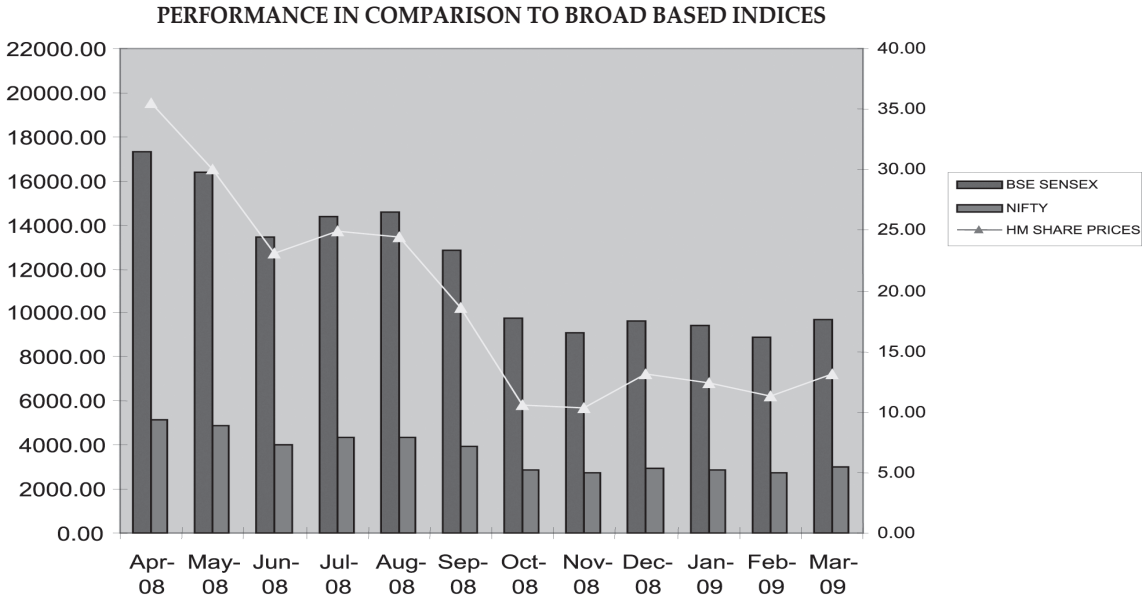
Market Price Data

The Company's shares are listed on The Calcutta Stock Exchange Association Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Ltd. The monthly high and low quotations of shares traded during the year ended 31st March, 2009 are as below:

(Amount in Rs.)

Month	CSE		BSE		NSE	
	High	Low	High	Low	High	Low
April-08	NIL	NIL	37.35	29.85	37.60	30.00
May-08	NIL	NIL	40.10	29.80	40.20	29.80
June-08	NIL	NIL	30.65	23.05	30.60	22.95
July-08	NIL	NIL	28.10	20.90	28.15	20.80
August-08	NIL	NIL	30.10	23.75	29.50	23.80
September-08	NIL	NIL	26.00	17.00	25.85	16.30
October-08	NIL	NIL	19.50	9.50	19.85	9.50
November-08	NIL	NIL	13.90	10.05	13.80	10.10
December-08	NIL	NIL	15.64	9.10	15.75	10.20
January-09	NIL	NIL	15.60	11.05	15.25	11.05
February–09	NIL	NIL	13.34	11.07	13.40	11.10
March–09	NIL	NIL	13.85	10.76	13.75	10.60

HM's share price movement in comparison to broad-based indices
A graphical presentation is as follows :-



The Registrar and Share Transfer Agents of the Company

M/s Karvy Computershare Pvt Limited
Plot nos. 17 to 24 Vittal Rao Nagar
Madhapur, Hyderabad 500 081
Telephone No : (040) 23420818-828
Fax : (040) 23420814
E-mail : mahendra.singh@karvy.com

Share Transfer System

Shares sent for physical transfer, if the documents are clear in all respects, are generally registered within an average time period of not more than 7 days from the date of receipt of the request. The Authorized Officers of the Registrar and Share Transfer Agents meet as often as required. During the year ended 31st March, 2009, 79165 shares in physical form were transferred and the transfer process was completed within an average time period of not more than 7 days from the date of lodgement unless notices were required to be sent to the Registered Owners in certain identified categories of cases.

The Distribution of Shareholding as on 31st March, 2009

No. of Shares	Shareholders		Shares	
	Numbers	%	Numbers	%
1 - 500	139426	83.69	24612590	15.27
501 - 1000	15184	9.11	12714966	7.89
1001 - 2000	6471	3.88	10046862	6.23
2001 - 3000	1948	1.17	5055559	3.14
3001 - 4000	794	0.48	2898215	1.80
4001 - 5000	887	0.53	4257155	2.64
5001 - 10000	1077	0.65	8013680	4.97
10001 - 20000	415	0.25	5912254	3.67
20001 and Above	392	0.24	87660712	54.39
TOTAL	**166594**	**100.00**	**161171993**	**100.00**

Category of Shareholders as on 31st March, 2009

Sl. No.	Category	No. of Holders	% of holders	No. of Shares	% of Shareholding
1	Promoters	23	0.01	43873754	27.22
2	Mutual Funds/UTI	16	0.01	67050	0.04
3	Financial Institutions/ Banks/ Insurance Companies	69	0.04	14364011	8.91
4	Foreign Institutional Investors	20	0.01	1112444	0.69
5	Private Corporate Bodies	2345	1.41	20825791	12.92
6	Resident Individuals	162181	97.36	76391629	47.40
7	NRIs & OCBs	1761	1.06	3987676	2.47
8	Clearing Members	172	0.10	542561	0.34
9	Trusts	7	0.00	7077	0.01
	TOTAL	**166594**	**100.00**	**161171993**	**100.00**

Dematerialisation of Equity Shares and Liquidity

The Company's shares are currently traded only in dematerialised form at three stock exchanges viz. NSE, BSE & CSE. To facilitate trading in dematerialised form, the Company has tied up arrangements with both the present depositories, i.e. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL). Shareholders can open account with any of the depository-participants registered with any of these depositories. As on 31st March, 2009, about 92.16% of the Company's shares were held in dematerialised form.

None of the Company's shares are under lock-in period for any purpose.

Plant Locations (Manufacturing Units)

Address		Items produced
1.	Uttarpara Division (UTP) Hindmotor Dist. Hooghly West Bengal – 712 233	Ambassador, Mini Truck - Winner, Auto Components namely Forging, Stamping, Castings and Spare parts.
2.	Chennai Car Plant (CCP) Adigathur Kadambathur – 631 023 Tiruvallur Dist., Tamil Nadu	Lancer, Cedia, Pajero, Montero, Outlander and Spare parts.
3.	Rural Transport Vehicle Plant (RTV) Pithampur Sector III, Sagore – 454 774 District Dhar (Madhya Pradesh)	Rural Transport Vehicle (RTV) Multi-utility vehicles and spare parts.

CEO Declaration on Code of Conduct

Reproduced is the text of the declaration made by the CEO cum Managing Director confirming compliance of Code of Conduct by all Directors and Senior Management personnel:-

May 13, 2009

The Board of Directors
Hindustan Motors Limited
9/1 R. N. Mukherjee Road
Kolkata 700 001

Dear Sir

I hereby confirm and declare that all the Directors of the Company and all Senior Management personnel as defined in the Code of Conduct of the Company have submitted annual declarations confirming their compliance of the same.

Thanking you

Yours faithfully
For Hindustan Motors Limited

Sd/-
R. Santhanam
CEO and Managing Director

Address for Correspondence :

- For matters related to shares :

  M/s Karvy Computershare Pvt. Limited
  Plot nos. 17 to 24 Vittal Rao Nagar
  Madhapur, Hyderabad 500 081
  Telephone No : (040) 23420818-828
  Fax : (040) 23420814
  E-mail : mahendra.singh @ karvy.com

- For queries/assistance on issues other than shares (including those related to financial statements) :

  Shri Yogesh Goenka
  Chief Financial Officer & Company Secretary
  Hindustan Motors Ltd
  9/1, R. N. Mukherjee Road
  Kolkata - 700 001
  Telephone No : (033) 2242-0932/0930
  Fax No. (033) 22480055
  E-mail : hmcosecy@hindmotor.com

- For share transfer/transmission requests

  Any of the local branches of Karvy Computershare Pvt. Ltd., a list of which can be available from Karvy's aforesaid address or from the office of the Chief Financial Officer & Company Secretary.

Details of Directors seeking reappointment at the ensuing Annual General Meeting :

Name of Director	Shri Pradip Kumar Khaitan	Dr Anand C. Burman	Shri R. Santhanam
Date of birth	25th March, 1941	5th May, 1952	8th July, 1954
Date of appointment	21st December, 1989	26th November, 1997	24th May, 2004
Qualification	B.Com., LLB	M. Sc.	B.E Mech, MBA and Advanced Management Programme
Nature of expertise in specific functional areas	An eminent lawyer having expertise in Commercial and Corporate Laws, Arbitration, Intellectual Property, Foreign Collaborations, Mergers and Acquisitions, Restructuring and Demergers.	An eminent Industrialist having expertise in Oncology, Active Pharmaceutical ingredients and formulations, a leading figure specializing in the area of research and development.	A Senior Corporate Executive of proven caliber and excellence and is having wide ranging experience in industrial production planning, product designing, marketing and customer relations including market research.

Names of directorship in other companies	1. CESC Ltd. 2. Dalmia Cement (Bharat) Ltd. 3. Electrosteel Castings Ltd. 4. Graphite India Ltd. 5. India Glycols Ltd. 6. OCL India Ltd. 7. Pilani Investment & Industries Corp. Ltd. 8. South Asian Petrochem Ltd. 9. Suzlon Energy Ltd. 10. VISA Steel Ltd. 11. Woodlands Medical Centre Ltd. 12. Emaar MGF Land Ltd. 13. Gillanders Arbuthnot & Co. Ltd. 14. Egyptian Indian Polyester Co. SAE	1. Aviva Life Insurance Company India Ltd. 2. Dabur Pharma-ceuticals Ltd. 3. Dabur India Ltd. 4. Fresenius Kabi Oncology Ltd. 5. H & B Stores Ltd. 6. Puran Associates Pvt. Ltd. 7. Dabur Research Foundation 8. Dabur Overseas Ltd. 9. Interx Laboratories Pvt. Ltd. 10. A. Cee Enterprises Pvt. Ltd. 11. Excellent (India) Pvt. Ltd. 12. Milky Investment & Trading Co. Pvt. Ltd. 13. Moonlight Ranch Pvt. Ltd. 14. B.A. Holdings Pvt. Ltd.	NIL
Names of committees of other companies in which the director is a member.	1. Audit Committee and Investor Relations Committee of Suzlon Energy Ltd. 2. Shareholders and Investors Grievance committee of Emaar MGF Land Ltd. 3. Audit Committee of Pilani Investment & Industries Corp. Ltd.	1. Audit Committee and Grievance Comm-ittee of Fresenius Kabi Oncology Ltd.	NIL
No. of shares held in the Company	NIL	1000	500
Relationships with other Directors	No	No	No

The above report was placed before and approved by the Board at its Meeting held on 13th May, 2009.

For and on behalf of the Board of Directors

New Delhi
13th May, 2009

C. K. Birla
Chairman

Auditors' Certificate

To
The Members of Hindustan Motors Limited

We have examined the compliance of conditions of corporate governance by HINDUSTAN MOTORS LIMITED, for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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 the 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.

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.

S. R. Batliboi & Company
Chartered Accountants
Per **Raj Agrawal**
Partner
Membership No. 82028

Place : New Delhi
May 13, 2009

Annexure-3 to the Directors' Report

Directors' Responsibility Statement

The Board of Directors confirms that :

A In the preparation of the annual accounts, for the year ended 31st March, 2009, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed.

B The Directors have adopted such accounting policies and have applied them consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.

C The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

D The Directors have prepared the annual accounts on a going concern basis.

For and on behalf of the Board of Directors

C. K. Birla
Chairman

New Delhi
13th May, 2009

Annexure-4 to the Directors' Report

Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (As Amended) and forming part of the Directors' Report for the year ended 31st March, 2009.

A) Employed throughout the financial year and were in receipt of Gross remuneration in aggregate of not less than Rs.2400000/- p.a.

Name / (Age)	Designation / Nature of Duties / Experience	Gross Remune-ration (Rs.)	Net Remune-ration (Rs.)	Qualification	Date of Commencement of Employment	Particulars of Last Employment. Employer / Last Post Held / No. of Years-Months.
Santhanam R (55)	Managing Director (31)	7454705	4464963	B.Tech., P.G. Dip(Mgmt)	21. 04. 2004	Mahindra Holiday Resorts Ltd./ Managing Director / 03
Eric Paul Rajendran (50)	Executive Vice President (26)	3388840	1964062	P.G. in Personnel Mgmt.	20. 04. 1998	Nagarjuna Fertilizers & Chem.Ltd./Group GM(HR)/04
Chowdhury Moloy (54)	Executive Vice President—UTP (31)	4086256	2832214	B. E. (Mech)	20. 01. 2006	Govind Rubber Ltd./Director Operation/01-08
Vijay Kumar YVS (45)	Executive Vice President —CCP (21)	5087214	3746499	B. E., MBA	16.01.2006	Delphi, Noida / Vice President /01
Ravi K R (51)	Executive Vice President (27)	4405949	2979997	MA in Personnel Mgmt., MA in Public Admin.	12. 12. 2005	PSEG Global/02
Goenka Y (41)	CFO & Company Secretary (16)	2741451	1835254	B.Com, AICWA, ACS, MBM.	01.04.1993	None

B) Employed for a part of the financial year and were in receipt of Gross remuneration in aggregate of not less than Rs.200000/- p.m.

Murthy K S R (42)	Vice President - FSF (20)	1273192	819226	M.Tech, PGDBM	02.11.2008	Caparo Engg. India Pvt. Ltd. / Exec. Director / 01-07

Gross remuneration includes actual payments and /or taxable value of perquisites and Company's contribution to provident and superannuation funds (excluding gratuity and other parting benefits).

Net remuneration is arrived at by deducting from the gross remuneration, income tax, Company's contributions to provident and superannuation funds, and the monetary value of non-cash perquisites wherever applicable.

Nature of employment - Non contractual except Mr. R. Santhanam.
Other terms and conditions are as per rules of the Company.
UTP denotes Automobile Division, Uttarpara Plant (Hindmotor)
CCP denotes Automobile Division, Chennai Car Plant (Tiruvallur)
FSF denotes Forge, Stamp & Foundry, Uttarpara Plant (Hindmotor)

None of above employees is related to any of the Directors of the Company.

For and on behalf of the Board of Directors

New Delhi
13th May, 2009

C. K. Birla
Chairman

Annexure-5 to the Directors' Report

[Additional information given as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.]

A. ENERGY CONSERVATION

A. I. Important measures taken :

At UTP Division :

a. At Forge Shop the maximum demand has been kept at 11040 KVA by taking following measures:
   1. Application of power capacitors at different sub stations
   2. Monitoring peak load time at different shops
   3. Reducing number of man cooler fan
   4. Installation of Induction Furnace for Billet Heating and
   5. Installation of Heat Treatment Furnace.

b. Power factor has been maintained at 0.98 resulting in saving in energy cost.

c. Water consumption has been reduced from 1400 meter cube per day to 825 meter cube per day through water management.

d. Reducing the usage of Air-conditioners.

e. Power consumption for compressor has been maintained at the level of 11000 KWH per day by:
   1. Arresting leakage
   2. Increasing compressor efficiency and
   3. Running compressor on demand.

At CCP Division :

a. Installation of Sensors at various places in Paint Shop.

b. Introduction of Variable Frequency Drive for washer pump in air balancing system.

c. Power factor maintained at 0.98.

d. Introduction of 70 Watt Light Emitting Diode street light.

e. Utilization of Main Compressor air for seat plant during general shift.

f. Reduction in the capacity of Motors in Effluent Treatment Plant.

At RTV Division :

a. The load demand was reduced in 2006-07 from 1000 KVA to 600 KVA.

b. Power factor is continued to be maintained at 0.98 - 0.99.

A.II. Impact of above energy conservation measures:

i)	Total savings (for all the divisions)	:	Rs. 60.39 lacs
ii)	Energy saving per unit of output at		
	a. UTP Division		
	- Vehicles	:	Rs. 95.48
	- Steel Products	:	Rs. 1113.88
	b. CCP Division	:	Rs. 256.00
iii)	Energy saving against total cost of energy at		
	a. UTP Division	:	6.74%
	b. CCP Division	:	2.39%

B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

B.I. In-house major research & development (R&D)

B.IA. At UTP Division

1. Specific areas in which R&D carried out:

a. Introduction of New Diesel Driven Mini Truck (Winner).

b. Compliance of all Ambassador and Winner models to new Government Notification GSR 784(E) for new Central Motor Vehicle Rules introduced from 1st April, 2009.

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

a. Introduction of new product to meet the demand in developing market segment.

b. Compliance of regulatory norms/requirements.

3. Future plan of action:

a. Compliance of new Central Motor Vehicle Rules on all Ambassador & Winner Models.

b. Compliance of BS-IV on Ambassador & Winner Models.

c. Introduction of new product.

B.IB. At CCP Division

1. Specific areas in which R&D carried out:

a. Introduction of upgraded Cedia model.

b. Introduction of Montero MY09 model.

c. Introduction of Outlander model.

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

a. Compliance of regulatory norms/requirements.

b. Market sustainability through new product launch.

c. Continuous product upgradation with contemporary features.

3. Future plans of action:

a. Conformance of current and forthcoming Central Motor Vehicle Rules.

b. Introduction of upgraded / new models from Mitsubishi range.

c. Development of Models to meet BS-IV regulations.

B.IC. At RTV Division

1. Specific areas in which R&D carried out:

a. Certification of CNG goods variants.

b. Certification of new Central Motor Vehicle Rules for GSR 589.

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

a. Compliance of regulatory norms/requirements.

3. Future plan of action :

a. Introduction of New CNG Driven Mini Truck (Winner).

B.II. The expenditure incurred for R&D during the year was :

(For all the divisions taken together)

Capital Expenditure	:	Rs. 17.44 lacs
Recurring	:	Rs. 355.68 lacs
Total	:	Rs. 373.12 lacs
Percentage of Turnover	:	0.63 %

B.III. Technology imported during the last 5 years :

Technology for	Year of Import	Technology Source / Consultant	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action
Mitsubishi Cedia Elegance & Sports	2005	Mitsubishi Motors Corporation Tokyo, Japan	Technology for in-house manufacturing has been fully absorbed.	Localisation of chassis parts not taken up due to low volumes.

Technology for	Year of Import	Technology Source / Consultant	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action
Mitsubishi Lancer with 1600 cc Gasoline Engine	2006	-do-	Technology for in-house manufacturing has been fully absorbed.	Localisation of chassi parts not taken up due to low volumes.
Mitsubishi Montero with Manual Transmission	2006	-do-	Technology for CBU route has been fully absorbed.	NA
Mitsubishi Montero with Automatic Transmission	2007	-do-	Technology for CBU route has been fully absorbed.	NA
Mitsubishi Outlander with Continuous Variable Transmission	2008	-do-	Technology for in-house manu-facturing has been fully absorbed.	Localisation of chassis parts not taken up due to low volumes.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

During the financial year under review the FOB value of exports of goods by the Company aggregated to Rs.64.27 lacs as against the corresponding figure of Rs.31.70 lacs for the financial year ended 31st March, 2008.

During the financial year ended 31st March, 2009 the Company has imported raw materials, components/ spare parts, vehicles for trading and capital goods for an aggregate CIF value of Rs.21604.49 lacs (against a corresponding figure of Rs.22067.71 lacs for the financial year ended 31st March, 2008). The Company has also incurred expenditure in foreign currency towards Royalties, Technical know-how fees, Interest and other expenses aggregating to Rs.350.14 lacs (against a corresponding figure of Rs.778.16 lacs for the financial year ended 31st March, 2008).

For and on behalf of the Board of Directors

New Delhi
13th May, 2009

C. K. Birla
Chairman

Disclosure

Disclosure of particulars of persons constituting "Group" pursuant to Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

National Bearing Company (Jaipur) Limited, Bengal Rubber Company Limited, Bengal Stores Limited, Central India Industries Limited, Gwalior Finance Corporation Limited, Hindustan Discounting Company Limited, India Silica Magnesite Works Limited, National Engineering Industries Limited, Ranchi Enterprises & Properties Limited, Soorya Vanijya & Investment Limited, Universal Trading Company Limited, Birla Brothers Private Limited, Amer Investments (Delhi) Limited, Hitaishi Investments Limited, Jaipur Development Co. Limited, Shri Ganga Prasad Birla, Shri Chandra Kant Birla, Smt. Amita Birla, Shri Raja Gopalan Santhanam, Shri Jagdish Prasad Chhaochharia, Shri O. P. Chharia, Shri S. P. Singhi, Jaipur Finance & Dairy Products Private Limited, Shekhavati Investment And Traders Limited.

For and on behalf of the Board of Directors

New Delhi
13th May, 2009

C. K. Birla
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF
HINDUSTAN MOTORS LIMITED

1. We have audited the attached Balance Sheet of HINDUSTAN MOTORS LIMITED ('the Company') as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of Account as required by law have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purposes of our audit have been received from the Company's overseas branch not visited by us;

   iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account as submitted to us;

   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

5. In our opinion and to the best of our information and according to the explanations given to us, the said statements of accounts, read together with the Notes appearing on Schedule 22, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

   a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

   b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and

   c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

S. R. Batliboi & Company
Chartered Accountants
Per **Raj Agrawal**
Partner
Membership No. 82028

Place : New Delhi
May 13, 2009

Annexure to the Auditors' Report

(Referred to in our Report of even date to the members of Hindustan Motors Limited as at and for the Year ended March 31, 2009)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of such verification in a phased manner to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In respect of fixed assets lying with third parties, the management has a process of obtaining confirmations. As informed, no material discrepancies were noticed on such verification during the year.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In respect of the material lying with third parties, the management has a process of reconciliation & confirmations from the third parties during the year.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4 (iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4 (iii) (e) to (g) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the items purchased are of a special nature and alternate sources do not exist for obtaining quotations thereof, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) As informed, the Company has not accepted any deposits from the public.

(vii) The Company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.

(viii) 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 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues with the appropriate authorities applicable to it *though there had been slight delays in few cases.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues were outstanding, at the Balance Sheet date, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Disputes on account of Classification, CENVAT Credit, Assessable value, Differential Excise Duty, etc.	1477.00	1984-2006	Assistant/Deputy/Additional Commissioner, Commissioner, Commissioner (Appeals) and Appellate Tribunal
The Central Sales Act, 1956	Disallowance of Waiver on turnover availed on car sales due to non-achievement of Bench- Mark, Stock Transfer, Non-submission of C Forms, etc.	5820.59	1989-2004	Deputy/Additional Commissioner, Appellate Deputy Commissioner, Tribunal Benches and Supreme Court
Tamil Nadu Sales Tax Act, 1959	Disallowance of Waiver on turnover availed on car sales due to non-achievement of Bench- Mark, Additional Sales Tax, etc.	1322.84	1993-2003	Tribunal Bench and Supreme Court
West Bengal Sales Tax Act, 1994	Non-Receipt of Sales Tax Form, Interest, Penalty, Post Return Adjustment etc.	5.05	2003-2005	West Bengal Commercial Taxes Appellate & Revision Board, Additional Commissioner
The Customs Act, 1956	Disputes on account of: Classification, Duty on inclusion of technical know-how fees on imported goods, import of Engines, Short Levy, etc.	31.67	1990-2006	Assistant/ Deputy Commissioner, Commissioner Appeals & Appellate Tribunal

(x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. The Company *has incurred cash loss in the current financial year.* However it had not incurred cash loss in the immediately preceding financial year.

(xi) *Based on our audit procedures and as per the information and explanations given by the management, the Company has defaulted in repayment of dues to financial institutions and banks during the year, the details whereof are as follows:-*

Period of Default	*Amount (Rs in lacs)*
Less than 30 days	*1411.05*
30 to 90 days	*1790.21*

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on the information and explanations furnished to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow of the Company, we report that short term fund worth Rs. 5045.80 lacs has been used for financing the losses of the Company amounting to Rs 5045.80 lacs.*

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

S. R. Batliboi & Company
Chartered Accountants
Per **Raj Agrawal**
Partner
Membership No. 82028

Place : New Delhi
May 13, 2009

Balance Sheet as at March 31, 2009

	Schedule	Rupees in lacs March 31, 2009	*March 31, 2008*
SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS			
a. Share Capital	1	16125.68	*16125.68*
b. Reserves & Surplus	2	1220.97	*1323.36*
		17346.65	*17449.04*
B. LOANS	3		
a. Secured		4537.44	*6307.48*
b. Unsecured		7324.47	*4925.26*
		11861.91	*11232.74*
C. DEFERRED PAYMENT LIABILITIES	4	1225.47	*1587.35*
		30434.03	*30269.13*
APPLICATION OF FUNDS			
A. FIXED ASSETS	5		
a. Gross Block		48125.28	*48602.40*
b. Less: Accumulated Depreciation		32725.02	*32178.05*
c. Net Block		15400.26	*16424.35*
d. Capital work-in-progress		371.62	*558.06*
		15771.88	*16982.41*
B. INVESTMENTS	6	7016.63	*7179.72*
C. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories	7	7492.53	*8204.76*
b. Sundry Debtors	8	1603.52	*4562.04*
c. Cash and Bank Balances	9	761.51	*1377.52*
d. Other Current Assets	10	84.21	*475.48*
e. Loans & Advances	11	4627.68	*4636.57*
		14569.45	*19256.37*
D. LESS: CURRENT LIABILITIES & PROVISIONS	12		
a. Current Liabilities		15871.33	*17433.82*
b. Provisions		472.90	*868.43*
		16344.23	*18302.25*
NET CURRENT ASSETS		(1774.78)	*954.12*
E. MISCELLANEOUS EXPENDITURE (To the extent not written off/adjusted)	13	1302.80	*921.04*
F. PROFIT & LOSS ACCOUNT DEBIT BALANCE		8117.50	*4231.84*
		30434.03	*30269.13*
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

Schedules 1 to 13 and 22 referred to above form an integral part of the Balance Sheet

As per our report of even date.

S.R.Batliboi & Company
Chartered Accountants
Per **Raj Agrawal**
a Partner
Membership No.82028
Camp : New Delhi
May 13, 2009

Yogesh Goenka
Chief Financial Officer & Company Secretary

As Approved,
For and on behalf of the Board of Directors
C. K. Birla
Chairman

R. Santhanam
Managing Director

Profit & Loss Account for the Year ended March 31, 2009

Rupees in lacs

	Schedule		2008-2009		2007-2008
INCOME					
Sales & Services	14		76412.30		85300.76
Less: Excise Duty		13868.07		14951.74	
Sales Tax & Value Added Tax		3426.02	17294.09	4137.57	19089.31
			59118.21		66211.45
Other Income	15		6500.48		11897.50
			65618.69		78108.95
EXPENDITURE					
Decrease in Stocks	16		774.11		148.86
Excise duty on Stocks (Refer Note No.11 on Schedule 22)			(120.77)		(116.97)
Raw Materials and Components Consumed	17		39755.41		40382.86
Purchase of Trading Goods			6143.85		8514.79
Stores & Spares Consumed			1096.88		1395.66
Fuel & Electricity (Net)			1291.62		1364.85
Payments to and Provisions for Employees	18		7514.94		8540.91
Other Expenses	19		10032.84		9102.23
Directors' Remuneration			82.15		77.22
			66571.03		69410.41
PROFIT / (LOSS) BEFORE INTEREST, DEPRECIATION & TAXATION			(952.34)		8698.54
Interest	20		1234.67		2002.82
Depreciation	21		2065.95		2114.52
			3300.62		4117.34
PROFIT / (LOSS) BEFORE TAXATION			(4252.96)		4581.20
Provision for Taxation					
Current Tax			5.00		1780.42
MAT Credit Entitlement (Net)			—		(113.99)
Fringe Benefit Tax			65.16		65.00
Excess Tax Provision Written Back			(437.46)		(234.38)
			(367.30)		1497.05
PROFIT / (LOSS) AFTER TAXATION			(3885.66)		3084.15
Less: Loss Brought forward from Previous year			4231.84		7315.99
Loss Carried to the Balance Sheet			**8117.50**		**4231.84**
Earning per share - Basic and Diluted (Rs.)			-2.41		1.91
Nominal value per share (Rs.) (Refer Note No.14 on Schedule 22)			10.00		10.00
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22				

Schedules 14 to 22 referred to above form an integral part of the Profit & Loss Account

As per our report of even date.

S.R.Batliboi & Company
Chartered Accountants
Per **Raj Agrawal**
a Partner
Membership No.82028
Camp : New Delhi
May 13, 2009

As Approved,
For and on behalf of the Board of Directors
C. K. Birla
Chairman

Yogesh Goenka
Chief Financial Officer & Company Secretary

R. Santhanam
Managing Director

Cash Flow Statement for the year ended March 31, 2009

	Rupees in lacs	
	2008-2009	***2007-2008***
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT / (LOSS) BEFORE TAXATION	(4252.96)	*4581.20*
ADJUSTMENTS FOR:		
Depreciation	2065.95	*2114.52*
Deferred Revenue Expenditure	795.16	*480.34*
Interest Income	(35.61)	*(240.18)*
Interest Expenses	1234.67	*2002.82*
Financial Lease Rentals	—	*13.88*
Provision for Diminution in the value of Investment in an overseas subsidiary	163.09	—
Unrealised Foreign Exchange Loss (Net)	74.13	*48.58*
Profit on Fixed Assets Sold/Discarded	(5701.45)	*(10308.57)*
Dividend Income	(159.83)	*(159.83)*
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES	**(5816.85)**	***(1467.24)***
Decrease in Trade Payables	(2095.06)	*(1981.05)*
Decrease/ (Increase) in Trade & Other Receivables	2537.23	*(2654.64)*
Decrease in Inventories	712.23	*2071.44*
CASH USED IN OPERATIONS	**(4662.45)**	***(4031.49)***
Add: Direct Tax Paid (Net)	(123.33)	*(1188.37)*
NET CASH USED IN OPERATING ACTIVITIES	**(4785.78)**	***(5219.86)***
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Sale of Fixed Assets	6146.47	*10830.77*
Dividend Received	159.83	*159.83*
Interest Received from Fixed deposits	0.49	*188.51*
Purchase of Fixed Assets (Including Capital Advances)	(1580.71)	*(1057.95)*
Repayment of Finance Lease Liability	—	*(13.88)*
Investment in Associate & other Companies	—	*(118.35)*
NET CASH FLOW FROM INVESTING ACTIVITIES	**4726.08**	***9988.93***
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase /(Decrease) from Short Term Borrowings	2230.50	*(3569.54)*
Repayment of Long Term Loans	(1596.57)	*(4124.60)*
Interest Paid (Net of Interest Received)	(1190.24)	*(2023.72)*
Payment to Investor Protection Fund	—	*(0.05)*
NET CASH USED IN FINANCING ACTIVITIES	**(556.31)**	***(9717.91)***
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(616.01)	*(4948.84)*
*** CASH & CASH EQUIVALENTS - OPENING BALANCE**	1377.52	*6326.36*
	761.51	*1377.52*
*** CASH & CASH EQUIVALENTS - CLOSING BALANCE**	761.51 **	*1377.52*

* Represents Cash and Bank Balances as indicated in Schedule 9.

** Includes Rs. 1.95 lacs (Rs. 1.95 lacs) lying in Unpaid Dividend / Debenture Interest Account having restrictive use and Rs. 99.54 lacs (Rs.16.55 lacs) in Fixed Deposits with Banks.

As per our report of even date.

S.R.Batliboi & Company
Chartered Accountants
Per **Raj Agrawal**
a Partner
Membership No.82028
Camp : New Delhi
May 13, 2009

As Approved,
For and on behalf of the Board of Directors
C. K. Birla
Chairman

Yogesh Goenka
Chief Financial Officer & Company Secretary

R. Santhanam
Managing Director

Schedules to the Balance Sheet

		Rupees in lacs	
		March 31, 2009	***March 31, 2008***
SCHEDULE 1 : SHARE CAPITAL			
	Authorised:		
16,50,00,000	Ordinary Shares of Rs.10 each	16500.00	*16500.00*
55,00,000	Unclassified Shares of Rs.100 each	5500.00	*5500.00*
		22000.00	*22000.00*
	Issued:		
16,15,89,297	Ordinary Shares of Rs.10 each	16158.93	*16158.93*
	Subscribed & Paid-up:		
16,11,71,993	Ordinary Shares of Rs.10 each fully paid up	16117.20	*16117.20*
	Add: Forfeited Shares (Amount originally paid up)	8.48	*8.48*
		16125.68	*16125.68*

Note:
Issued and Subscribed & Paid-up Capital includes 1,53,59,409 Ordinary Shares issued and allotted as fully paid up Bonus Shares by capitalisation of Capital Redemption Reserve & General Reserve and 5,34,22,010 Ordinary Shares issued and allotted as fully paid-up upon conversion of Fully Convertible Debentures.

SCHEDULE 2 : RESERVES & SURPLUS		
CAPITAL RESERVE		
a) Net Surplus on Revaluation of Fixed Assets		
As per last account	987.55	*1193.14*
Less: Adjustment towards assets sold	101.32	*204.52*
Less: Transfer to Depreciation Account	1.07	*1.07*
	885.16	*987.55*
b) Others :		
As per last Account	3.53	*3.53*
	888.69	*991.08*
SECURITIES PREMIUM		
As per last account	317.28	*317.28*
CENTRAL SUBSIDY		
As per last account	15.00	*15.00*
	1220.97	*1323.36*
SCHEDULE 3 : LOANS		
SECURED : (Note No.4 on Schedule 22)		
From Financial Institutions :		
Term Loans	1634.46	*2515.60*
From Scheduled Banks :		
Term Loans	1679.65	*2395.08*
Cash Credits	1223.30	*1391.98*
Interest accrued and due	0.03	*4.82*
	4537.44	*6307.48*
UNSECURED :		
LONG TERM		
Sales Tax Deferral Credit	4178.98	*4178.98*
SHORT TERM		
From Scheduled Banks :		
Foreign Currency Loans	1170.23	—
From Subsidiary Companies	210.00	*185.00*
From Other Bodies Corporate	1580.00	*350.00*
Security & Other Deposits	185.26	*211.28*
	3145.49	*746.28*
	7324.47 *	*4925.26*
	11861.91	*11232.74*

* Includes Rs.2960.23 lacs (Rs.535.00 lacs) due for payment within one year.

SCHEDULE 4 : DEFERRED PAYMENT LIABILITIES		
Voluntary Retirement Schemes	1225.47 *	1587.35

* Includes Rs.458.41 lacs (Rs.431.61 lacs) due for payment within one year.

Schedule to the Balance Sheet

SCHEDULE 5 : FIXED ASSETS

Rupees in lacs

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
DESCRIPTION OF ASSETS	As at March 31, 2008	Additions	Sales/ Adjustments	As at March 31, 2009	Upto March 31, 2008	For the Year	Less : On Sales/Adjustments	Upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
TANGIBLE ASSETS										
FREE HOLD LAND	*1332.24*	-	314.29	1017.95	-	-	-	-	1017.95	*1332.24*
LEASE HOLD LAND	*35.83*	-	-	35.83	*7.69*	0.37	-	8.06	27.77	*28.14*
BUILDINGS	*9202.84*	121.06	6.78	9317.12 (a)	*4523.73*	308.12	4.70	4827.15	4489.97	*4679.11*
MACHINERY & EQUIPMENTS	*36590.01*	1312.75	1558.49	36344.27	*26815.18*	1664.39	1403.94	27075.63	9268.64	*9774.83*
FURNITURE & FITTINGS	*685.52*	13.13	12.44	686.21	*492.28*	22.67	6.13	508.82	177.39	*193.24*
VEHICLES	*750.30*	102.03	174.38	677.95	*337.91*	66.86	105.28	299.49	378.46	*412.39*
	48596.74	**1548.97**	**2066.38**	**48079.33**	***32176.79***	**2062.41**	**1520.05**	**32719.15**	**15360.18**	***16419.95***
INTANGIBLE ASSETS										
SOFTWARE	5.66	40.29	-	45.95	*1.26*	4.61	-	5.87	40.08	*4.40*
	48602.40	**1589.26** (b)	**2066.38**	**48125.28**	***32178.05***	**2067.02**	**1520.05**	**32725.02**	**15400.26**	***16424.35***
CAPITAL WORK IN PROGRESS	*558.06*	112.79	299.23	371.62 (d)	-	-	-	-	371.62	*558.06*
TOTAL	***49160.46***	**1702.05**	**2365.61** (c)	**48496.90** (e)	***32178.05***	**2067.02**	**1520.05**	**32725.02**	**15771.88**	***16982.41***
PREVIOUS YEAR'S TOTAL	*48910.35*	*1240.04*	*989.93*	*49160.46*	*30162.74*	*2115.59*	*100.28*	*32178.05*	*16982.41*	*18747.61*

NOTES:

(a) Includes Rs. 4.50 Lacs (Rs. 4.50 Lacs) being the value of shares in Co-operative Housing Societies.

(b) Includes Capital Expenditure on Scientific Research Rs.17.44 Lacs (Rs. 34.02 Lacs).

(c) Includes Rs.745.32 Lacs (Rs. NIL) being the value of assets discarded

(d) Includes Materials at site, in transit and Assets not brought into use.

(e) Includes proportionate cost of a part of Building (on leasehold land) and Other Assets amounting to Rs. 79.57 Lacs (Rs. 77.89 Lacs) held in Joint Ownership basis with others at Kolkata.

(f) Land & Buildings of Uttarpara Unit were revalued during the year ended 31.03.84 and the resulting Surplus thereon,was transferred to Revaluation Reserve.

Schedule to the Balance Sheet

SCHEDULE 6 : INVESTMENTS (At Cost)	Number of Shares	Face Value Per Share Rs.	Rupees in lacs March 31,2009		Rupees in lacs *March 31,2008*
LONG TERM (OTHER THAN TRADE)(FULLY PAID)					
*** GOVERNMENT SECURITIES (UNQUOTED):**					
12 Year National Planning Certificates			0.02		*0.02*
12 Year National Defence Certificates			0.02		*0.02*
National Savings Certificates			0.06		*0.06*
			0.10		*0.10*
QUOTED					
ORDINARY SHARES					
Hyderabad Industries Ltd.	122188	10	73.31		*73.31*
UNQUOTED					
ORDINARY SHARES					
Birla Buildings Ltd.	30000	10	3.00		*3.00*
AVTEC Ltd.	12250000	10	6909.96		*6909.96*
(a company under the same management) **					
Pithampur Auto Cluster Ltd.	50000	10	5.00		*5.00*
			6917.96		*6917.96*
			6991.27		*6991.27*
UNQUOTED SHARES IN SUBSIDIARY COMPANIES:					
ORDINARY SHARES					
Hindustan Motor Finance Corporation Ltd.	250000	10	25.05		*25.05*
HM Export Ltd.	50000	10	0.21		*0.21*
Hindustan Motors Ltd.	100000	$ 4	163.09	***	*163.09*
(Incorporated in state of Delaware, USA)			188.35		*188.35*
			7179.72		*7179.72*
Less: Diminution in the value of Investment in an overseas subsidiary			163.09		—
			7016.63		*7179.72*

AGGREGATE VALUE OF INVESTMENTS :	Cost	Market Value	*Cost*	*Market Value*
Quoted	73.31	140.58	*73.31*	*175.03*
Unquoted	6943.32		*7106.41*	
	7016.63		*7179.72*	

* Includes securities worth Rs.0.06 lacs (matured but pending encashment) lodged with Government Departments.

** Being an associate of the Company.

*** Valued at the exchange rate prevailing on the date of payment.

Schedules to the Balance Sheet

	Rupees in lacs	
	March 31,2009	***March 31,2008***
SCHEDULE 7 : INVENTORIES		
At lower of cost and net realisable value		
Stores & Spares	144.06	*196.55*
Loose Tools	142.01	*119.57*
Raw Materials and Components	4364.28	*4272.35*
Goods under process	1301.37	*1414.76*
Finished Goods	471.88	*721.84*
Trading Goods	1068.93	*1479.69*
	7492.53 *	*8204.76*

* Includes materials lying with third parties / in Bond and in transit Rs.2761.99 lacs (Rs.2430.66 lacs)

SCHEDULE 8 : SUNDRY DEBTORS		
Considered good except otherwise stated :		
(a) Debts outstanding for a period exceeding six months :		
Secured	12.78	*24.85*
Unsecured	256.93 *	*240.99*
	269.71	*265.84*
(b) Other Debts :		
Secured	17.11	*30.34*
Unsecured	1460.97	*4388.72*
	1478.08	*4419.06*
	1747.79 **	*4684.90*
Less: Provision for doubtful debts	144.27	*122.86*
	1603.52	*4562.04*

* Includes due from subsidiary companies Rs.7.63 lacs (Rs.9.37 lacs).
** Includes considered doubtful Rs.144.27 lacs (Rs.122.86 lacs)

SCHEDULE 9 : CASH & BANK BALANCES		
Cash-on-hand	4.51	*12.75*
Remittances in transit	504.18	*1115.39*
With Scheduled Banks on :		
Fixed Deposit Account	19.81	*8.21*
Current Account	151.33	*230.88*
Margin Deposit Account	79.73	*8.34*
Unpaid Dividend / Interest Accounts	1.95	*1.95*
	761.51	*1377.52*
SCHEDULE 10 : OTHER CURRENT ASSETS		
Unsecured :		
Considered good except otherwise stated :		
Interest accrued on Deposits	1.86	*2.28*
Export Incentives receivable	8.66	*8.66*
Insurance & Other Claims receivable	497.09 *	*474.65*
	507.61	*485.59*
Less: Provision for doubtful claims	423.40	*10.11*
	84.21	*475.48*

* Includes Considered doubtful Rs.423.40 lacs (Rs. 10.11 lacs).

Schedules to the Balance Sheet

	Rupees in lacs	
	March 31,2009	***March 31,2008***
SCHEDULE 11 : LOANS & ADVANCES		
Unsecured :		
Considered good except otherwise stated :		
Advances against Capital Contracts	184.23	*31.61*
Other advances recoverable in cash or in kind or for value to be received or pending adjustments	1472.20 *	*1676.23*
Loans / Advances to Officers	0.33 **	*2.26*
Balance with Customs, Port Trust & Other Government Departments	231.26	*327.90*
Sales Tax, VAT and other refunds receivable (including payments under appeal)	2234.44	*2235.39*
Advance Payment of Income Tax & refunds receivable (Net of Provision)	277.37	—
Deposits with Government Departments & Others	633.79	*646.06*
	5033.62 ***	*4919.45*
Less: Provision for doubtful advances	405.94	*282.88*
	4627.68	*4636.57*

* Includes due from a subsidiary company Rs.107.65 lacs (Rs.85.07 lacs).
** Maximum amount due from officers at any time during the year Rs.1.25 lacs (Rs.7.87 lacs)
*** Includes considered doubtful Rs.405.94 lacs (Rs.282.88 lacs)[Rs.107.65 lacs (Rs.Nil) for an overseas subsidiary].

SCHEDULE 12 : CURRENT LIABILITIES & PROVISIONS

A. CURRENT LIABILITIES

Acceptances	4165.91	*2710.16*
Sundry Creditors for goods, services, expenses etc.		
Due to Micro & Small Enterprises (Refer Note No.16 on Schedule 22)	1224.84	*1307.89*
Due to Others	7467.38 *	*10650.00*
Advances against Sales/Orders	1461.47	*980.13*
Investor Education and Protection Fund		
Unpaid Dividend	1.95 **	*1.95*
Other Liabilities	1514.39	*1761.98*
Interest accrued but not due:		
On Secured Loans	14.14	*21.38*
On Unsecured Loans	21.25	*0.33*
	15871.33 ***	*17433.82*

* Includes Rs.1695.48 lacs (Rs.1091.52 lacs) due to AVTEC Limited (a company under same management).
** Amount not deposited as the cases are sub-judice.
*** Includes due to subsidiary Companies Rs.13.90 lacs (Rs.12.64 lacs).

B. PROVISIONS

Warranties	219.49	*234.09*
Leave Liability	253.41	*421.09*
Taxation (Net of advance payment, tax at source etc.)	—	*213.25*
	472.90	*868.43*
	16344.23	*18302.25*

SCHEDULE 13 : MISCELLANEOUS EXPENDITURE
(To the extent not written off / adjusted)

DEFERRED REVENUE EXPENDITURE :		
Voluntary Retirement Schemes	1302.80	*921.04*
	1302.80	*921.04*

Schedules to the Profit & Loss Account

	Rupees in lacs	
	2008-2009	***2007-2008***
SCHEDULE 14 : SALES & SERVICES		
Finished Goods [including items Capitalised Rs.77.65 lacs (Rs.22.81 lacs)]	66065.89	*71654.76*
Trading Goods		
Vehicles	4241.26	*6786.83*
Service Parts (including own manufactured)	5750.99	*6328.21*
Others	354.16	*530.96*
	76412.30 *	*85300.76*

* Includes Rs.24.44 lacs (Rs.55.20 lacs) to subsidiary companies.

SCHEDULE 15 : OTHER INCOME		
Dividend on Long Term Investments (Non Trade)	159.83	*159.83*
Interest on Debts, Deposits, Advances etc. [Tax at source Rs.Nil (Rs.16.33 lacs)]	35.61	*240.18*
Insurance & Other Claims	12.22	*21.04*
Rent & Hire Charges	27.37	*27.05*
Miscellaneous Income	137.58	*127.03*
Items pertaining to previous years (Net)	3.07	—
Unspent Liabilities and Provisions no longer required written back	423.35	*1013.80*
Net surplus on fixed assets sold/discarded. (Refer Note No.12 on Schedule 22)	5701.45	*10308.57*
	6500.48	*11897.50*
SCHEDULE 16 : DECREASE IN STOCKS		
Closing Stock:		
Goods under Process	1301.37	*1414.76*
Finished Goods	471.88	*721.84*
Trading Goods	1068.93	*1479.69*
	2842.18	*3616.29*
Less: Opening Stock:		
Goods under Process	1414.76	*1467.18*
Finished Goods	721.84	*1351.57*
Trading Goods	1479.69	*946.40*
	3616.29	*3765.15*
	774.11	*148.86*
SCHEDULE 17 : RAW MATERIALS AND COMPONENTS CONSUMED		
Opening Stock	4272.35	*6204.83*
Add: Purchases	39886.87	*38460.23*
	44159.22	*44665.06*
Less:Transferred to Fixed Assets & Other Accounts	4.59	*4.59*
Sales	34.94	*5.26*
Closing Stock	4364.28	*4272.35*
	4403.81	*4282.20*
	39755.41	*40382.86*

Schedules to the Profit & Loss Account

	Rupees in lacs	
	2008-2009	***2007-2008***
SCHEDULE 18 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages & Bonus	6127.62	*6249.22*
Contribution to Provident, Gratuity & Other Funds	986.32	*1860.55*
Welfare Expenses	401.00	*431.14*
	7514.94	*8540.91*
SCHEDULE 19 : OTHER EXPENSES		
Rent & Hire Charges	210.81	*167.21*
Building Repairs	133.90	*96.90*
Machinery Repairs	308.47	*318.48*
Insurance	119.01	*124.41*
Rates & Taxes	161.00	*151.21*
Royalty	184.06	*498.19*
Selling Expenses, Service Charges, Claims etc. (Net)	3506.07	*3107.01*
Delivery Charges, Freight & Transportation etc. (Net)	111.07	*224.33*
Miscellaneous Expenses	2685.33	*2315.45*
Exchange Rate Difference (Net)	874.80	*326.53*
Directors' Travelling	39.04	*50.40*
Auditors' Remuneration:		
Audit fee	22.00	*20.00*
Tax audit fee	7.50	*7.50*
Limited review	13.20	*12.00*
Other services	9.39	*8.82*
Reimbursement of Travelling and other expenses	2.88	*1.35*
Cost Auditor's Remuneration	1.75	*1.30*
Deferred Revenue Expenditure written off	795.16	*480.34*
Items pertaining to previous years (Net)	—	*18.11*
Turn over and other Taxes	60.36	*41.40*
Provision for Doubtful debts, Claims & Advances	595.83 *	*224.40*
Provision for Diminution in the value of Investment in an overseas subsidiary	163.09	—
Irrecoverable Debts,Claims & Advances written off	28.12	*906.89*
	10032.84	*9102.23*

* Including Rs.107.65 lacs in respect of an overseas subsidiary.

SCHEDULE 20 : INTEREST		
On Fixed Loans & Deposits	693.63 *	*1103.55*
To Banks & Others	541.04	*899.27*
	1234.67	*2002.82*

* Includes Rs.19.45 lacs (Rs.15.38 lacs) to subsidiary companies.

SCHEDULE 21 : DEPRECIATION		
On Fixed Assets	2067.02	*2115.59*
Less: Transfer from Capital Reserve being additional Depreciation on revalued Fixed Assets	1.07	*1.07*
	2065.95	*2114.52*

Schedule to the Balance Sheet and Profit & Loss Account

SCHEDULE 22: ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Nature of Operation:

Hindustan Motors Limited having its manufacturing facitilities at Uttarpara, Tiruvallur and Pithampur, is primarily engaged in the manufacture & sale of Motor Vehicles, Spare Parts & accessories thereof and Components, Steel Products etc. The Company is also engaged in Engineering Services, Trading of Motor vehicles, Spare parts and Components.

1. ACCOUNTING POLICIES:

(I) Basis of Preparation:

The financial statements have been prepared to comply in all material aspects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. Except otherwise mentioned, the accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(II) Revenue Recognition:

(a) Revenue from sale of goods and services rendered is recognised upon passage of title and rendering of services to the customers.

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

(III) Fixed Assets:

(a) Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat and VAT), taxes, incidental expenses, erection / commissioning expenses and technical know-how fees etc. upto the date the asset is put to use. In case of revaluation of fixed assets, the original cost as written up by the valuer is considered in the accounts and the differential amount is transferred to capital reserve.

(b) Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual useful lives of the respective assets.

(c) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external / internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the respective assets. The estimated future cash flows considered for determining the value in use are discounted to their present value at the weighted average cost of capital.

(d) Assets awaiting disposal are valued at lower of written down value and net realisable value and disclosed separately.

(IV) Foreign Currency Transactions:

(a) Initial Recognition:

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Schedule to the Balance Sheet and Profit & Loss Account

(c) Exchange Differences:

Exchange differences arising on the settlement / conversion of monetary items are recognised as income or expenses in the year in which they arise.

(d) Forward Exchange contracts:

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

(V) Depreciation:

(a) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

(b) Depreciation on Fixed Assets is provided on Straight Line Method at the rates arrived at on the basis of their useful lives, which are equivalent to the rates specified in Schedule XIV of the Companies Act, 1956.

(c) Technical Know-how fees included under the head ''Plant & Machinery'' are written off over the period of respective agreements / over the useful life or 10 years, whichever is lower.

(d) Depreciation includes the amount written off in respect of leasehold land over the respective lease period.

(e) Depreciation on revalued assets is provided at the rates specified under Section 205(2)(b) of the Companies Act, 1956 or estimated useful life, whichever is higher.

(f) Depreciation on fixed assets added / disposed off during the year, is provided on pro-rata basis with reference to the month of addition / disposal.

(g) In case of impairment, if any, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(VI) Fixed Assets acquired under leases:

(a) Finance Lease:

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised 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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to Expenses account.

Leased assets capitalised are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(b) Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

(VII) Intangibles:

Acquired Computer software and licenses are capitalised on the basis of costs incurred to bring the specific intangibles to its intended use. These costs are amortised over their estimated useful lives.

(VIII) Investments:

(a) Current Investments are stated at lower of cost or market rate on individual investment basis. Long Term Investments are considered "at cost", unless there is other than temporary decline in value thereof, in which case, adequate provision is made against such diminution in the value of investments.

Schedule to the Balance Sheet and Profit & Loss Account

(b) Investments in foreign companies are considered at the exchange rates prevailing on the date of their acquisition.

(IX) Inventories:

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

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

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

(X) Excise Duty & Customs Duty:

Excise Duty on Finished Goods stock lying at the factories is accounted for at the point of manufacture of goods and is accordingly considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, Customs Duty on Imported Materials in transit / lying in Bonded Warehouse is accounted for at the time of import / bonding of materials.

(XI) Cash & Cash Equivalents:

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

(XII) Derivative Instruments:

As per ICAI Announcement, accounting for derivative contracts, other than those cover under AS - 11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effects on the underlying hedge item, is charged to the income statement. Net gains are ignored.

(XIII) Research Cost:

Research cost of revenue nature are charged to Profit & Loss Account, while capital expenditure are added to the cost of fixed assets in the year in which these are incurred.

(XIV) Retirement & other employee benefits:

(a) Defined Contribution plans:

Company's contributions to Provident Fund and Superannuation Schemes are charged to Profit & Loss Account of the year when the contributions to the respective funds are due. The Company has no obligations other than the contributions payable to the respective trusts.

(b) Defined Benefit plans:

Gratuity liability and compensated leave liability are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done on Projected Unit Credit method. Actuarial gains and losses are recognised immediately in the statement of Profit & Loss Account as income or expense.

(c) In respect of the Voluntary Retirement Scheme (VRS), net present value of the future liabilities is treated as deferred revenue expense and is written off in such equal installments that expenditure so deferred, is not carried forward to accounting periods commencing on or after 1st April, 2010. The increase in the net present value of the future liabilities payable to employees, who have opted for retirement under the VRS of the Company is charged to the Profit & Loss Account.

(XV) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

Schedule to the Balance Sheet and Profit & Loss Account

(XVI) Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event and 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 made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(XVII) Taxation:

(a) Tax expenses comprise of current, deferred & fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred Income taxes reflects the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

(b) The deferred tax is accounted for using the tax rates and laws that have been substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

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

(c) 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 recognised 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 Profit & Loss Account and shown as MAT Credit entitlement. The Company reviews the MAT credit at each Balance Sheet date and writes down the carrying amount to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(XVIII) Segment Reporting:

(a) Identification of Segments:

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

(b) Allocation of Common Costs:

Common allocable costs are allocated to each segment on case to case basis applying the ratio appropriate to each relevant case. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have been included under the head "Unallocated - Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

(XIX) Product related Warranty Claims:

Provision for product related warranty 'costs' is based on the claims received upto the year end as well as the management estimates of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims.

Schedule to the Balance Sheet and Profit & Loss Account

(XX) **Contingencies:**

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of Notes to the Accounts.

(XXI) **Earnings per share:**

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares

	Rupees in lacs	
	March 31, 2009	***March 31, 2008***
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances).	133.18	*177.71*
3. Contingent Liabilities not provided for in respect of :		
(a) Claims & Government demands against the Company not acknowledged as debts**.**		
i) Excise Duty	4619.53	*5425.48*
ii) Sales Tax	9311.94	*9224.28*
iii) Customs Duty	409.69	*395.77*
iv) Others	985.82	*1143.69*

The Company does not expect any major impact to arise out of the above claims / demands.

Against the above claims / demands, payments have been made under protest and / or debts have been withheld by the respective parties, to the extent of Rs. 2565.31 lacs (Rs. 2503.87 lacs).

Included in the above are contingent liabilities to the extent of Rs. 1588.10 lacs (Rs.1647.55 lacs) relating to the pre transfer period for the erstwhile Power Unit Plant and Power Products Division of the Company, which were transferred to AVTEC Limited in June 2005. However, demands to the extent of Rs. 1155.55 lacs (Rs. 1155.55 lacs) are covered by counter guarantees by the customers.

(b) Outstanding Bank Guarantees for import of materials and other accounts.	182.53	*41.79*

(c) Duty on import of Capital goods under Export Promotion Capital Goods Scheme is Rs.16.48 lacs (Rs.14.33 lacs).

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

(e) Demands for incremental Dearness Allowance during the years 2001 to 2007 at Hindmotor unit which are under adjudication (amount not ascertained). However majority of the employee's unions have filed joint petition for withdrawal of the case.

4. (a) Term Loans Rs. 3314.11 lacs (Rs. 4910.68 lacs) from the Financial Institutions and Banks together with interest and other charges thereon, are secured by a mortgage of a part of the Company's land with other immovable assets thereon, both present and future and by way of a hypothecation charge over all the movable assets including book debts of the Company.

(b) Cash Credit facilities from Banks Rs. 1223.33 lacs (Rs.1396.80 lacs), together with interest and other charges thereon, are secured by a mortgage of a part of the Company's land together with other immovable assets thereon, both present and future and by way of a hypothecation charge over all the movable assets including book debts of the Company.

Schedule to the Balance Sheet and Profit & Loss Account

(c) The Charges referred to in (a) and (b) above rank pari passu amongst various Financial Institutions and Banks.

5. (a) Pending finalisation of agreements with workmen of Hindmotor unit, minimum bonus liability has been provided.

(b) The Company's agreement with workmen of Hindmotor unit has expired on 31st March, 2003. The company's liability, if any, towards additional salaries / wages, being presently unascertainable, would be accounted for after finalisation of the said agreement.

6. In terms of accounting policy disclosed vide Note No.1 (XVII) (b) above, Net Deferred Tax Asset of Rs. 981.53 lacs (Rs.3523.97 lacs) arising on account of carried forward unabsorbed business losses has not been recognised in the accounts.

7. Total Derivative contracts in respect of cross currency forward covers of JPY 1680 lacs (JPY 5040 lacs) are outstanding at the balance sheet date.

The Company has the following unhedged exposures in various foreign currencies as at the year end :

		Rupees in lacs	
		As at 31st March,2009	***As at 31st March,2008***
Sr.No.	Particulars		
(i)	Trade Receivables	-	*9.37*
(ii)	Advances	376.51	*85.07*
(iii)	Acceptances, Sundry Creditors for expenses and Advances from Customers	1038.15	*657.94*
(iv)	Foreign Currency Loans	1170.23	-

8. Finance Lease agreement for assets valuing Rs. 45.11 Lacs has already expired. However these assets are yet to be transferred to the Company by the lessor pending compliance of necessary formalities.

9. Consumption of Raw materials, stores and spare parts includes profit / loss on sale thereof.

10. In certain cases, excise duty on items transferred from one division to another for captive use has been accounted for based on actual payments at provisional rates. Additional liability, if any, in this regard will be accounted for on determination of the final rates, but it will have no impact on the Company's profitability, since the same will be claimable as Cenvat benefit by the transferee unit.

11. Excise duty on stocks represents differential excise duty on opening and closing inventories.

12. In terms of a Development Agreement entered by the Company, the Company has duly transferred land measuring 62.80 acres (126.90 acres) at Hindmotor by handing over physical possession thereof against payment to the developer, and profit of Rs 5631.75 lacs (Rs.10320.10 lacs) thereon has been included under the head "Other Income" in Schedule 15. The Company will transfer the last lot comprising 62.791 acres to the developer in the future period at predetermined rates.

The Company has given a non-compete undertaking to the developer for a period of five years from the date of agreement or three years from the date of the completion of the development of the property, whichever is earlier, for which it would receive non-compete fee @ 4 % of the sale proceeds of the developed property as and when sold by the developer.

		Rupees in lacs	
		2008-2009	***2007-2008***
13.	(a) Managing Director's Remuneration :		
	Salary, Allowances etc.	55.24	*49.48*
	Contribution to Provident and Other Funds	8.75	*7.78*
	Others	10.56	*13.06*
		74.55	*70.32*
	(b) Directors' Fees	7.60	*6.90*
	Total	**82.15**	***77.22***

In view of carried forward loss under the provisions of Section 349 of the Companies Act, 1956, the detailed computation of profit for the purpose of Managerial Remuneration has not been furnished.

Schedule to the Balance Sheet and Profit & Loss Account

14. Earnings per Share (EPS)

In terms of Accounting Standard 20, the calculation of EPS is given below :-

	2008-2009	***2007-2008***
Profit / (Loss) after taxation as per accounts (Rupees in lacs)	(3885.66)	*3084.15*
Weighted average No. of Equity Shares outstanding during the year	161171993	*161171993*
Nominal value of Shares (Rs.)	10	*10*
Basic and Diluted EPS (Rs.)	-2.41	*1.91*

15. The movement in Provisions for Warranties during the year is as follows:

Rupees in lacs

Provisions	**As at March 31st, 2008**	**Additions**	**Amount utilised**	**Amount written back**	**As at March 31st, 2009**
Warranties	234.09 *(298.73)*	172.68 *(204.10)*	160.04 *(168.51)*	27.24 *(100.23)*	219.49 *(234.09)*

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

Rupees in lacs

		2008-2009	***2007-2008***
(i)	Principal amount remaining unpaid to any supplier at the end of accounting year.	918.72	*1105.12*
(ii)	Interest due on above	45.31	*26.22*
	Total of (i) & (ii)	**964.03**	***1131.34***
(iii)	Amount of interest paid by the Company to the suppliers	26.17	*200.51*
(iv)	Amounts paid to the suppliers beyond the respective due date	1976.63	*3547.39*
(v)	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	-	-
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year.	306.12	*202.77*
(vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	-	-

17. Disclosure under Accounting Standard- 15 (Revised) on 'Employee Benefits'

A. Defined Contribution Plan

Contribution to Provident Fund	468.86	*507.93*
Contribution to Super Annuation Fund	50.45	*60.29*

B. Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972. The aforesaid scheme is funded with an Insurance Company. The following table summarises the components of net benefit expenses recognised in profit & loss account and the funded status and amount recognised in the balance sheet for the respective plan.

Sl.	**Particulars**		
	Gratuity		
I	**Net Employee Expense / (benefit)**		
1	Current Service Cost	96.72	*143.08*
2	Interest cost on benefit obligation	145.97	*151.29*
3	Expected Return on plan assets	(100.58)	*(86.62)*
4	Net Actuarial gain/(loss) recognised in the year	301.29	*1055.01*
5	Total employee expenses recognised in Profit & Loss Account	443.40	*1262.76*

Schedule to the Balance Sheet and Profit & Loss Account

Sl.	Particulars	Rupees in lacs 2008-2009	2007-2008
II	**Actual return on plan assets**	112.95	*104.63*
III	**Benefit Asset/(Liability)**		
	1 Defined benefit obligation	1610.58	*2838.39*
	2 Fair Value of Plan Assets	1162.20	*1257.35*
	3 Benefit Asset/(Liability)	(448.38)	*(1581.04)*
IV	**Movement in benefit liability**		
	1 Opening defined benefit obligation	2838.39	*2313.89*
	2 Interest cost	145.97	*151.29*
	3 Current Service Cost	96.72	*143.08*
	4 Benefits paid	(1784.15)	*(845.47)*
	5 Actuarial (gains) / losses on obligation	313.65	*1075.60*
	6 Closing benefit obligation	1610.58	*2838.39*
V	**Movement in fair value of plan assets**		
	1 Opening fair value of plan assets	1257.35	*1082.79*
	2 Return on plan assets (actual)	112.95	*104.63*
	3 Contribution by employer	1576.05	*724.00*
	4 Benefits paid	(1784.15)	*(654.07)*
	5 Closing fair value of plan assets	1162.20	*1257.35*
VI	**The Principal actuarial assumptions are as follows**		
	1 Discount Rate	7.50%	*8.00%*
	2 Salary increase	4.00%	*4.50%*
	3 Withdrawal Rate	Varying between 2% & 1% per annum depending upon duration and age of the employees.	
	4 Expected rate of return on Plan assets	8.00%	*8.00%*
VII	**The major categories of Plan Assets as a percentage of fair value of the total plan assets.**		
	Investment with Insurer	100%	*100%*

VIII Amounts for the current and previous year are as follows.

		2008-2009	2007-2008	2006-2007
1	Defined benefit obligation	1610.58	*2838.39*	*2313.89*
2	Plan Assets	1162.20	*1257.35*	*1082.79*
3	Surplus / (Deficit)	(448.38)	*(1581.04)*	*(1231.10)*
4	Experience adjustments on Plan Assets	Not Applicable	*Not Applicable*	*Not Applicable*
5	Experience adjustments on Plan Liabilities.	Not Applicable	*Not Applicable*	*Not Applicable*

Note: a) The estimates of future salary increase considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

b) The information in respect of defined benefit obligation prior to 2006-07 is not available and hence not furnished.

c) The Company expects to contribute Rs. 96.00 lacs to Gratuity fund in 2009-2010.

18. Related Party Disclosures :

(a) Name of the related parties :

Subsidiary Companies	HM Export Ltd.
	Hindustan Motor Finance Corporation Ltd.
	Hindustan Motors Ltd., U.S.A.
Associate Company	AVTEC Limited
Key Management Personnel	Mr. R. Santhanam, Managing Director

Schedule to the Balance Sheet and Profit & Loss Account

(b) Aggregated Related Party Disclosures as at and for the year ended March 31, 2009 are as follows. (Transactions have taken place on arm's length basis) *

Rupees in lacs

	Subsidiary Companies			Associate Company	Total
	HML, U.S.A.	Hindustan Motor Finance Corpn. Ltd.	HM Export Ltd	AVTEC Ltd.	
Sales	10.70 *(30.38)*	6.54 *(-)*	7.20 *(24.82)*	540.98 *(647.77)*	565.42 *(702.97)*
Purchase	- *(-)*	- *(-)*	- *(-)*	5725.62 *(7987.81)*	5725.62 *(7987.81)*
Interest (Net)	- *(-)*	5.95 *(4.28)*	13.50 *(11.10)*	99.48 *(87.83)*	118.93 *(103.21)*
Intercorporate Loans taken and due	- *(-)*	80.00 *(55.00)*	130.00 *(130.00)*	- *(-)*	210.00 *(185.00)*
Debtors, Loans & Advances	4.15 *(94.44)*	3.48 *(-)*	- *(-)*	- *(-)*	7.63 *(94.44)*
Creditors & Other Payables	13.90 *(10.98)*	- *(-)*	- *(1.66)*	1695.48 *(1091.52)*	1709.38 *(1104.16)*
Purchase of Investment	- *(118.35)*	- *(-)*	- *(-)*	- *(-)*	- *(118.35)*
Investment	- *(163.09)*	25.05 *(25.05)*	0.21 *(0.21)*	6909.96 *(6909.96)*	6935.22 *(7098.31)*
Item pertaining to previous year(Net)	- *(-)*	- *(-)*	- *(-)*	- *(0.37)*	- *(0.37)*
Misc. Expenses	- *(-)*	- *(-)*	- *(-)*	21.16 *(22.00)*	21.16 *(22.00)*
Rent & Hire charges	- *(-)*	- *(-)*	- *(-)*	11.82 *(12.06)*	11.82 *(12.06)*
Selling Expenses, Service Charges, Claims etc.	- *(-)*	- *(-)*	- *(-)*	-26.88 *(-26.16)*	-26.88 *(-26.16)*
Provision for Doubtful Debts & Advances	107.65 *(-)*	- *(-)*	- *(-)*	- *(-)*	107.65 *(-)*
Provision for Diminution in the value of Investment	163.09 *(-)*	- *(-)*	- *(-)*	- *(-)*	163.09 *(-)*
Dividend received	- *(-)*	- *(-)*	- *(-)*	153.12 *(153.12)*	153.12 *(153.12)*

* Excludes Rs.74.55 lacs *(Rs.70.32 lacs)* being remuneration to the Managing Director as disclosed vide Note No.13 (a) above.

Schedule to the Balance Sheet and Profit & Loss Account

19. The Company's segment information as at and for the year ended March 31, 2009 are as below :-

Rupees in lacs

	Automobiles	Others	Total
(a) Revenue *			
External Net Sales	59101.17	21.94	59123.11
	(66179.95)	*(31.50)*	*(66211.45)*
Less : Inter Segment Sales	-	4.90	4.90
	(-)	*(-)*	*(-)*
Revenue	59101.17	17.04	59118.21
	(66179.95)	*(31.50)*	*(66211.45)*
(b) Results			
Segment Results	-2625.57	-367.62	-2993.19
	(6800.66)	*(-165.77)*	*(6634.89)*
Unallocated Expenses net of unallocated income			-25.10
			(-50.87)
Profit before Interest & Taxation			-3018.29
			(6584.02)
Interest Expenses			1234.67
			(2002.82)
Provision for Current Tax			5.00
			(1780.42)
Mat Credit Entitlement			-
			(-113.99)
Fringe Benefit Tax			65.16
			(65.00)
Excess Provision for Taxation net of written back			-437.46
			(-234.38)
Net Profit / Loss			**-3885.66**
			(3084.15)
(c) Total Assets			
Segment Assets	30892.64	16.61	30909.25
	(36543.51)	*(125.87)*	*(36669.38)*
Unallocated Corporate Assets			7751.51
			(7629.88)
			38660.76
			(44299.26)
(d) Total Liabilities			
Segment Liabilities	17496.12	23.74	17519.86
	(19746.14)	*(29.05)*	*(19775.19)*
Unallocated Corporate Liabilities (including Loans)			11911.75
			(11306.87)
			29431.61
			(31082.06)

(e) Other Information	**Capital Expenditure**		**Depreciation**	
	2008-2009	***2007-2008***	**2008-2009**	***2007-2008***
Automobiles	1401.88	*1076.68*	2050.83	*2098.55*
Others	0.93	*0.43*	15.12	*15.97*
	1402.81	***1077.11***	**2065.95**	***2114.52***

Schedule to the Balance Sheet and Profit & Loss Account

(f) Geographical Segments

Rupees in lacs

Revenue *	**2008-2009**	***2007-2008***
India	59049.90	*66179.53*
Overseas	68.31	*31.92*
	59118.21	***66211.45***

* Net of Excise Duty, Sales Tax and Value Added Tax

Notes :

(i) Business Segment : The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified "Automobiles" as the operating segment :

Automobiles - Consists of manufacture and sale of Passenger Cars, Utility Vehicles and Components & Accessories thereof.

Others - Remote Service Division engaged in engineering services.

(ii) Geographical Segment : The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

(iii) Total carrying amount of segment assets by geographical location of assets, for the Company's overseas operations are below 10 % of the total assets of all segments, and hence not disclosed.

20. Details of Research cost (Rupees in lacs)

	Capital Expenditure		**Revenue Expenditure**	
	2008-2009	***2007-2008***	**2008-2009**	***2007-2008***
HINDMOTOR UNIT *	17.44	*20.71*	159.30	*137.07*
CHENNAI CAR PLANT (CCP)	-	-	188.62	*142.97*
INDORE UNIT (RTV)	-	*13.31*	7.76	*13.53*
	17.44	***34.02***	**355.68**	***293.57***

* Approved Centre

21. (a) The following items are included under other heads in the Profit & Loss Account.

Rupees in lacs

EXPENSES	**2008-2009**	***2007-2008***
Raw Materials and Components	9.87	*21.75*
Stores and Spares	58.81	*90.55*
Building Repairs	-	*0.50*
Machinery Repairs	64.19	*116.49*
Selling Expenses, Service Charges, Claims etc.	-	*0.39*

(b) Salaries & Wages as well as Stores consumption relating to repairs have not been segregated but are charged to the relevant account heads.

22. C.I.F. Value of Imports during the period :

(i) Raw Materials	-	*37.27*
(ii) Components and Spare Parts	19989.56	*19623.44*
(iii) Capital Goods	25.40	*50.60*
(iv) Vehicles for Trading	1589.53	*2356.40*

Schedule to the Balance Sheet and Profit & Loss Account

		Rupees in lacs	
		2008-2009	***2007-2008***
23.	Expenditure in Foreign Currency (subject to deduction of Tax and R.B.I. approval, wherever applicable)		
(i)	Royalties, Technical Know-how Fees and other charges	184.06	*483.36*
(ii)	Interest	14.94	*277.21*
(iii)	Other matters	151.14	*17.59*
24.	Earnings in Foreign Exchange:		
(i)	Export of goods on F.O.B. basis (including inland sales which qualify for export incentives).	64.27	*31.70*
(ii)	For Incentive & subsidy for advertisement	-	*5.23*
(iii)	For Insurance, warranty claims & others	11.78	*5.24*

25. Details of Raw Materials and Components consumed (including unserviceable and/or damaged items written down and/or written off) :

			Rupees in lacs		
			2008- 2009		***2007 - 2008***
	Unit	Qnty.	Amount	*Qnty.*	*Amount*
Steel Sheets, Plates & Flats	M/T	2776	1283.47	*4551*	*1752.81*
Bars, Billets, Channels & Angles	M/T	1667	827.95	*1723*	*742.22*
Pig Iron & Scrap	M/T	715	199.96	*705*	*134.35*
Non-Ferrous Metal	M/T	4	5.54	*14*	*16.95*
Tyres & Tubes	Pcs.	45123	522.24	*60559*	*737.28*
Power Unit	Pcs.	4386	4509.28	*6274*	*6315.93*
Other Production Stores and Components (including processing charges)			32406.97		*30683.32*
			39755.41		*40382.86*

26. Value of Raw Materials and Components, Stores and Spares consumed during the year (including items shown under other heads of expenses, unserviceable and/or damaged items written down and/or written off) :

	Raw Materials and Components				**Stores and Spares**			
	2008-2009		*2007-2008*		2008-2009		*2007-2008*	
	Rs.(lacs)	%	*Rs.(lacs)*	*%*	Rs.(lacs)	%	*Rs.(lacs)*	*%*
Indigenous	20824.60	52	*25159.92*	*62*	1140.43	99	*1473.64*	*99*
Imported :								
a) CIF Value (Approx.)	17025.73	43	*13706.68*	*34*	12.79	1	*10.42*	*1*
b) Duty, Port Charges, Transport etc.(Approx.)	1914.95	5	*1538.01*	*4*	2.47	0	*2.15*	*0*
	18940.68	48	*15244.69*	*38*	15.26	1	*12.57*	*1*
	39765.28	100	*40404.61*	*100*	1155.69	100	*1486.21*	*100*

Schedule to the Balance Sheet and Profit & Loss Account

27. Quantitative Information :

Installed Capacity, Production, Stocks & Sales of Goods Produced / Traded during the Year

Class of Goods	Unit	Installed Capacity	Production	Opening Stock		Closing Stock		Sales (a)	
				Qty.	Rs. in lacs	Qty.	Rs. in lacs	Qty.	Rs. in lacs
1. On Road Automobiles having four or more wheels (Including Engines, Transmissions, Axles and Spare-Parts thereof)	Nos.	63000 (b)	9020	125	578.87	72	373.13	9073	64125.50
			(12264)	*(341)*	*(1221.13)*	*(125)*	*(578.87)*	*(12480)*	*(70394.37)*
2. Steel Products (c)	Tonnes	18000	4622 (d)	-	96.89	-	68.64	-	1940.39
			(4502)	*(-)*	*(10.51)*	*(-)*	*(96.89)*	*(-)*	*(1260.39)*
3. Manufactured Components & Service Parts for Sale	Rs.(lacs)	-	700.00 (e)	-	46.08	-	30.11	-	- (f)
			(857.81)		*(119.93)*		*(46.08)*		*(-)*
Total					**721.84**		**471.88**		**66065.89**
					(1351.57)		***(721.84)***		***(71654.76)***
4. Purchase of Vehicles for Trading	Nos.		126	19	464.38	7	215.60	138	4241.26
			(252)	*(-)*	*(-)*	*(19)*	*(464.38)*	*(233)*	*(6786.83)*
5. Boughtout Components & Service Parts for sale	Rs.(lacs)	-	2870.18		1015.31		853.33		5750.99 (f)
			(3263.38)		*(946.40)*		*(1015.31)*		*(6328.21)*
6. Others (including semi-finished goods)	Rs.(lacs)								354.16
									(530.96)
									76412.30
							Total:		**(85300.76)**

Schedule to the Balance Sheet and Profit & Loss Account

(a) Includes excise duty, sales tax, export incentives, insurance claims, transportation & delivery charges and after adjusting incentives / discounts and returns against sales made in earlier years Rs. 362.08 lacs (Rs. 948.39 lacs).

(b) The installed capacity of the plants is not balanced in different manufacturing stages. As a result, in many stages, the capacity is more whereas in some stages,it is less than mentioned above.

(c) Includes Alloy Steel and Mild Steel Forgings & Grey Iron Castings.

(d) Including used for own consumption and for different end-products.

(e) At estimated sale value.

(f) Sales value of own manufactured spare parts being unascertainable, the same have been grouped under this head.

1. The Installed Capacities are certified by the Management and accepted as correct by the Auditors.

2. Installed Capacities as on 31.03.2008 and 31.03.2009 are identical. Further, licensed capacity has not been given above in view of the delicensing of various products.

28. Previous year's figures (including those which are in brackets) have been regrouped / rearranged wherever necessary.

Signatures to Schedules 1 to 22

As per our report of even date.

S.R.Batliboi & Company
Chartered Accountants
Per **Raj Agrawal**
a Partner
Membership No.82028
Camp : New Delhi
May 13, 2009

As Approved,
For and on behalf of the Board of Directors
C. K. Birla
Chairman

Yogesh Goenka
Chief Financial Officer & Company Secretary

R. Santhanam
Managing Director

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	18967	State Code	21
Balance Sheet Date	31.03.2009		

II. Capital raised during the year (Amount in Rs. thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	3043403	Total Assets	3043403
Sources of Funds			
Paid up Capital	1612568	Reserves & Surplus	122097
Secured Loans	453744	Unsecured Loans	732447
Deferred Payment Liabilities	122547		
Application of Funds			
Net Fixed Assets	1577188	Investments	701663
Net Current Assets	-177478	Misc. Expenditure	130280
Accumulated Losses	811750		

IV. Performance of the Company (Amount in Rs. thousands)

Turnover	6561869 *	Total Expenditure	6987165
Profit before Tax	-425296	Profit after Tax	-388566
Earnings per Share (Basic & Diluted)	-2.41	Dividend rate %	Nil

* Including Other Income.

V. Generic Names of Principal Products of Company

Item Code No. (ITC Code)	Product Description
870300	MOTOR VEHICLES FOR PASSENGERS
870410	MOTOR VEHICLES FOR TRANSPORT OF GOODS

Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

a) Name of Subsidiaries	1) Hindustan Motor Finance Corporation Limited	2) HM Export Limited	3) Hindustan Motors Limited, USA
b) Holding Company's Interest	Holders of entire subscribed capital	Holders of entire subscribed capital	Holders of entire subscribed capital
c) Net aggregate amount of subsidiaries' Profits or Losses which concerns the members of Hindustan Motors Limited to the extent mentioned above and not dealt with in the Company's accounts :			
i) For the Subsidiaries' financial year ended 31-3-2009	Profit Rs.23,29,418	Profit Rs.26,41,031	Loss Rs.37,02,014
ii) For the previous financial years, since these companies became subsidiaries	Profit Rs.50,99,388	Profit Rs.1,67,62,592	Loss Rs.2,49,55,974

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

C. K. Birla
Chairman

Yogesh Goenka
Chief Financial Officer &
Company Secretary

R. Santhanam
Managing Director

New Delhi
13th May, 2009

Report of the Directors

To the Shareholders,

Your Directors hereby present their report together with the Audited Accounts of the Company for the year ended 31st March, 2009.

During the year under review the revenue account reflects a profit of Rs.23,29,418/- after providing Rs.21,19,248/- for Taxation, Rs.30,270/- for Fringe Benefit Tax and adjusting Rs.1,506/- towards written back of excess provision for Fringe Benefit Tax and Rs.31,381/- for Deferred Tax Assets. After taking into account the credit balance in the Profit and Loss Account of Rs.45,01,735/- brought forward from the previous year and after current year's profit amounting to Rs.23,29,418/- there remains a surplus of Rs.68,31,153/- which is proposed to be carried forward.

During the year under review, 20 vehicles had been bullet proofed and we expect improved performance during the current year.

During the year under review, the Company has not undertaken any hire-purchase business.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirms:

A that in the preparation of the annual accounts, for the year ended 31st March, 2009, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India, have been duly complied with by the Company.

B that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year.

C that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

D that the Directors have prepared the annual accounts on a going concern basis.

The Company neither owns any manufacturing facility nor had any export business. Therefore, the disclosure of particulars as required under Section 217(1)(e) of the Companies Act, 1956 is not applicable.

Pursuant to the requirement of proviso to Section 383A(1) of the Companies Act, 1956 a Compliance Certificate received from Manoj Prasad Shaw, Company Secretary in practice is enclosed.

None of the employees of the Company receive salary beyond the ceiling prescribed in Section 217(2A) of the Companies Act, 1956. Hence, no disclosure is made.

Shri S. P. Singhi retires from the Board of Directors by rotation and being eligible offers himself for reappointment.

Messrs. S. R. Batliboi & Co., Auditors of the Company also retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

9/1 R. N. Mukherjee Road
Kolkata – 700 001,
12th May, 2009

S. P. Singhi
U. C. Tiwari
DIRECTORS

COMPLIANCE CERTIFICATE

UNDER RULE 3 OF THE COMPANY (COMPLIANCE CERTIFICATE) RULES, 2001.

To
The Members
HINDUSTAN MOTOR FINANCE CORPORATION LIMITED
"BIRLA BUILDING" 10TH FLOOR,
9/1, R.N.MUKHERJEE ROAD,
KOLKATA-700 001

I have examined the registers, records, books and papers of M/s HINDUSTAN MOTOR FINANCE CORPORATION LIMITED as required to be maintained under the Companies Act, 1956 (the act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2009. In my opinion and to the best of my information and according to the examination carried out by me and explanation furnished to me by the Company and its officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per provisions and rules made thereunder and all entries therein have been duly recorded.
2 The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, West Bengal under the Companies Act and rules made thereunder.
3. The Company being Public Limited Company, hence comments are not required.
4. The Board of Directors duly met 5 times respectively on, 06.05.2008, 11.09.2008, 03.11.2008, 19.02.2009 and 05.03.2009 in respect of such Meetings proper notices were given and proceedings were properly recorded and signed in minute book maintained for the purpose. No circular resolutions were passed during the year under review.
5. The Company has not closed its Register of Members or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended 31.03.2008 was held on 4th June, 2008, after giving due notice to the members of the Company and resolution passed thereat have been duly recorded in minutes book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
8. The Company has not made any loan to its Directors or Persons or Firms or Companies referred to U/s 295 of the Act.
9. The Company has not entered into any Contracts falling within the purview of Section 297 of the Act.
10. There was no transaction required to be entered in the Register U/s 301 of the Act, except notice received U/s 299(3) of the Act which have been entered in the register.
11. As there were no instance falling within the purview of Sec 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate Share Certificate during the financial year.
13. The Company:
    i. has neither allotted any securities nor effected any transfer/transmission of shares during the financial year.
    ii. has not deposited any amount in separate Bank Account as no Dividend was declared during the financial year.

iii. has not posted Warrants to any Members of the Company as no Dividend was declared during the financial year.

iv. duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted.

15. There was no appointment of Managing Director/ Wholetime Director/Manager made during the financial year.

16. The Company has not appointed any Sole Selling Agents during the financial year.

17. The Company's Business during the Year under scrutiny did not occasion the obtaining of approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such Authorities prescribed under the various provisions of the Act.

18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the Provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any Shares during the financial year.

21. The Company has not issued any preference shares /debenture and hence there is no question of redemption of the same.

22. There were no transactions necessitating the Company to keep in abeyance the right to dividend, right shares and bonus shares, pending registration of transfer of shares.

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.

24. The Company has complied with the requirements of the provisions of Section 293(1)(d) of the Companies Act, 1956.

25. The Company is in the business of financing industrial enterprises and hence avails the exemption under the provisions of Section 372A of the Act.

26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the memorandum with respect to the object of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year under the Act.

32. The Company has not received any sum as security from its employees during the year under certification.

33. The Company has transferred contribution of employees as well as its own contribution to the Trust constituted with respect to Provident Fund for its employees pursuant to Section 418 of the Act.

For MANOJ PRASAD SHAW, FCS

Manoj Prasad Shaw
Practicing Company Secretary
C.P.No. : 4194

Place: Kolkata
Date: 12th May, 2009

Annexure-'A'

1. Register of Members under Section 150.
2. Register of Transfer u/s 108.
3. Minutes Book of Board of Directors Meeting and General Meeting u/s 193.
4. Register of Directors u/s 303.
5. Register of Directors shareholding u/s 307.
6. Register of Investment u/s 372A.
7. Register of Contracts u/s 301.
8. Register of Charges u/s 143.

Annexure-'B'

Forms and Return as filed by the Company with the Registrar of the Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2009.

Sl. No.	Form No./ Return	Filed U/s	For	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing, whether requisite additional fee paid Yes/No
1	Annual Return	159	Annual Return for AGM held on 04.06.2008	30.07.2008	Yes	N.A.
2	Balance Sheet	220	Balance Sheet as on 31.03.2008	01.07.2008	Yes	N.A.
3	Compliance Certificate	383A	Compliance Certificate for 31.03.2008.	01.07.2008	Yes	N.A.

For MANOJ PRASAD SHAW, FCS

Manoj Prasad Shaw
Practicing Company Secretary
C.P.No. : 4194

Place: Kolkata
Date: 12th May, 2009

Auditors' Report

To
The Members of
HINDUSTAN MOTOR FINANCE CORPORATION LIMITED,

We have audited the attached Balance Sheet of HINDUSTAN MOTOR FINANCE CORPORATION LIMITED, as at March 31, 2009 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that: -

(i) we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;

(ii) in our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of such books;

(iii) the Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account as submitted to us;

(iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement have been drawn up in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

(v) on the basis of written representations received from the directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.

(vi) the Company has complied with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts as applicable to it.

In our opinion and to the best of our information and according to the explanations given to us, the said Statements of Account, read together with the Notes appearing on Schedule 13, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

b) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and

c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

S. R. Batliboi & Co.
Chartered Accountants
per **Raj Agrawal**
Partner
Membership No. : 82028

Place: New Delhi
Date : May 12, 2009

Annexure to the Auditors' Report

(Referred to in our report of even date to the Members of **HINDUSTAN MOTOR FINANCE CORPORATION LIMITED** as at and for the year ended March 31, 2009)

(i) The Company is not having any fixed assets. Therefore the provisions of clauses 4 (i) (a) to (c) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. As informed, no material discrepancies were noticed on such physical verification.

(iii) As informed to us, the Company has not given any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4 (iii) (a) to (d) of the Order are not applicable.

As informed to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4 (iii) (e) to (g) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) According to the information and explanations provided by the management, there have been no contracts or arrangements during the year that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4 (v) (a) and (b) of the Order are not applicable.

(vi) As informed, the Company has not accepted any deposits from the public.

(vii) The Company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.

(viii) The provision for maintenance of cost records as prescribed by the Central Government under Section 209(1) (d) of the Act is not applicable to the Company.

(ix) (a) The Company has been generally regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues with the appropriate authorities *though there has been delay in payment of income tax and sales tax in few cases.*

(b) According to the information and explanations given to us, there were no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues which were outstanding, at the Balance Sheet date, for a period of more than six months from the date they became payable.

(c) According to the records of the Company and as informed to us, there are no dues outstanding in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, the Company has no borrowings from any financial institution/ bank and outstanding debentures. Therefore, the provisions of clause 4(xi) of the Order are not applicable.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) According to the information and explanations provided to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long- term investment.

(xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

S. R. Batliboi & Co.
Chartered Accountants
per **Raj Agrawal**
Partner
Membership No. : 82028

Place: New Delhi
Date : May 12, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	March 31,2009	*March 31,2008*
		Rs.	*Rs.*
SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS			
a. Share Capital	1	2500000	*2500000*
b. Reserves & Surplus			
Surplus as per Profit & Loss Account		6831153	*4501735*
		9331153	***7001735***
B. LOANS	2		
Unsecured		6300	*6300*
		6300	***6300***
	TOTAL	**9337453**	***7008035***
APPLICATION OF FUNDS			
A. FIXED ASSETS	3		
a. Gross Block		0	*0*
b. Less: Accumulated Depreciation		0	*0*
c. Net Block		0	*0*
B. DEFERRED TAX ASSETS		31381	*0*
C. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories - Material & Components (in transit)		129441	*0*
b. Sundry Debtors	4	4984054	*333840*
c. Cash and Bank Balances	5	26323770	*2086956*
d. Other Current Assets			
Interest accrued on Fixed Deposit		47938	*62075*
e. Loans & Advances	6	8149937	*5690674*
		39635140	***8173545***
D. LESS : CURRENT LIABILITIES & PROVISIONS	7		
a. Current Liabilities		29615189	*1074652*
b. Provisions		713879	*90858*
		30329068	***1165510***
NET CURRENT ASSETS		**9306072**	***7008035***
		9337453	***7008035***
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13		

Schedules 1 to 7 and 13 referred to above form an integral part of the Balance Sheet.

As per our report of even date
S.R.Batliboi & Co.
Chartered Accountants

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

Per **Raj Agrawal**
a Partner
Membership No 82028

S. P. Singhi
U. C. Tiwari
DIRECTORS

Place: New Delhi
Dated : May 12, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule		2008-2009		*2007-2008*
			Rs.		*Rs.*
INCOME					
Sales & Services	8	29748750		*19960169*	
Less : Value Added Tax		3305422	26443328	*2217795*	*17742374*
Other Income	9		799566		860408
			27242894		***18602782***
EXPENDITURE					
Job Charges to Contractors			20500000		*14498000*
Components Consumed	10		524182		*135*
Payments to and Provisions for Employees	11		540494		*451649*
Interest other than on fixed loans (Including Rs.61420 (Rs Nil) for earlier years)			141515		*6870*
Other Expenses	12		1062654		*1157557*
Directors' Fees			28000		*28000*
Depreciation			0		*423*
			22796845		***16142634***
PROFIT BEFORE TAXATION			**4446049**		***2460148***
Provision for taxation					
Current Tax (Including Rs 692964 (Rs Nil) for earlier years)			2119248		*0*
Fringe Benefit Tax			30270		*23656*
Excess Fringe Benefit Tax Provision Written Back			(1506)		*(6844)*
Deferred Tax Assets			(31381)		*0*
PROFIT AFTER TAXATION			**2329418**		***2443336***
Add : Surplus brought forward from previous year			4501735		*2058399*
Balance carried to Balance Sheet			**6831153**		***4501735***
Earning per share (Basic & Diluted) (Rs)			9.32		*9.77*
Nominal value per share (Rs) (Refer Note No.4 on Schedule 13)			10.00		*10.00*
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13				

Schedules 8 to 13 referred to above form an integral part of the Profit & Loss Account.

As per our report of even date

S.R.Batliboi & Co.
Chartered Accountants

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

Per **Raj Agrawal**
a Partner
Membership No 82028

S. P. Singhi
U. C. Tiwari
DIRECTORS

Place: New Delhi
Dated : May 12, 2009

Cash Flow Statement for the year ended March 31, 2009

		2008-09 Rs.	*2007-08 Rs.*
(A)	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	NET PROFIT BEFORE TAXATION :	4446049	*2460148*
	ADJUSTMENTS FOR:		
	Depreciation	0	*423*
	Profit on sale of Assets	0	*(31160)*
	Interest Paid	141515	*6870*
	Interest Received	(760210)	*(445951)*
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**3827354**	***1990330***
	Increase/(decrease) in Current Liabilities and provisions	28273393	*618032*
	(Increase)/decrease in Loans & Advances	40737	*0*
	(Increase)/decrease in Inventories	(129441)	*0*
	(Increase)/decrease in Sundry Debtors	(4650214)	*145056*
	CASH GENERATED FROM OPERATIONS	**27361829**	***2753418***
	Add: Direct Tax (Paid)/received (Net)	(1333582)	*(38782)*
	NET CASH FLOW FROM OPERATING ACTIVITIES	**26028247**	***2714636***
(B)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest Paid	(65780)	*(2510)*
		(65780)	***(2510)***
(C)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Interest Received	774347	*436876*
	Loan to the holding Company (Net)	(2500000)	*(1300000)*
	Proceeds from Sale of Assets	0	*34000*
	NET CASH USED IN INVESTING ACTIVITIES	**(1725653)**	***(829124)***
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B)	24236814	*1883002*
	*** CASH & CASH EQUIVALENTS - OPENING BALANCE**	2086956	*203954*
		26323770	*2086956*
	*** CASH & CASH EQUIVALENTS - CLOSING BALANCE**	26323770 **	*2086956*

* Represents Cash and Bank Balances as indicated in Schedule 5.

** Includes Rs 13477000 (Rs 1118000) lying in Fixed Deposits with Banks

As per our report of even date

S.R.Batliboi & Co.
Chartered Accountants

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

Per **Raj Agrawal**
a Partner
Membership No 82028

Place: New Delhi
Dated : May 12, 2009

S. P. Singhi
U. C. Tiwari
DIRECTORS

SCHEDULES TO THE BALANCE SHEET

		March 31, 2009 Rs.	*March 31, 2008 Rs.*
SCHEDULE 1 : SHARE CAPITAL			
Authorised:			
2,50,000	Ordinary Shares of Rs.10 each	2500000	*2500000*
1,22,50,000	Shares of Rs.10 each	122500000	*122500000*
7,50,000	Shares of Rs.100 each	75000000	*75000000*
		200000000	*200000000*
Issued & Subscribed:			
2,50,000	Equity Shares of Rs.10 each fully paid up (The entire Subscribed Capital is held by Hindustan Motors Limited, the Holding Company and its nominees.)	2500000	*2500000*
SCHEDULE 2 : LOANS			
UNSECURED:			
Security Deposits		6300	*6300*
		6300	*6300*

SCHEDULE 3 : FIXED ASSETS

Amount in Rupees

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at March 31,2008	Addition	Deduction	As at March 31,2009	*Upto March 31,2008*	For the Year	Adjustments	Upto March 31,2009	As at March 31,2009	*As at March 31,2008*
Furniture & Other Equipment	0	0	0	0	0	0	0	0	0	0
Total - This year	0	0	0	0	0	0	0	0	0	0
Total - Previous year	*132323*	*0*	*132323*	*0*	*129060*	*423*	*129483*	*0*	*0*	

	March 31, 2009 Rs.	*March 31, 2008 Rs.*
SCHEDULE 4 : SUNDRY DEBTORS		
Unsecured, Considered good except otherwise stated:		
Debts due for within 6 months	4983219	*333840*
Debts due for more than 6 months	835	*0*
Loss Assets	0	*397820*
	4984054	*731660*
Less : Provision for Non Performing Assets	0	*397820*
	4984054	*333840*

Includes considered doubtful Rs Nil (Rs.397820).

SCHEDULES TO THE BALANCE SHEET

	March 31, 2009 Rs.	*March 31, 2008 Rs.*
SCHEDULE 5 : CASH & BANK BALANCES		
Cash on hand (Including cheque in hand Rs.1100000 (Rs.Nil)).	1103654	*110351*
With Scheduled Banks on :		
Current Account	11743116	*858605*
Fixed Deposit Account	13477000	*1118000*
	26323770	*2086956*
SCHEDULE 6 : LOANS & ADVANCES		
Unsecured, Considered good except otherwise stated :		
Loan to the Holding Company *	8000000 *	*5500000*
Advances recoverable in cash or in kind or for value to be received or pending adjustments	22558 **	*26558*
Tax deducted at source	148087	*184824*
Deposits	1850	*1850*
	8172495	*5713232*
Less : Provision for doubtful advances	22558	*22558*
	8149937	*5690674*

* Maximum amount due during the year Rs.8000000 (Rs.5500000)
** Includes considered doubtful Rs. 22558 (Rs.22558)

SCHEDULE 7 : CURRENT LIABILITIES & PROVISIONS		
A CURRENT LIABILITIES		
Sundry Creditors for goods, services, expenses etc.		
Due to Micro and Small Enterprise	474806	*253709*
Due to others *	697162	*220464*
Advances against Sale	27540002	*0*
For Other Finance	903219	*600479*
	29615189	*1074652*

* Includes due to Holding Company- Rs. 348441 (Rs. Nil)

B PROVISIONS		
For Taxation (Net)	616284	*0*
For Fringe Benefit Tax (Net)	5270	*3656*
For Leave Liability	92325	*87202*
	713879	*90858*
	30329068	*1165510*

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

		2008-09 Rs.	*2007-08 Rs.*
SCHEDULE 8 : SALES			
Sales		0	*169*
Job charges		29748750	*19960000*
		29748750	*19960169*
SCHEDULE 9 : OTHER INCOME			
Interest from Banks & Others		165142	*18216*
Interest from the Holding Company (Tax at source Rs.122583 (Rs.88114)).		595068	*427735*
Unclaimed balances adjusted		5612	*1262*
Excess Transport Charges realized		4744	*0*
Unearned Finance Charges Written Back		0	*231633*
Recovery of Bad & Doubtful Debts		29000	*150402*
Surplus on sale of Fixed Assets		0	*31160*
		799566	*860408*
SCHEDULE 10 : MATERIAL & COMPONENTS CONSUMED			
Opening Stock		0	*0*
Add: Purchases		653623	*135*
		653623	*135*
Less : Closing Stock		129441	*0*
Consumption		524182	*135*
SCHEDULE 11 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries & Bonus		442671	*371551*
Contribution to Provident, Gratuity & Other Funds		55484	*48649*
Welfare Expenses		42339	*31449*
		540494	*451649*
SCHEDULE 12 : OTHER EXPENSES			
Rent		135000	*12000*
Rates & Taxes		34350	*2250*
Travelling Expenses		386576	*131068*
Conveyance Expenses		179585	*112000*
Legal Expenses		31000	*45670*
Postage, Telegrams & Telephones		19680	*13244*
Transportation		0	*149614*
Bank Charges		21427	*1210*
Insurance		58390	*16287*
Testing charges		0	27795
Auditors' Remuneration :			
As Auditors		50000	*50000*
Service Tax & Cess		5150	*6180*
Items pertaining to previous years		0	*938*
Bad Debts written off	397820		
Less : Provisions	397820	0	*448651*
Miscellaneous Expenses		141496	*140650*
		1062654	*1157557*

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 13 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Nature of Operations

Hindustan Motor Finance Corporation Limited is a 100% subsidiary of Hindustan Motors Limited and is engaged in the business of Bullet proofing & Hire Purchase.

1. **ACCOUNTING POLICIES**

i) **Basis of Preparation :**

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. Except otherwise mentioned, the accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

ii) **Revenue Recognition :**

a) Revenue from sale of goods and services rendered is recognised upon passage of title and rendering of services to the customers.

b) Income in respect of Finance Commission is recognised at the time of execution of Hire Purchase Agreement.

c) The following accounts due to uncertainty in realisation, are maintained on actual receipt basis:

i) Income on non-performing assets as per guidelines prescribed by the Reserve Bank of India

ii) Interest and Miscellaneous charges recoverable on overdue hires,

iii) Rent from a Sub-tenant.

iii) **Fixed Assets :**

Fixed Assets are stated at cost less accumulated depreciation and impairment, if any.

iv) **Depreciation :**

a) Depreciation on Fixed Assets is provided on Written Down Value Method at the rates specified in Schedule XIV of the Companies Act, 1956 or estimated useful life whichever is higher.

b) Depreciation on Fixed Assets added/disposed off during the year, is provided on pro-rata basis with reference to the month of addition/disposal.

v) **Retirement and Other Employee Benefits :**

Defined Contribution Plans

Company's contributions to Provident Fund and Superannuation Schemes are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. The Company has no obligations other than the contributions payable to the respective trusts.

Defined Benefit Plans

Gratuity liability and compensated leave encashment are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done on Projected Unit Credit method. Actuarial gain and losses are recognised immediately in the statement of Profit & Loss Account as income or expenses.

vi) **Hire Receivable and Debtors**

Provision for Non Performing Assets is made as per the guidelines prescribed by the Reserve Bank of India.

vii) **Taxation :**

a) Tax expenses comprise of current, deferred & fringe benefit tax. Current income tax and fringe

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

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

b) The deferred tax is accounted for using the tax rates and laws that have been substantially enacted as of the Balance Sheet date . Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

viii) **Segment Reporting :**

a) **Identification of Segments :**

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

b) **Allocation of Common Costs :**

Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have been included under the head "Unallocated".

The accounting policies adopted for segment reporting are in line with those of the Company.

ix) **Earning Per Share :**

Earning Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

x) **Contingencies :**

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of Notes to the Accounts.

xi) **Provisions :**

A provision is recognised when an enterprise has a present obligation as a result of past event and 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 made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

2. **Contingent liability not provided for in respect of :**

	Amount in Rupees	
	March 31, 2009	***March 31, 2008***
Claims not acknowleged as debts by the Company		
Outstanding Bank Guarantees	1477000	*118000*

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

3. The Suit filed for recovery of Rent from a Sub-tenant, is still pending in the Hon'ble Kolkata Court. The Court by way of an interim order has directed for payment of rent in instalments without prejudice to the rights and contentions of the parties to the Suit. But, the Sub-tenant has defaulted in payment as directed in the Court's Interim Order, against which the Company has moved to the Hon'ble Kolkata High Court.

4. **Earning Per Share (EPS) :-**

   In terms of Accounting Standard-20, the calculation of EPS is given below:-

	Amount in Rupees	
	2008-09	***2007-08***
Profit / (Loss) as per Accounts (Rs.)	2329418	*2443336*
Weighted Average Number of Shares	250000	*250000*
Basic and Diluted EPS (Rs.)	9.32	*9.77*
Nominal value per share (Rs.)	10.00	*10.00*

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

(i)	Principal amount remaining unpaid to any supplier at the end of the accounting year	446023	*249349*
(ii)	Interest due on above	28783	*4360*
	Total of (i) & (ii)	474806	*253709*
(iii)	Amount of interest paid by the Company to the suppliers	4360	*0*
(iv)	Amounts paid to the suppliers beyond the respective due date	81435	*0*
(v)	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act.	28783	*4360*
(vi)	Amount of interest accrued and remaining unpaid at the end of the accounting year.	0	*0*
(vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	0	*0*

6. **Related Party Disclosure:**

   (a) **Name of the related parties:**

100 % Holding Company:	Hindustan Motors Limited
Fellow subsidiaries:	HM Export Ltd. Hindustan Motors Ltd, U.S.A.
Key Management Personnel:	None

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(b) **Aggregated Related Party Disclosures**
(Transactions have taken place on arm's length basis)

	Holding Company (in Rupees)
Interest Received	595068
	(427735)
Purchases	653623
	(0)
Intercorporate Loans given	2500000
	(1300000)
Inter Corporate Loans outstanding as on 31/3/2009	8000000
	(5500000)
Balance outstanding	348341
	(0)

7. **Computation of Deferred Tax Asset (DTA)**

	Opening (Rs.)	Change / Credit during the year (Rs.)	Closing (Rs.)
DTA	0	31381	31381
	(0)	*(0)*	*(0)*

8. **Segment Information**

(i) Business segment : The business segment have been identified on the basis of the products of the Company. Accordingly the Company has identified " Bullet Proofing" and "Hire Purchase Finance" as the operating segments :

Bullet Proofing : Consists of Job work for bullet proofing operations of vehicles.

Hire Purchase Finance : Hire Purchase consists of finance charges and commission on hire purchase contracts and interest.

Since the Company only operated in the bullet proofing segment and no activity was undertaken in the hire purchase segment hence no additional disclosure has been made for segment information.

(ii) Geographical Segment: There is no geographical segment since the Company operates in India only.

9. **Disclosure under Accounting Standard- 15 (Revised) on 'Employee Benefits'**

A. Defined Contribution Plan	**2008-09**	***2007-08***
	Rs.	*Rs.*
Contribution to Provident Fund	39115	*34249*
Contribution to Super Annuation Fund	15750	*14400*

B. Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972. The aforesaid scheme is funded with an Insurance Company. The following table summarises the components of net benefit expenses recognised in profit & loss account and the funded status and amount recognised in the balance sheet for respective plan.

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Sl.	Particulars	In Rupees	In Rupees
	Gratuity		
		2008-09	***2007-08***
I	**Net Employee Expense/(benefit)**		
	1 Current Service Cost	15713	*14198*
	2 Interest cost on benefit obligation	37154	*32004*
	3 Expected Return on plan assets	(38046)	*(36776)*
	4 Net Actuarial gain/loss recognised in the year	(14821)	*(9426)*
	5 Total employee expenses recognised in Profit & Loss Account	0	*0*
II	**Actual return on plan assets**	**38046**	***36776***
III	**Benefit Asset/(Liability)**		
	1 Defined benefit obligation	483446	*445400*
	2 Fair Value of Plan Assets	483446	*445400*
	3 Benefit Asset/(Liability)	0	*0*
IV	**Movement in benefit liability**		
	1 Opening defined benefit obligation	445400	*408624*
	2 Interest cost	37154	*32004*
	3 Current Service Cost	15713	*14198*
	4 Benefits paid	0	*0*
	5 Actuarial (gains)/losses on obligation	(14821)	*(9426)*
	6 Closing benefit obligation	483446	*445400*
V	**Movement in fair value of plan assets**		
	1 Opening fair value of plan assets	445400	*408624*
	2 Return on plan assets(actual)	38046	*36776*
	3 Contribution by employer	0	*0*
	4 Benefits paid	0	*0*
	5 Closing fair value of plan assets	483446	*445400*
VI	**The principal actuarial assumptions are as follows**		
	1 Discount Rate	7.50%	*8.00%*
	2 Salary increase	4.00%	*4.50%*
	3 Withdrawal Rate	Varying between 2% & 1% per annum depending upon duration and age of the employees.	
	4 Expected rate of return on Plan Asset	8%	*8%*
VII	The major categories of Plan Assets as a percentage of face value of total plan assets.		
	Investment with Insurer	100%	*100%*

VIII Amount for the current and previous period are as follows

	Amount in Rupees		
Gratuity			
	2008-09	***2007-08***	***2006-07***
1 Defined Benefit Obligation	483446	*445400*	*408624*
2 Plan Assets	483446	*445400*	*408624*
3 Surplus / (Deficit)	0	*0*	*0*
4 Experience adjustments on Plan Assets	Not Applicable	*Not Applicable*	*Not Applicable*
5 Experience adjustments on Plan Liabilities	Not Applicable	*Not Applicable*	*Not Applicable*

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Note:

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

b) The information in respect of defined benefit obligation prior to 2006-07 are not available and hence not furnished.

10. **Details of Material & Components Consumed**

	2008-09	***2007-08***
Material & Components* (in Rs.)	524182	*0*
	524182	*0*

* None of the individual items constitute more than 10% of the total value of material and components consumed.

11. **Material & Components Consumed**

	2008-09		***2007-08***	
	Value (in Rs.)	**%**	**Value (in Rs.)**	**%**
Indigenous	524182	100	*0*	*0*
Imported	0	0	*0*	*0*
	524182	100	*0*	*0*

12. **Quantitative Information**

Class of Service	Bullet Proofing	
	2008-09	***2007-08***
Opening (Qty)	Nil	*Nil*
Opening (value)	Nil	*Nil*
Production(Qty in Nos.)	20	*14*
Production(Value in Rs.)	20500000	*14498000*
Sales(Qty)	20	*14*
Sales (Value in Rs.)	29748750	*19960000*
Closing Stock (Qty)	Nil	*Nil*
Closing Stock (Value)	Nil	*Nil*

13. Information as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 to the extent applicable to the Company:

i) Borrower groupwise classificaton of stock on hire counting towards Hire Purchase activities and sundry debtors towards Bullet proofing activities

	Category	Amount net of provisions (Rs)		
		Secured	**Unsecured**	**Total**
1	Related Parties			
	Subsidiaries	-	-	-
	Companies in the same group	-	-	-
	Other related parties	-	-	-
2	Other than related parties	-	4984054	4984054
	Total	**-**	**4984054**	**4984054**

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

ii) Other Information	Amount (Rs)
Particulars	
i) Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than Related parties	-
ii) Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than Related parties	-
iii) Assets acquired in satisfaction of debt	-

14. Previous year's figures (including those which are in bracket) have been regrouped/ rearranged wherever necessary.

Signatures to Schedules 1 to 13

As per our report of even date

S.R.Batliboi & Co.
Chartered Accountants

Per **Raj Agrawal**
a Partner
Membership No 82028

Place: New Delhi
Dated : May 12, 2009

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

S. P. Singhi
U. C. Tiwari
DIRECTORS

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF SCHEDULE VI, PART IV OF THE COMPANIES ACT, 1956 (VIDE NOTIFICATION NO.3/24/94-CL-V(A) DATED 15-5-1995)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	8866	State Code	21
Balance Sheet Date	31-3-2009		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUND (Amount in Rs. Thousands)

Total Liabilities	9337	Total Assets	9337
SOURCES OF FUNDS			
Paid up Capital	2500.00	Reserves & Surplus	6831
Secured Loans	Nil	Unsecured Loans	6
APPLICATION OF FUNDS			
Net Fixed Assets	0	Investments	Nil
Net Current Assets	9337	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover	27243 *	Total Expenditure	22797
Profit before Tax	4446	Profit after Tax	2329
Earnings per Share (Rs.)	9.32	Dividend rate %	Nil

* Including Other Income.

V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No. (ITC Code)	**870300**
Product Description	Hire Purchase of Motor Vehicles & Bullet Proofing of Motor Vehicles

Report of the Directors

To the Shareholders,

Your Directors hereby present their 47th Annual Report together with audited accounts of the Company for the year ended 31st March, 2009.

During the year under review the revenue account reflects a profit of Rs.26,41,031 after providing Rs.21,701 for depreciation and Rs.11,95,000 for taxation and fringe benefit tax. After taking into account Rs.5,671 on account of deferred tax liability, credit balance of Rs.95,77,116 brought forward from the previous years, there remains a credit balance of Rs.1,22,18,147 which your Directors have decided to carry forward.

During the year under review the Company had exported Ambassador cars, Engines and Auto parts to U.K., U.S.A., Bangladesh and Tonga. The total export during the year was approximately Rs.141 lacs as against Rs.64 lacs in the previous year.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirms:

A that in the preparation of the annual accounts, for the year ended 31st March 2009, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India, have been followed:

B that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year.

C that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

D that the Directors have prepared the annual accounts on a going concern basis.

None of the employees of the Company receive salary as prescribed in Section 217(2A) of the Companies Act, 1956. Hence, no disclosure is made.

The particulars of Foreign Exchange earnings and expenses appear in Note B(6) of Schedule 12 to the accounts. Since the Company did not own any manufacturing facility, the other particulars of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

Shri T.E.S. Varadhan retires from the Board of Directors by rotation and being eligible offers himself for re-appointment.

The Auditors, Messrs. G. Basu & Co., Chartered Accountants, also retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment for another term beginning the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

S. P. SINGHI
K. K. CHOUDHURY
DIRECTORS

9/1 Rajendra Nath Mukherjee Road,
Kolkata—700 001,
8th May, 2009

AUDITORS' REPORT TO THE MEMBERS OF HM EXPORT LTD.

1. We have audited the attached Balance Sheet of **HM EXPORT LIMITED** as at 31st March, 2009 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and as amended vide GSR766(E) dated 25.11.2004 we enclose in the Annexure a statement on the matters specified in paragraph – 4 and 5 of the said order.

4. Further to our comments in the "Annexure" referred to in Paragraph - 3 above, we report that :
   i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   ii) In our opinion proper Books of Account, as required by law, have been kept by the Company so far as appears from our examination of the books of the Company.
   iii) The Balance Sheet and Profit & Loss Account dealt with by this Report are in agreement with the Books of Account.
   iv) In our opinion the Profit and Loss Account and the Balance Sheet comply with Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.
   v) On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 .
   vi) In our opinion and to the best of our information and according to explanations given to us, the said accounts read with other Notes appearing in Schedule – 12 give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India :
      a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
      b) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
      c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **G. Basu & Co.**
Chartered Accountants
S. Lahiri
Partner
Membership No. 051717

Kolkata
8th May, 2009

Annexure to the Auditors' Report

This is referred to in paragraph 3 of our report of even date

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
2. The fixed assets have been physically verified during the year by the management and no material discrepancies were noticed on such verification.
3. During the year, the Company has not disposed of any fixed assets.
4. The Company has no Inventory.
5. The Company has not taken any loan secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
6. No loans secured or unsecured have been granted by the Company, to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
7. In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit no major weakness has been noticed in the internal control systems.
8. Based on audit procedures applied by us and according to the information and explanations provided by the management we have to state that there were no transactions which are required to be entered into the register maintained under Section 301.
9. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public.
10. In our opinion, the Company, has an internal audit system commensurate with the size and nature of its business.
11. Government has not prescribed maintenance cost records under Section 209(1)(d) of the Companies Act, 1956 for the year under review.
12. According to the books and records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues to the extent applicable to it.
13. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess were outstanding as at 31st March, 2009 for a period of more than 6 months from the date they became payable.
14. According to the records of the Company, there are no dues of Sales Tax, Income Tax, Customs Duty, Excise Duty, Wealth Tax, Service Tax which have not been deposited on account of any dispute.

15. There is no accumulated loss. Company has neither incurred cash loss during the financial year covered by our audit nor in the immediately preceding financial year.
16. Based on our audit procedures and on the basis of information and explanations given by the management, we have to state that since the Company has not taken any loan from financial institutions, banks or debenture holder.
17. Based on our examination of documents and records, we state that the Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
18. Since the Company is a trading company provision of any special statute applicable to a chit fund, nidhi/ mutual benefit fund/ societies are not applicable to this Company.
19. The Company is neither dealing or trading in shares, securities, debentures, and other investments, nor held any such securities.
20. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
21. On the basis of our examination of books and records and the information and explanations given by the management, we state that the Company has not obtained any term loan.
22. No fund raised on short term basis has been used for long term investment.
23. The Company has not made any preferential allotment of shares.
24. During the period covered by our audit report the Company has not issued any debenture.
25. The Company has not raised any money by public issues.
26. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
27. Other paras of the order are not applicable to the Company.

For **G. Basu & Co.**
Chartered Accountants
S. Lahiri
Partner
Membership No. 051717

Kolkata
8th May, 2009

Balance Sheet as at March 31, 2009

	Schedule	As at March 31, 2009 Rs.	*As at March 31, 2008 Rs.*
SOURCES OF FUNDS			
A SHAREHOLDERS' FUNDS			
a. Share Capital	1	500000	*500000*
b. Reserve & Surplus	2	17739147	*15098116*
		18239147	*15598116*
APPLICATION OF FUNDS			
A. FIXED ASSETS	3		
a. Gross Block		320200	*320200*
b. Less : Depreciation		261604	*239903*
c. Net Block		58596	*80297*
B. CURRENT ASSETS, LOANS & ADVANCES			
a. Sundry Debtors	4	-	-
b. Cash and Bank Balances	5	7731664	*4918450*
c. Other Current Assets	6	231761	*101660*
d. Loans & Advances	7	14596667	*14427901*
		22560092	*19448011*
C. LESS : CURRENT LIABILITIES & PROVISIONS	8		
a. Current Liabilities		2687489	*2756069*
b. Provisions		1627600	*1104000*
		4315089	*3860069*
NET CURRENT ASSETS		18245003	*15587942*
DEFERRED TAX LIABILITY (DEPRECIATION)		64452	*70123*
		18180551	*15517819*
		18239147	*15598116*
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12		

Schedules 1 to 8 and 12 referred to above form an integral part of the Balance Sheet.

In terms of our attached Report of even date.

For **G. Basu & Co.**
Chartered Accountants
S. Lahiri
Partner
Membership No. 051717

3, Chowringhee Approach
Kolkata-700 072, 8th May, 2009

S. P. SINGHI
K. K. CHOUDHURY
DIRECTORS

Profit & Loss Account for the year ended March 31, 2009

	Schedule	Year ended March 31, 2009 Rs.	*Year ended March 31, 2008 Rs.*
INCOME			
Sales	9	14175008	*6430068*
Other Income	10	1709540	*1237584*
		15884548	*7667652*
EXPENDITURE			
Purchase of Traded Goods		11580705	*5936287*
Other Expenses	11	431551	*323033*
Directors' Remuneration (Meeting fee)		20000	*20000*
		12032256	*6279320*
PROFIT BEFORE INTEREST, DEPRECIATION & TAXATION		3852292	*1388332*
Interest (other than fixed loan)		-	*3656*
Depreciation		21701	*21701*
		21701	*25357*
PROFIT BEFORE TAXATION		3830591	*1362975*
Less : Provision for Taxation		1195000	*428000*
Add : Deferred Tax (depreciation)		5671	*4920*
Less : Provision for Fringe Benefit Tax		-	*4600*
Less : Income-tax for earlier year		17636	-
Add : Excess provision for taxation written back		17405	*1591*
PROFIT AFTER TAXATION		2641031	*936886*
Balance Brought forward from Previous year		9577116	*8640230*
BALANCE CARRIED TO BALANCE SHEET		12218147	*9577116*
Earning per share - Basic and Diluted (Rs.)		52.82	*18.74*
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12		

Schedules 9 to 12 referred to above form an integral part of the Profit & Loss Account.

In terms of our attached Report of even date.

For **G. Basu & Co.**
Chartered Accountants
S. Lahiri
Partner
Membership No. 051717

3, Chowringhee Approach
Kolkata-700 072, 8th May, 2009

S. P. SINGHI
K. K. CHOUDHURY
DIRECTORS

Cash Flow Statement for the year ended March 31, 2009

		March 31, 2009 Rs.	*March 31, 2008 Rs.*
(A)	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS:	3830591	*1362975*
	ADJUSTMENT FOR:		
	Depreciation	21701	*21701*
	Interest Expenses	-	*3656*
	Unrealized Foreign Exchange Gain/Loss (Net)	59148	*-45463*
	Interest Income	-1709540	*-1127731*
	OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	**2201900**	***215138***
	Increase/Decrease(-) in Trade Payables	-127728	*642682*
	Decrease/Increase(-) in Trade & Other Receivables	60271	*1259653*
	CASH GENERATED FROM OPERATIONS	**2134443**	***2117473***
	Less: Direct Tax Paid(Incl. TDS & FBT)/Received (Net) (including for earlier years)	-1030769	*-403799*
	NET CASH FLOW FROM OPERATING ACTIVITIES	**1103674**	***1713674***
(B)	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Refund against purchase of Shares	-	*20000*
	Interest Received	359484	*17648*
	Loan paid to Holding Company	-	*-2000000*
	Interest received against loan to Holding Company	1350056	*1110082*
	NET CASH FLOW FROM INVESTING ACTIVITIES	**1709540**	***-852270***
(C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest Paid	-	*-3656*
	NET CASH FLOW FROM FINANCING ACTIVITIES	**-**	***-3656***
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	2813214	*857748*
	***CASH & CASH EQUIVALENTS - OPENING BALANCE**	4918450	*4060702*
		7731664	***4918450***
	***CASH & CASH EQUIVALENTS - CLOSING BALANCE**	**7731664**	***4918450***

*Represents Cash and Bank Balances as indicated in Schedule 5.

In terms of our attached Report of even date.

For **G. Basu & Co.**
Chartered Accountants
S. Lahiri
Partner
Membership No. 051717

3, Chowringhee Approach
Kolkata-700 072, 8th May, 2009

S. P. SINGHI
K. K. CHOUDHURY
DIRECTORS

Schedules to the Balance Sheet

		As at March 31, 2009 Rs.	*As at March 31, 2008 Rs.*
SCHEDULE 1 :	**SHARE CAPITAL**		
	Authorised :		
50,000	Equity Shares of Rs 10 each	500000	*500000*
	Issued & Subscribed :		
50,000	Equity Shares of Rs 10 each fully paid up	500000	*500000*
Notes : 1)	The entire Subscribed Capital is held by Hindustan Motors Limited, the Holding Company and its nominees.		
2)	Issued & Subscribed Capital includes 47,900 Equity Shares issued and allotted as fully paid Bonus Shares by way of capitalisation of General Reserve.		

SCHEDULE 2 :RESERVES & SURPLUS

GENERAL RESERVE :		
As per last account5521000	*5521000*	
	5521000	*5521000*
PROFIT & LOSS ACCOUNT	12218147	*9577116*
	17739147	*15098116*

SCHEDULE 3 : FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at March 31, 2008	Sales / Adjust-ments	As at March 31, 2009	*Upto March 31, 2008*	For the Year	Less on Sales / Adjust-ments	Upto March 31, 2009	As at March 31, 2009	*As at March 31, 2008*
	(Rs.)	(Rs.)	(Rs.)	*(Rs.)*	(Rs.)	(Rs.)	(Rs.)	(Rs.)	*(Rs.)*
Machinery & Equp.	*69190*	-	69190	*22676*	3286	-	25962	43228	*46514*
Computer	*236600*	-	236600	*202817*	18415	-	221232	15368	*33783*
Furniture & Fittings	*14410*	-	14410	*14410*	-	-	14410	-	-
Total-This year	*320200*	-	320200	*239903*	21701	-	261604	58596	*80297*
Total-Previous year	*320200*	-	*320200*	*218202*	*21701*	-	*239903*	*80297*	-

	As at March 31, 2009 Rs.	*As at March 31, 2008 Rs.*
SCHEDULE 4 : SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months :	29810	*29810*
Less : Provision for doubtful debts	29810	*29810*
	-	-
SCHEDULE 5 : CASH & BANK BALANCES		
Cash in hand (Including cheques)	25361	*256017*
Balance with Scheduled Banks in :		
Fixed Deposit Account	6539130	*270000*
Current Account	1167173	*4392433*
	7731664	*4918450*

Schedules to the Balance Sheet

	As at March 31, 2009 Rs.	*As at March 31, 2008 Rs.*
SCHEDULE 6 : OTHER CURRENT ASSETS		
Unsecured :		
Considered good :		
Interest accrued on Deposits/Loan	43410	*3377*
Export Incentives receivable	98283	*98283*
DEPB License	90068	*-*
	231761	*101660*
SCHEDULE 7 : LOANS & ADVANCES		
Unsecured :		
Considered good :		
Inter Corporate Loan to Holding Company	13000000	*13000000*
Advance Payment of Fringe Benefit Tax	9800	*57200*
Advance payment of Income Tax	1577867	*1171329*
Advance against orders to Holding Company	-	*165372*
Other advances recoverable in cash or in kind or for value to be received or pending adjustments	9000	*34000*
	14596667	*14427901*
SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors for goods, services, expenses etc. *	1924190	*37540*
Advance against Orders	763299	*2718529*
	2687489	*2756069*
B. PROVISIONS		
For Taxation	1627600	*1104000*
	4315089	*3860069*

* Amount outstanding to small scale industrial undertakings is nil

Schedules to the Profit & Loss Account

	Year ended March 31, 2009 Rs.	*Year ended March 31, 2008 Rs.*
SCHEDULE 9 : SALES		
Export Sales	14077461	*6415549*
Export Incentives	97547	*14519*
	14175008	*6430068*
SCHEDULE 10 : OTHER INCOME		
Interest on Fixed Deposits (including TDS Rs.73155 prev. yr. Rs.2940/-)	351724	*17649*
Interest from Holding Company on loan (including TDS Rs.278112/- prev.yr. Rs.228676/-)	1350056	*1110082*
Interest received from IT Department	7760	*-*
Exchange rate difference (Net)	-	*109853*
	1709540	*1237584*

Schedule to the Profit & Loss Account

	Year ended March 31, 2009 Rs.	*Year ended March 31, 2008 Rs.*
SCHEDULE 11 : OTHER EXPENSES		
Rates & Taxes	4750	*3900*
Delivery Charges, Freight & Transportation etc.	40798	*155128*
Miscellaneous Expenses	108284	*144342*
Exchange Rate Difference (Net)	257803	-
Auditors' Remuneration :		
As Auditors	16545	*14045*
Other Services for issuing various certificates	3371	*5618*
	431551	*323033*

Schedule to the Balance Sheet and Profit & Loss Account

SCHEDULE 12 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES :

Accounts have been compiled on historic cost convention under going concern assumption in adherences of Accounting Standards issued by ICAI and generally accepted accounting principles.

i. RECOGNITION OF INCOME AND EXPENSES

a) For recognition of income and expenses, accrual basis of accounting is followed consistently.
b) Revenue from sale of goods is recognised upon passage of title to the customers.
c) Insurance and other claims, to the extent considered recoverable, are accounted for in the year of claim. However, claims, refunds and incentives whose recovery cannot be ascertained with reasonable certainty, are accounted for on acceptance/actual receipt basis.

ii. FIXED ASSETS :

Fixed Assets are stated at cost of acquisition inclusive of registration charges.

iii. FOREIGN CURRENCY TRANSACTIONS :

Transactions during the year are accounted at the rate prevailing on the date of despatch/ transaction. Exchange differences arising on realisations are taken into Exchange Rate Difference Account. Year end foreign currency monetary assets/outside liabilities have been converted at year end rate and resulting exchange gain/loss have been accounted for in Profit & Loss Account.

iv. DEPRECIATION :

Depreciation on Fixed Assets has been provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956, (as amended).

v. INVESTMENTS :

Long Term Investments are considered "at cost".

vi. INVENTORIES :

Stock of traded goods is valued at cost or market rate whichever is lower on first in first out basis.

vii. DEFERRED TAXATION:

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are not recognised unless there is "virtual certainty" that sufficient future taxable income will be available against which such deferred tax assets will be realised.

viii. CONTINGENCIES:

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of Notes to the Accounts.

B. NOTES ON ACCOUNTS :

1 Disclosure under Accounting Standard-18 - Related Party Disclosure
(Transactions have taken place on arm's length basis)

Sl No.	Name of related party	Nature of relationship	Nature of transaction	Amount(Rs.)
1	Hindustan Motors Ltd.	Holding Company	Purchases (net of return)	719986
				(2482049)
			Loan given & outstanding as on 31.03.2009	13000000
				(13000000)
			Interest on loan	1350056
				(1110082)
			Advance to holding company against sales order	-
				(165372)
2	Hindustan Motor Finance Corpn. Ltd.	Fellow Subsidiary Company	-	-
				-
3	Hindustan Motors Limited, USA	Fellow Subsidiary Company	-	-
				-

2 As the Company has only one segment comprising of trading of automobiles and its spare-parts, details regarding segmentation is not applicable pursuant to Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

3 **Earnings per share (EPS) :**
In terms of Accounting Standards (AS-20) issued by the Institute of Chartered Accountants of India, the calculation of EPS is given below:-

	2008-09	***2007-08***
Profit as per accounts	2641031	*936886*
No. of Equity Shares outstanding during the year	50000	*50000*
Basic & Diluted EPS (Rs.)	52.82	*18.74*

4 **AS-28**
Considering absence of indication of impairment from external and internal sources of information as laid down under AS-28 issued by ICAI and considering the nature of business no exercise for impairment of fixed assets has been deemed necessary in terms of para 6 of relevant standard.

5 **Quantitative information :**

Traded goods

Class of Goods	Unit	Purchases Qnty.	Purchases Rs.	Opening Stock Qnty.	Opening Stock Rs.	Closing Stock Qnty.	Closing Stock Rs.	Sales Qnty.	Sales Rs.
1. On Road Automobile	Nos	2	674192	-	-	-	-	2	887718
having four or more wheels		*(7)*	*(2315226)*	*(-)*	*(-)*	*(-)*	*(-)*	*(7)*	*(2599746)*
2. Isuzu Engine	Nos	216	10689696	-	-	-	-	216	12893656
		(72)	*(3144960)*	*(-)*	*(-)*	*(-)*	*(-)*	*(72)*	*(3231403)*
3. Spare Parts	Lot	Lot	216817	Lot	-	Lot	-	Lot	296087
		(Lot)	*(476101)*	*(Lot)*	*(-)*	*(Lot)*	*(-)*	*(Lot)*	*(584400)*
Total			11580705	-	-	-	-		14077461
			(5936287)	*(-)*	*(-)*	*(-)*	*(-)*		*(6415549)*

		Year ended March 31, 2009 Rs.	***Year ended March 31, 2008*** *Rs.*
6	Earning in Foreign Exchange :		
	F.O.B. Value of Exports	14077461	*6415549*
7	Movement of provision for taxation		
	Opening Balance	1104000	*1237400*
	Addition during the year	1195000	*432600*
		2299000	*1670000*
	Less : Payment/adjustment	671400	*566000*
	Closing Balance	1627600	*1104000*

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

9 Additional information pursuant to the provisions of Schedule VI after Part III of the Companies Act, 1956 vide Notification No 3/24/94-CL-V(a) dated 15-5-1995.

Balance Sheet Abstract and Company's General Business Profile

I.	Registration Details			State Code		21
	Registration No	25330				
	Balance Sheet Date	31-3-2009				
II.	Capital raised during the year (Amount in Rs. thousands)					
	Public Issue	-	Nil	Rights Issue	-	Nil
	Bonus Issue	-	Nil	Private Placement	-	Nil
III.	Position of Mobilisation and Deployment of Fund (Amount in Rs. thousands)					
	Total Liabilities	-	18239*	Total Assets	-	18239
	Source of Funds :					
	Paid-up Capital	-	500	Reserves & Surplus	-	17739
	Secured Loans	-	Nil	Unsecured Loans	-	Nil
	Application of Funds :					
	Net Fixed Assets	-	59	Investments	-	Nil
	Net Current Assets	-	18180*	Misc. Expenditure	-	Nil
	Accumulated Losses	-	Nil			
	* Net of Deferred Tax Liability					
IV.	Performance of Company (Amount in Rs. thousands)					
	Turn over	-	15885**	Total Expenditure	-	12054
	Profit/Loss Before Tax	-	3831	Profit/Loss After Tax	-	2641
	Earning per Share in Rs	-	52.82	Dividend rate %	-	Nil
	** including other income					
V.	Generic Names of Three Principal Products/Services of Company (as per monetary terms)					
	Item Code No (ITC Code)		870323			
	Product Description		Engines			
	Item Code No (ITC Code)		870300			
	Product Description		Motor Cars			
	Item Code No (ITC Code)		840991			
	Product Description		Motor Parts			

In terms of our attached Report of even date.

For **G. Basu & Co.**
Chartered Accountants
S. Lahiri
Partner
Membership No. 051717

3, Chowringhee Approach
Kolkata-700 072, 8th May, 2009

S. P. SINGHI
K. K. CHOUDHURY
DIRECTORS

Directors' Report of Hindustan Motors Limited, USA for the year April, 2008 to March, 2009

To the Shareholders,

Your Directors hereby present their report together with the Audited Accounts of the Company for the year ended 31st March, 2009.

Financial Highlight and Business Scenario:

The Company earned revenue of $ 253645 during the year under review as against $ 415824 earned during previous year. The revenue account reflects a loss of $ 80636 after providing for depreciation of $ 6320, writing off irrecoverable debts & advances of $ 23741.14 and booking loss on discard of its fixed assets $ 7759.68, as compared to a loss of $ 108406 posted during the previous year.

The Company continued to have a negative cash flow since the revenue inflow was not matching the cost.

During the year under review, Mr. Arval Krishna Principal Officer resigned and the Company is taking appropriate measures.

Future Prospects:

The Company's business has been adversely affected by the recent global meltdown and the unprecedented downturn in the automobile industry particularly in the Detroit / Michigan area which have hitherto been the focus markets. Keeping in mind the changed business environment the Company is reviewing every aspect of the business and is assessing the new going forward strategy.

On behalf of the Board
Maneesh Agarwal
Robert (Bob) Lewis
Directors

8th May, 2009

Auditors' Report (As on 31st March, 2009)
To The Members of Hindustan Motors Limited, USA

Hindustan Motors Limited, USA has submitted their books; the audit has not been conducted with the regular GAAP procedures applicable to financial audits. This was not done because Company's size is too small to come under purview for audit.

I have checked the Profit & Loss and Balance Sheet statement of Hindustan Motors Limited, USA for the period from 1st April, 2008 to 31st March, 2009 and found them to be in line with the books of accounts.

PIKSTEIN & METZGER, PLLC
Certified Public Accountants

31275, Northwestern Highway, Suite 230
Farmington Hills, MI 48334

Balance Sheet as on March 31, 2009

	31st March 2009 US $		*31st March 2008 US $*	
SOURCES OF FUNDS				
Share Capital		400,000.00		*400,000.00*
Less : Profit & Loss Account :				
Opening Balance	-568813.12		*-460407.07*	
Loss for the period	-80636.33	-649449.45	*-108406.05*	*-568813.12*
		-249449.45		*-168813.12*
Loans & Advances				
HML-India		212580.19		*212580.19*
Accounts Payable				
Due to Principal Officer		41630.74		*68779.82*
Provision for expenses		22349.52		*80577.39*
Payable to HML-India-Offshore billing		8180.00		*6401.00*
		35291.00		***199525.28***
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block		-		*42131.24*
Less : Depreciation		-		*28051.87*
		-		*14079.37*
Current Assets				
Deposits and Advances	-		*2855.77*	
Accounts Receivable	35291.00		*182252.39*	
Cash & Bank Balances	-		*337.75*	
Total Current Assets		35291.00		*185445.91*
		35291.00		***199525.28***

Michael P. Metzger C.P.A.
Certified Public Accountants

31275, Northwestern Highway, Suite 230
Farmington Hills, MI 48334

Maneesh Agarwal
Director
Hindustan Motors Limited—USA

Profit & Loss Account for the year ended 31st March, 2009

	2008-2009 US $	*2007-2008 US $*
Revenue :		
Sales	253645.00	*415824.00*
Other Income	-	-
Sales & Other Income	**253645.00**	***415824.00***
Cost of Service Sold:		
Offshore Service Purchased	25061.50	*81789.00*
Gross Profit/(Loss)	**228583.50**	***334035.00***
Expenses:		
Salaries & Wages	174944.62	*320003.79*
Contract Service	37665.00	-
Bank Charges	948.81	*2458.32*
Depreciation	6319.69	*8426.26*
Insurance	19244.45	*38772.06*
Commission	8877.58	*14707.84*
Stationery & Postage	3244.48	*461.36*
Visa Fees	2570.00	*9520.00*
Travel & Entertainment	1987.60	*3236.00*
Rent & Taxes	8674.47	*13997.04*
Telephones	3157.26	*9692.50*
Professional Fees	3150.00	*2375.00*
Vehicle & Fuel	6935.05	*15063.14*
Loss of fixed assets discarded	7759.68	-
Irrecoverable Debts & Advances written off	23741.14	-
Pre Operative exp.W/off during the year	-	*3727.74*
Total Expenses	**309219.83**	***442441.05***
Net Income/(Loss)	**(80636.33)**	***(108406.05)***

Michael P. Metzger C.P.A.
Certified Public Accountants

31275, Northwestern Highway, Suite 230
Farmington Hills, MI 48334

Maneesh Agarwal
Director
Hindustan Motors Limited—USA

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF HINDUSTAN MOTORS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN MOTORS LIMITED, ITS SUBSIDIARY COMPANIES AND THE ASSOCIATE COMPANY

1.0 We have audited the attached Consolidated Balance Sheet of HINDUSTAN MOTORS LIMITED ("Company"), its subsidiary companies and the associate company as at March 31, 2009, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2.0 We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3.0 We have not audited the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 227.88 lacs as at March 31, 2009, total revenue of Rs. 271.73 lacs and net cash flow of Rs. 27.99 lacs for the year then ended. These financial statements and other financial information of the subsidiaries have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.

4.0 We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

5.0 Based on our audit and on the basis of information and explanations given to us, and also based on the consolidation of the separate audit reports on individual audited financial statements of Hindustan Motors Limited, its subsidiaries and associate, the consolidated statements of account, read together with the 'Notes' appearing on Schedule 23, give a true and fair view in conformity with the accounting principles generally accepted in India :

a. in the case of Consolidated Balance Sheet, of the consolidated state of affairs of Hindustan Motors Limited, its subsidiary companies and the associate company as at March 31, 2009;

b. in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of Hindustan Motors Limited, its subsidiary companies and the associate company for the year then ended; and

c. in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of Hindustan Motors Limited, its subsidiary companies and the associate company for the year then ended.

For S. R. Batliboi & Co.
Chartered Accountants
per **Raj Agrawal**
Partner
Membership No. 82028

Place: New Delhi
Date: May 13, 2009

CONSOLIDATED BALANCE SHEET OF HINDUSTAN MOTORS LIMITED AND ITS SUBSIDIARY COMPANIES AS AT MARCH 31, 2009

	Schedule	Rupees in lacs March 31, 2009	*March 31, 2008*
SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS			
a. Share Capital	1	16125.68	*16125.68*
b. Reserves & Surplus	2	1212.44	*1340.75*
		17338.12	*17466.43*
B. LOANS	3		
a. Secured		4537.44	*6307.48*
b. Unsecured		7114.53	*4740.32*
		11651.97	*11047.80*
C. DEFERRED PAYMENT LIABILITIES	4	1225.47	*1587.35*
D. DEFERRED TAX LIABILITY	5	0.64	*0.70*
		30216.20	*30102.28*
APPLICATION OF FUNDS			
A. FIXED ASSETS	6		
a. Gross Block		48128.53	*48624.06*
b. Less: Accumulated Depreciation		32727.67	*32192.77*
c. Net Block		15400.86	*16431.29*
d. Capital work-in-progress		371.62	*558.06*
		15772.48	*16989.35*
B. INVESTMENTS	7	9474.92	*9650.37*
C. DEFERRED TAX ASSET		0.31	—
D. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories	8	7492.53	*8204.76*
b. Sundry Debtors	9	1646.43	*4623.64*
c. Cash and Bank Balances	10	1102.05	*1447.71*
d. Other Current Assets	11	87.00	*477.12*
e. Loans & Advances	12	4622.65	*4554.87*
		14950.66	*19308.10*
E. LESS: CURRENT LIABILITIES & PROVISIONS	13		
a. Current Liabilities		16209.57	*17518.73*
b. Provisions		473.82	*868.09*
		16683.39	*18386.82*
NET CURRENT ASSETS		(1732.73)	*921.28*
F. MISCELLANEOUS EXPENDITURE (To the extent not written off/adjusted)	14	1302.80	*921.04*
G. PROFIT & LOSS ACCOUNT DEBIT BALANCE		5398.42	*1620.24*
		30216.20	*30102.28*
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	23		

Schedules 1 to 14 and 23 referred to above form an integral part of the Balance Sheet

As per our report of even date.

S.R.Batliboi & Company
Chartered Accountants
Per **Raj Agrawal**
a Partner
Membership No.82028
Camp : New Delhi
May 13, 2009

Yogesh Goenka
Chief Financial Officer & Company Secretary

As Approved,
For and on behalf of the Board of Directors
C. K. Birla
Chairman

R. Santhanam
Managing Director

CONSOLIDATED PROFIT & LOSS ACCOUNT OF HINDUSTAN MOTORS LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE YEAR ENDED MARCH 31, 2009

	Schedule		2008-2009		*2007-2008*
			Rupees in lacs		
INCOME					
Sales & Services	15		76943.54		*85684.65*
Less: Excise Duty		13901.12		*14951.74*	
Sales Tax & Value Added Tax		3426.02	17327.14	*4159.75*	*19111.49*
			59616.40		*66573.16*
Other Income	16		6502.56		*11902.02*
			66118.96		*78475.18*
EXPENDITURE					
Decrease in Stocks	17		774.11		*148.86*
Excise duty on Stocks (Refer Note No.21 on Schedule 23)			(120.77)		*(116.97)*
Raw Materials and Components Consumed	18		39755.41		*40382.86*
Stores & Spares Consumed			1096.88		*1395.66*
Job charges to Contractors			205.00		*144.98*
Purchase of Trading Goods			6252.46		*8549.33*
Fuel & Electricity (Net)			1291.62		*1364.85*
Payments to and Provisions for Employees	19		7600.66		*8680.24*
Other Expenses	20		9832.23		*9163.96*
Directors' Remuneration			82.63		*77.70*
			66770.23		*69791.47*
PROFIT / (LOSS) BEFORE INTEREST, DEPRECIATION & TAXATION			(651.27)		*8683.71*
Interest	21		1216.64		*1987.56*
Depreciation	22		2069.06		*2118.30*
			3285.70		*4105.86*
PROFIT / (LOSS) BEFORE TAXATION			(3936.97)		*4577.85*
Provision for Taxation					
Current Tax			31.21		*1784.70*
MAT Credit Entitlement (Net)			—		*(113.99)*
Fringe Benefit Tax			65.46		*65.29*
Deferred Tax			(0.37)		*(0.05)*
Excess Tax Provision Written Back			(430.54)		*(234.47)*
			(334.24)		*1501.48*
PROFIT / (LOSS) AFTER TAXATION			(3602.73)		*3076.37*
Add: Proportionate Share of Profit / (Loss) of the Associate Company			(175.45)		*729.90*
			(3778.18)		***3806.27***
Less: Loss Brought forward from Previous year			1620.24		*5426.51*
Loss carried to Balance Sheet			**5398.42**		***1620.24***
Earning per share - Basic and Diluted (Rs.)			-2.34		*2.36*
Nominal value per share (Rs.)			10.00		*10.00*
(Refer Note No.14 on Schedule 23)					
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	23				

Schedules 15 to 23 referred to above form an integral part of the Profit & Loss Account

As per our report of even date.

S.R.Batliboi & Company
Chartered Accountants
Per **Raj Agrawal**
a Partner
Membership No.82028
Camp : New Delhi
May 13, 2009

As Approved,
For and on behalf of the Board of Directors
C. K. Birla
Chairman

Yogesh Goenka
Chief Financial Officer & Company Secretary

R. Santhanam
Managing Director

HINDUSTAN MOTORS LIMITED AND ITS SUBSIDIARY COMPANIES CONSOLIDATED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

		Rupees in lacs	
		2008-2009	***2007-2008***
A)	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	NET PROFIT / (LOSS) BEFORE TAXATION	(3936.97)	*4577.85*
	ADJUSTMENTS FOR:		
	Depreciation	2069.06	*2118.30*
	Deferred Revenue Expenditure	795.16	*481.91*
	Interest Income	(40.85)	*(240.55)*
	Interest Expenses	1216.64	*1987.56*
	Financial Lease Rentals	—	*13.88*
	Unrealised Foreign Exchange loss (Net)	74.72	*48.12*
	Profit on Fixed Assets Sold/Discarded	(5697.89)	*(10308.88)*
	Dividend Income	(159.83)	*(159.83)*
	OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	**(5679.96)**	***(1481.64)***
	Increase/ (Decrease) in Trade Payables	(1841.68)	*(1956.60)*
	Decrease /(Increase) in Trade & Other Receivables	2445.19	*(2734.45)*
	Decrease in Inventories	712.23	*2071.44*
	CASH USED IN OPERATIONS	**(4364.22)**	***(4101.25)***
	Add: Direct Tax (Paid) (Net)	(148.93)	*(1192.74)*
	NET CASH USED IN OPERATING ACTIVITIES	**(4513.15)**	***(5293.99)***
(B)	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Sale of Fixed Assets	6146.13	*10831.37*
	Dividend Received	159.83	*159.83*
	Interest received from Fixed deposits	0.74	*188.78*
	Purchase of Fixed Assets (Including Capital Advances)	(1580.70)	*(1058.13)*
	Repayment of Finance Lease Liability	—	*(13.88)*
	NET CASH FLOW FROM INVESTING ACTIVITIES	**4726.00**	***10107.97***
(C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net Increase / (Decrease) from Short Term Borrowings	2205.53	*(3602.57)*
	Repayment of Long Term Loans	(1596.57)	*(4124.60)*
	Interest Paid (Net of Interest Received)	(1167.47)	*(2008.46)*
	Payment to Investor Protection Fund	—	*(0.05)*
	NET CASH USED IN FINANCING ACTIVITIES	**(558.51)**	***(9735.68)***
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(345.66)	*(4921.70)*
	*** CASH & CASH EQUIVALENTS - OPENING BALANCE**	1447.71	*6369.41*
		1102.05	*1447.71*
	*** CASH & CASH EQUIVALENTS - CLOSING BALANCE**	1102.05 **	*1447.71*

* Represents Cash and Bank Balances as indicated in Schedule 10.

** Includes Rs. 1.95 lacs (Rs.1.95 lacs)lying in unpaid Dividend / Debenture interest Account having restrictive use and Rs.299.70 lacs (Rs.30.43 lacs) in Fixed Deposits & Margin Deposit with Banks.

As per our report of even date.

S.R.Batliboi & Company
Chartered Accountants
Per **Raj Agrawal**
a Partner
Membership No.82028
Camp : New Delhi
May 13, 2009

As Approved,
For and on behalf of the Board of Directors
C. K. Birla
Chairman

Yogesh Goenka
Chief Financial Officer & Company Secretary

R. Santhanam
Managing Director

		Rupees in lacs	
		March 31, 2009	***March 31, 2008***
SCHEDULE 1 : SHARE CAPITAL			
	Authorised:		
16,50,00,000	Ordinary Shares of Rs.10 each	16500.00	*16500.00*
55,00,000	Unclassified Shares of Rs.100 each	5500.00	*5500.00*
		22000.00	*22000.00*
	Issued:		
16,15,89,297	Ordinary Shares of Rs.10 each	16158.93	*16158.93*
	Subscribed & Paid-up:		
16,11,71,993	Ordinary Shares of Rs.10 each fully paid up	16117.20	*16117.20*
	Add: Forfeited Shares (Amount originally paid up)	8.48	*8.48*
		16125.68	*16125.68*

Note: Issued and Subscribed & Paid-up Capital includes 1,53,59,409 Ordinary shares issued and allotted as fully paid up Bonus shares by Capitalisation of Capital Redemption Reserve & General Reserve and 5,34,22,010 Ordinary Shares issued and allotted as fully paid-up upon conversion of Fully Convertible Debentures.

SCHEDULE 2 : RESERVES & SURPLUS		
CAPITAL RESERVE		
a) Net Surplus on Revaluation of Fixed Assets		
As per last account	987.55	*1193.14*
Less: Adjustment towards assets sold	101.32	*204.52*
Less: Transfer to Depreciation Account	1.07	*1.07*
	885.16	*987.55*
b) Others :		
As per last Account	3.53	*3.53*
	888.69	*991.08*
SECURITIES PREMIUM		
As per last account	317.28	*317.28*
CENTRAL SUBSIDY		
As per last account	15.00	*15.00*
FOREIGN CURRENCY TRANSLATION RESERVE	(8.53)	*17.39*
(Refer Note No.1(e) on Schedule 23)		
	1212.44	*1340.75*

	Rupees in lacs	
	March 31, 2009	***March 31, 2008***
SCHEDULE 3 : LOANS		
SECURED : (Note No.5 on Schedule 23)		
From Financial Institutions :		
Term Loans	1634.46	*2515.60*
From Scheduled Banks :		
Term Loans	1679.65	*2395.08*
Cash Credits	1223.30	*1391.98*
Interest accrued and due	0.03	*4.82*
	4537.44	*6307.48*
UNSECURED :		
LONG TERM		
Sales Tax Deferral Credit	4178.98	*4178.98*
SHORT TERM		
From Scheduled Banks :		
Foreign Currency Loans	1170.23	—
From Bodies Corporate	1580.00	*350.00*
Security & Other Deposits	185.32	*211.34*
	2935.55	*561.34*
	7114.53 *	*4740.32*
	11651.97	*11047.80*

* Includes Rs.2750.23 lacs (Rs.350.00 lacs) due for payment within one year.

SCHEDULE 4 : DEFERRED PAYMENT LIABILITIES		
Voluntary Retirement Schemes	1225.47 *	*1587.35*

* Includes Rs.458.41 lacs (Rs.431.61 lacs) due for payment within one year.

SCHEDULE 5 : DEFERRED TAX LIABILITY		
Balance as per last account	(0.70)	*(0.75)*
Less: Deferred Tax Credit for the year	0.06	*0.05*
	(0.64)	*(0.70)*

HINDUSTAN MOTORS LIMITED AND ITS SUBSIDIARY COMPANIES
SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2009

SCHEDULE 6 : FIXED ASSETS Rupees in lacs

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
DESCRIPTION OF ASSETS	*As at March 31, 2008*	Additions	Sales/ Adjustments	As at March 31, 2009	*Upto March 31, 2008*	For the Year	Less : On Sales/Adjustments	Upto March 31, 2009	As at March 31, 2009	*As at March 31, 2008*
TANGIBLE ASSETS										
Goodwill	*0.05*	-	-	0.05	*0.05*	-	-	0.05	-	-
Free hold Land	*1332.24*	-	314.29	1017.95	-	-	-	-	1017.95	*1332.24*
Lease Hold Land	*35.83*	-	-	35.83	*7.69*	0.37	-	8.06	27.77	*28.14*
Buildings	*9202.83*	121.06	6.78	9317.11 (a)	*4523.72*	308.12	4.70	4827.14	4489.97	*4679.11*
Machinery & Equipments	*36608.64*	1312.75	1574.05	36347.34	*26827.47*	1667.51	1416.89	27078.09	9269.25	*9781.17*
Furniture & Fittings	*688.50*	13.13	15.28	686.35	*494.66*	22.66	8.34	508.98	177.37	*193.84*
Vehicles	*750.31*	102.03	174.39	677.95	*337.92*	66.86	105.30	299.48	378.47	*412.39*
	48618.40	**1548.97**	**2084.79**	**48082.58**	***32191.51***	**2065.52**	**1535.23**	**32721.80**	**15360.78**	***16426.89***
INTANGIBLE ASSETS										
Software	*5.66*	40.29	-	45.95	*1.26*	4.61	-	5.87	40.08	*4.40*
	48624.06	**1589.26** (b)	**2084.79**	**48128.53**	***32192.77***	**2070.13**	**1535.23**	**32727.67**	**15400.86**	***16431.29***
Capital Work in Progress	*558.06*	112.79	299.23	371.62 (d)	-	-	-	-	371.62	*558.06*
TOTAL	***49182.12***	**1702.05**	**2384.02** (c)	**48500.15** (e)	***32192.77***	**2070.13**	**1535.23**	**32727.67**	**15772.48**	***16989.35***
PREVIOUS YEAR'S TOTAL	*48933.21*	*1240.22*	*991.31*	*49182.12*	*30174.78*	*2119.37*	*101.37*	*32192.77*	*16989.35*	*18758.43*

NOTES:
(a) Includes Rs. 4.50 Lacs (Rs. 4.50 Lacs) being the value of shares in Co-operative Housing Societies.
(b) Includes Capital Expenditure on Scientific Research Rs.17.44 Lacs (Rs. 34.02 Lacs).
(c) Includes Rs. 745.32 Lacs (Rs. NIL) being the value of assets discarded
(d) Includes Materials at site, in Transit and Assets not brought into use.
(e) Includes proportionate cost of a part of Building (on leasehold land) and Other Assets amounting to Rs. 79.57 Lacs (Rs. 77.89 Lacs) held in Joint Ownership basis with others at Kolkata.
(f) Land & Buildings of Uttarpara Unit were revalued during the year ended 31.03.84 and the resulting Surplus thereon, was transferred to Revaluation Reserve.

SCHEDULE 7 : INVESTMENTS (At Cost)	Number of Shares	Face Value Per Share Rs.	Rupees in lacs March 31,2009	*March 31,2008*
LONG TERM (OTHER THAN TRADE)(FULLY PAID)				
*** GOVERNMENT SECURITIES (UNQUOTED):**				
12 Year National Planning Certificates			0.02	*0.02*
12 Year National Defence Certificates			0.02	*0.02*
National Savings Certificates			0.06	*0.06*
			0.10	*0.10*
QUOTED				
ORDINARY SHARES				
Hyderabad Industries Ltd.	122188	10	73.31	*73.31*
UNQUOTED				
ORDINARY SHARES				
Birla Buildings Ltd.	30000	10	3.00	*3.00*
Pithampur Auto Cluster Ltd.	50000	10	5.00	*5.00*
AVTEC Ltd. (a company under the same management) **	12250000	10	7462.71	*7462.71*
Less: Capital Reserve			552.75	*552.75*
			6909.96	*6909.96*
Add : Share of post acquisition Profit			2483.55	*2659.00*
			9393.51	*9568.96*
			9474.92	*9650.37*

AGGREGATE VALUE OF INVESTMENTS :	Cost	Market Value	*Cost*	*Market Value*
Quoted	73.31	140.58	73.31	*175.03*
Unquoted	9401.61		9577.06	
	9474.92		*9650.37*	

* Includes securities worth Rs.0.06 lacs (matured but pending encashment) lodged with Government Departments.

** Being an associate of the Company.

Note:

In case of investments in Associate, the Goodwill / Capital Reserve arising on the date of acquisition, has been adjusted in cost, in terms of Accounting Standard - 23.

	Rupees in lacs	
	March 31, 2009	***March 31, 2008***
SCHEDULE 8 : INVENTORIES		
At lower of cost and net realisable value		
Stores & Spares	144.06	*196.55*
Loose Tools	142.01	*119.57*
Raw Materials and Components	4364.28	*4272.35*
Goods under process	1301.37	*1414.76*
Finished Goods	471.88	*721.84*
Trading Goods	1068.93	*1479.69*
	7492.53 *	*8204.76*

* Includes materials lying with third parties / in Bond and in transit Rs.2761.99 lacs (Rs.2430.66 lacs).

SCHEDULE 9 : SUNDRY DEBTORS
Considered good except otherwise stated :

(a) Debts outstanding for a period exceeding six months :		
Secured	12.78	*24.85*
Unsecured	257.24	*241.84*
	270.02	*266.69*
(b) Other Debts :		
Secured	17.11	*30.34*
Unsecured	1503.87	*4463.53*
	1520.98	*4493.87*
	1791.00 *	*4760.56*
Less: Provision for doubtful debts	144.57	*136.92*
	1646.43	*4623.64*

* Includes considered doubtful Rs.144.57 lacs (Rs.136.92 lacs).

SCHEDULE 10 : CASH & BANK BALANCES

Cash-on-hand	15.79	*16.41*
Remittances in transit	504.18	*1115.39*
With Scheduled Banks on :		
Fixed Deposit Account	219.97	*22.09*
Current Account	280.43	*283.53*
Margin Deposit Account	79.73	*8.34*
Unpaid Dividend / Interest Accounts	1.95	*1.95*
	1102.05	*1447.71*

SCHEDULE 11 : OTHER CURRENT ASSETS

Unsecured :
Considered good except otherwise stated :

Interest accrued on Deposits	2.77	*2.94*
Export Incentives receivable	9.64	*9.64*
Insurance & Other Claims receivable	497.99 *	*474.65*
	510.40	*487.23*
Less: Provision for doubtful claims	423.40	*10.11*
	87.00	*477.12*

* Includes considered doubtful Rs.423.40 lacs (Rs.10.11 lacs).

Rupees in lacs

	March 31, 2009		*March 31, 2008*
SCHEDULE 12 : LOANS & ADVANCES			
Unsecured :			
Considered good except otherwise stated :			
Advances against Capital Contracts	184.23		*31.61*
Other advances recoverable in cash or in kind or for value to be received or pending adjustments	1366.35		*1593.61*
Loans / Advances to Officers	0.33	*	*2.26*
Balance with Customs, Port Trust & Other Government Departments	231.26		*327.90*
Sales Tax, VAT and other refunds receivable (including payments made under appeal)	2234.44		*2235.39*
Advance Payment of Income Tax & refunds receivable (Net of Provision)	270.75		-
Deposits with Government Departments & Others	633.81		*647.21*
	4921.17	**	*4837.98*
Less: Provision for doubtful advances	298.52		*283.11*
	4622.65		*4554.87*

* Maximum amount due from officers at any time during the year Rs.1.25 lacs (Rs.7.87 lacs).
** Includes considered doubtful Rs.298.52 lacs (Rs.283.11 lacs).

SCHEDULE 13 : CURRENT LIABILITIES & PROVISIONS

A. CURRENT LIABILITIES			
Acceptances	4165.91		*2710.16*
Sundry Creditors for goods, services, expenses etc.			
Due to Micro & Small Enterprises	1229.58		*1310.42*
Due to Others	7508.82	*	*10700.85*
Advances against Sales/Orders	1744.50		*1005.66*
Investor Education and Protection Fund			
Unpaid Dividend	1.95	**	*1.95*
Other Liabilities	1523.42		*1767.98*
Interest accrued but not due:			
On Secured Loans	14.14		*21.38*
On Unsecured Loans	21.25		0.33
	16209.57		*17518.73*

* Includes Rs.1695.48 lacs (Rs.1091.52 lacs) due to AVTEC Limited (a company under same management).
** Amount not deposited as the cases are sub-judice.

B. PROVISIONS			
Warranties	219.49		*234.09*
Leave Liability	254.33		*421.96*
Taxation (Net of advance payment, tax at source etc.)	—		*212.04*
	473.82		*868.09*
	16683.39		*18386.82*

SCHEDULE 14 : MISCELLANEOUS EXPENDITURE

(To the extent not written off / adjusted)

DEFERRED REVENUE EXPENDITURE :			
Voluntary Retirement Schemes	1302.80		*921.04*
	1302.80		*921.04*

	Rupees in lacs	
SCHEDULE 15 : SALES & SERVICES	**2008-2009**	***2007-2008***
Finished Goods (including items Capitalised Rs.77.65 lacs (Rs.22.81 lacs))	66194.36	*71871.10*
Trading Goods		
Vehicles	4241.26	*6785.16*
Service Parts (including own manufactured)	5750.53	*6328.21*
Job charges	297.48	*199.60*
Others	459.91	*500.58*
	76943.54	*85684.65*
SCHEDULE 16 : OTHER INCOME		
Dividend on Long Term Investments (Non Trade)	159.83	*159.83*
Interest on Debts, Deposits, Advances, Hirers etc. [Tax at source Rs. 0.73 (Rs.16.33 lacs)]	40.85	*240.55*
Insurance & Other Claims	12.22	*21.04*
Rent & Hire Charges	27.37	*27.05*
Miscellaneous Income	137.63	*127.03*
Items pertaining to previous years (Net)	3.07	—
Unspent Liabilities and Provisions no longer required written back	423.70	*1017.64*
Net surplus on fixed assets sold/discarded. (Refer Note No.12 on Schedule 23)	5697.89	*10308.88*
	6502.56	*11902.02*
SCHEDULE 17 : DECREASE IN STOCKS		
Closing Stock:		
Goods under Process	1301.37	*1414.76*
Finished Goods	471.88	*721.84*
Trading Goods	1068.93	*1479.69*
	2842.18	*3616.29*
Less:Opening Stock		
Goods under Process	1414.76	*1467.18*
Finished Goods	721.84	*1351.57*
Trading Goods	1479.69	*946.40*
	3616.29	*3765.15*
	774.11	*148.86*
SCHEDULE 18 : RAW MATERIALS AND COMPONENTS CONSUMED		
Opening Stock	4272.35	*6204.83*
Add: Purchases	39886.87	*38460.23*
	44159.22	*44665.06*
Less:Transferred to Fixed Assets & Other Accounts	4.59	*4.59*
Sales	34.94	*5.26*
Closing Stock	4364.28	*4272.35*
	4403.81	*4282.20*
	39755.41	*40382.86*
SCHEDULE 19 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages & Bonus	6212.37	*6387.75*
Contribution to Provident, Gratuity & Other Funds	986.87	*1861.04*
Welfare Expenses	401.42	*431.45*
	7600.66	*8680.24*

	Rupees in lacs	
	2008-2009	***2007-2008***
SCHEDULE 20 : OTHER EXPENSES		
Rent & Hire Charges	216.14	*173.23*
Building Repairs	133.90	*96.90*
Machinery Repairs	308.47	*318.48*
Insurance	128.43	*140.90*
Rates & Taxes	161.39	*151.27*
Royalty	184.06	*498.19*
Selling Expenses, Service Charges, Claims etc. (Net)	3510.15	*3113.21*
Delivery Charges, Freight & Transportation etc. (Net)	111.48	*227.38*
Miscellaneous Expenses	2721.60	*2339.64*
Exchange Rate Difference (Net)	877.38	*325.43*
Directors' Travelling	39.04	*50.40*
Auditors' Remuneration:		
Audit fee	22.67	*20.64*
Tax audit fee	7.50	*7.50*
Limited review	13.20	*12.00*
Other services	9.42	*8.88*
Reimbursement of Travelling and other expenses	2.93	*1.41*
Cost Auditor's Remuneration	1.75	*1.30*
Deferred Revenue expenditure written off	795.16	*481.91*
Items pertaining to previous years (Net)	—	*18.12*
Turn over and other Taxes	60.36	*41.40*
Provision for Doubtful debts, Claims, Advances etc.	488.18	*224.40*
Irrecoverable Debts,Claims & Advances written off	39.02	*911.37*
	9832.23	*9163.96*
SCHEDULE 21 : INTEREST		
On Fixed Loans & Deposits	674.18	*1088.18*
To Banks & Others	542.46	*899.38*
	1216.64	*1987.56*
SCHEDULE 22 : DEPRECIATION		
On Fixed Assets	2070.13	*2119.37*
Less: Transfer from Capital Reserve being additional Depreciation on revalued Fixed Assets	1.07	*1.07*
	2069.06	*2118.30*

SCHEDULE 23 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS :

The consolidated financial statements which relate to Hindustan Motors Ltd., its various subsidiary companies and the associate company have been prepared on the following basis :

(a) The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealised profit / loss included therein.

(b) The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are presented, to the extent possible, in the same manner as the Company's separate financial statements.

(c) The excess of cost to the Company over its investments in the subsidiary companies is recognised in the financial statements as goodwill which is fully amortised.

(d) The subsidiary companies considered in the financial statements are as follows :

Name	Country of Incorporation	% of Voting power as on 31.03.09
Hindustan Motor Finance Corporation Ltd.	India	100
HM Export Ltd.	India	100
Hindustan Motors Ltd.	Delaware, U.S.A.	100

(e) In terms of Accounting Standard 11 issued by the Institute of Chartered Accountants of India, exchange fluctuations on conversion of the accounts of foreign subsidiary have been taken to "Foreign Currency Translation Reserve" in Schedule 2.

(f) The associate company considered in the financial statements is as follows :

Name	Country of Incorporation	% of Voting power as on 31.03.09
AVTEC Limited	India	49

(g) Investments in associate have been accounted for using the equity method in accordance with Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

(h) The Company accounts for its share in the change in the net assets of the associate, post acquisition, after eliminating unrealised profit and losses resulting from the transactions between the Company and its associate to the extent of its share, through its Profit & Loss Account to the extent such change is attributable to the associate's Profit & Loss Account.

(i) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in associate is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

2. ACCOUNTING POLICIES:

(I) <u>Basis of Preparation:</u>

The financial statements have been prepared to comply in all material aspects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. Except otherwise mentioned, the accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(II) Revenue Recognition:

(a) Revenue from sale of goods and services rendered is recognised upon passage of title and rendering of services to the customers.

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

(c) Income on non-performing assets is recognised as per guidelines prescribed by the Reserve Bank of India.

(d) Interest and Miscellaneous charges recoverable on overdue hires and rent from sub tenant are recognised on actual receipt basis.

(III) Fixed Assets:

(a) Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat and VAT), taxes, incidental expenses, erection/commissioning expenses and technical know-how fees etc. upto the date the asset is put to use. In case of revaluation of fixed assets, the original cost as written up by the valuer is considered in the accounts and the differential amount is transferred to capital reserve.

(b) Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual useful life of the respective assets.

(c) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the respective assets. The estimated future cash flows considered for determining the value in use are discounted to their present value at the weighted average cost of capital.

(d) Assets awaiting disposal are valued at lower of written down value and net realisable value and disclosed separately.

(IV) Hire Receivable:

Provision for Non-Performing Assets is made as per the guidelines prescribed by the Reserve Bank of India.

(V) Foreign Currency Transactions:

(a) Initial Recognition:

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange Differences:

Exchange differences arising on the settlement/conversion of monetary items are recognised as income or expenses in the year in which they arise.

(d) Forward Exchange contracts:

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

(VI) Depreciation:

(a) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

(b) Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 or estimated useful life whichever is higher, except in respect of a Subsidiary Company where depreciation is provided on Written down Value Method at the rates specified in Schedule XIV of the Companies Act, 1956.

(c) Technical Know-how fees included under the head ''Plant & Machinery'' are written off over the period of respective agreements / over the useful life or 10 years, whichever is lower.

(d) Depreciation includes the amount written off in respect of leasehold properties over the respective lease period.

(e) Depreciation on revalued assets is provided at the rates specified under Section 205(2)(b) of the Companies Act, 1956 or estimated useful life, whichever is higher.

(f) Depreciation on fixed assets added / disposed off during the year, is provided on pro-rata basis with reference to the month of addition / disposal.

(g) In case of impairment, if any, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(VII) Fixed Assets acquired under leases:

(a) Finance Lease:

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised 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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to Expenses account.

Leased assets capitalised are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(b) Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

(VIII) Intangibles:

Acquired Computer software and licenses are capitalised on the basis of costs incurred to bring the specific intangibles to its intended use. These costs are amortised over their estimated useful lives.

(IX) Investments:

Current Investments are stated at lower of cost or market rate on individual investment basis. Long Term Investments are considered "at cost", unless there is other than temporary decline in value thereof, in which case, adequate provision is made against such diminution in the value of investments.

(X) Inventories:

(a) Inventories are valued at lower of cost, computed on annual weighted / moving average basis, and net realisable value except for HM Export Limited where inventories are valued at lower of cost computed on first in first out basis and net realisable value.

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

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

(XI) Excise Duty & Customs Duty:

Excise Duty on Finished Goods stock lying at the factories is accounted for at the point of manufacture of goods and is accordingly considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, Customs Duty on Imported Materials in transit / lying in Bonded Warehouse is accounted for at the time of import / bonding of materials.

(XII) Cash & Cash Equivalents:

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

(XIII) Derivative Instruments:

As per ICAI Announcement, accounting for derivative contracts, other than those cover under AS - 11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effects on the underlying hedge item, is charged to the income statement. Net gains are ignored.

(XIV) Research Cost:

Research cost of revenue nature are charged to Profit & Loss Account, while capital expenditure are added to the cost of fixed assets in the year in which these are incurred.

(XV) Retirement & other employee Benefits:

(a) Defined Contribution plans:

Company's contributions to Provident Fund and Superannuation Schemes are charged to Profit & Loss Account of the year when the contributions to the respective funds are due. The Company has no obligations other than the contributions payable to the respective trusts.

(b) Defined Benefit plans:

Gratuity liability and compensated leave liability are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done on Projected Unit Credit method. Actuarial gains and losses are recognised immediately in the statement of Profit & Loss Account as income or expense.

(c) In respect of the Voluntary Retirement Scheme (VRS), net present value of the future liabilities is treated as deferred revenue expense and is written off in such equal installments that expenditure so deferred, is not carried forward to accounting periods commencing on or after 1st April, 2010. The increase in the net present value of the future liabilities payable to employees, who have opted for retirement under the VRS of the Company is charged to the Profit & Loss Account.

(XVI) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(XVII) Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event and 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 made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(XVIII) Taxation:

(a) Tax expenses comprise of current, deferred & fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred Income taxes reflects the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

(b) The deferred tax is accounted for using the tax rates and laws that have been substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realised.
At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(c) 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 recognised 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 Profit & Loss Account and shown as MAT Credit entitlement. The Company reviews the MAT credit at each Balance Sheet date and writes down the carrying amount to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(XIX) Segment Reporting:

(a) Identification of Segments:

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

(b) Allocation of Common Costs:

Common allocable costs are allocated to each segment on case to case basis applying the ratio appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have been included under the head "Unallocated - Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

(XX) Product related Warranty Claims:

Provision for product related warranty 'costs' is based on the claims received upto the year end as well as the management estimates of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims.

(XXI) Contingencies:

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of Notes to the Accounts.

(XXII) Earnings per share:

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

	Rupees in lacs	
	March 31, 2009	***March 31, 2008***
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances).	133.18	*177.71*
4. Contingent Liabilities not provided for:		
(a) In respect of Company & its Subsidiaries: Claims & Government demands against the Company not acknowledged as debts.		
i) Excise Duty	4619.53	*5425.48*
ii) Sales Tax	9311.94	*9224.28*
iii) Customs Duty	409.69	*395.77*
iv) Others	985.82	*1143.69*

The Company does not expect any major impact to arise out of the above claims/demands.

Against the above claims/demands, payments have been made under protest and / or debts have been withheld by the respective parties, to the extent of Rs.2565.31 lacs (Rs. 2503.87 lacs).

Included in the above are contingent liabilities to the extent of Rs. 1588.10 lacs (Rs.1647.55 lacs) relating to the pre transfer period for the erstwhile Power Unit Plant and Power Products Division of the Company, which were transferred to AVTEC Limited in June 2005. However, demands to the extent of Rs. 1155.55 lacs (Rs. 1155.55 lacs) are covered by counter guarantees by the customers.

In respect of Company's Associate :		
Being proportionate share of its Contingent Liability	544.03	*142.81*
(b) Outstanding Bank Guarantees for import of materials and other accounts.	197.30	*42.97*

(c) Duty on import of Capital goods under Export Promotion Capital Goods Scheme Rs.16.48 lacs (Rs.14.33 lacs).

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

(e) Demands for incremental Dearness Allowance during the years 2001 to 2007 at Hindmotor unit are under adjudication (amount not ascertained). However, majority of the employee's unions have filed joint petition for withdrawal of the case.

5. (a) Term Loans Rs. 3314.11 lacs (Rs. 4910.68 lacs) from the Financial Institutions and Banks together with interest and other charges thereon, are secured by a mortgage of a part of the Company's land with other immovable assets thereon, both present and future and by way of a hypothecation charge over all the movable assets including book debts of the Company.

   (b) Cash Credit facilities from Banks Rs. 1223.33 lacs (Rs. 1396.80 lacs), together with interest and other charges thereon, are secured by a mortgage of a part of the Company's land together with other immovable assets thereon, both present and future and by way of a hypothecation charge over all the movable assets including book debts of the Company.

   (c) The Charges referred to in (a) and (b) above rank pari passu amongst various Financial Institutions and Banks.

6. (a) Pending finalisation of agreements with workmen of Hindmotor unit, minimum bonus liability has been provided.

   (b) The Company's agreement with workmen of Hindmotor unit has expired on 31st March, 2003. The Company's liability, if any, towards additional salaries / wages, being presently unascertainable, would be accounted for after finalisation of the said agreement.

7. (a) In terms of accounting policy disclosed vide Note No. 2 (XVIII) (b) above, Net Deferred Tax Asset of Rs. 981.53 lacs (Rs.3531.48 lacs) arising on account of carried forward unabsorbed business losses has not been recognised in the accounts.

   (b) Deferred Tax liability of Rs. 0.64 lacs (Rs. 0.70 lacs) has arisen in respect of the Company's subsidiary HM Export Limited as on 31st March, 2009 as detailed below :

	Rupees in lacs	
	March 31, 2009	***March 31, 2008***
Deferred Tax Liability		
Timing difference in depreciable assets	0.64	*0.70*

   (c) Deferred Tax Asset of Rs. 0.31 lacs (Rs. Nil) has arisen in respect of Company's another Subsidiary Hindustan Motor Finance Corporation Limited as on 31st March, 2009 as detailed below :

Deferred Tax Assets		
Expenses allowable against taxable income in future years	0.31	-

8. Total Derivative contracts in respect of cross currency forward covers of JPY 1680 lacs (JPY 5040 lacs). The Company has the following unhedged exposures in various foreign currencies as at the year end :

		Rupees in lacs	
Sr. No	**Particulars**	**March 31, 2009**	***March 31, 2008***
(i)	Trade Receivables	-	*9.37*
(ii)	Advances	376.51	*85.07*
(iii)	Acceptances, Sundry Creditors for expenses and Advances from Customers	1038.15	*657.94*
(iv)	Foreign Currency Loans	1170.23	-

9. Finance Lease agreement for assets valuing Rs. 45.11 Lacs has already expired. However these assets are yet to be transferred to the Company by the less or pending compliance of necessary formalities.

10. Consumption of Raw materials, stores and spare parts includes profit/loss on sale thereof.

11. The Suit filed for recovery of Rent from a Sub-tenant, is still pending in the Hon'ble Court. The Court by way of an interim order has directed for payment of rent in installments without prejudice to the rights and contentions of the parties to the Suit. But, the Sub-tenant has defaulted in payment as directed in the Court's Interim Order, against which the Company has moved the Hon'ble High Court, Kolkata.

12. In terms of a Development Agreement entered by the Company, the Company has duly transferred land measuring 62.80 acres (126.90 acres) at Hindmotor by handing over physical possession thereof against payment to the developer, and profit of Rs 5631.75 lacs (Rs.10320.10 lacs) thereon has been included under

the head "Other Income" in Schedule 16. The Company will transfer the last lot comprising 62.791 acres to the developer in the future period at predetermined rates.

The Company has given a non-compete undertaking to the developer for a period of five years from the date of agreement or three years from the date of the completion of the development of the property, whichever is earlier, for which it would receive non-compete fee @ 4% of the sale proceeds of the developed property as and when sold by the developer.

13. Managing Director's Remuneration :

	Rupees in lacs	
	2008-2009	***2007-2008***
Salary, Allowances etc.	55.24	*49.48*
Contribution to Provident and Other Funds	8.75	*7.78*
Others	10.56	*13.06*
	74.55	*70.32*
Directors' Fees	8.08	*7.38*
Total	**82.63**	***77.70***

14. **Earnings per Share (EPS)**

In terms of Accounting Standard 20, the calculation of EPS is given below :-

	2008-2009	***2007-2008***
Profit / (Loss) after taxation as per accounts (Rupees in lacs)	(3778.18)	*3806.27*
Weighted average No. of Equity Shares outstanding during the year	161171993	*161171993*
Nominal value of Shares (Rs.)	10	*10*
Basic and Diluted EPS (Rs.)	-2.34	*2.36*

15. The movement in Provisions for Warranties during the year is as follows:

Provisions	**As at March 31st, 2008**	**Additions**	**Amount utilised**	**Amount written back**	**As at March 31st, 2009**
Warranties	234.09	172.68	160.04	27.24	219.49
	(298.73)	*(204.10)*	*(168.51)*	*(100.23)*	*(234.09)*

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

		Rupees in lacs	
		2008-2009	***2007-2008***
(i)	Principal amount remaining unpaid to any supplier at the end of accounting year.	923.18	*1107.61*
(ii)	Interest due on above	45.60	*26.26*
	Total of (i) & (ii)	**968.78**	***1133.87***
(iii)	Amount of interest paid by the Company to the suppliers	26.21	*200.51*
(iv)	Amount paid to the suppliers beyond the respective due date	1976.63	*3547.39*
(v)	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	-	-
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year.	306.41	*202.81*
(vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	-	-

17. Disclosure under Accounting Standard- 15 (Revised) on 'Employee Benefits'

		Rupees in lacs	
		2008-2009	***2007-2008***
A	**Defined Contribution Plan**		
	Contribution to Provident Fund	469.25	*508.27*
	Contribution to Super Annuation Fund	50.61	*60.43*
B	**Defined Benefit Plan**		

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972. The aforesaid scheme is funded with an Insurance Company. The following tables summarise the components of net benefit expenses recognised in profit & loss account and the funded status and amount recognised in the balance sheet for the respective plan.

Sl	Particulars		
	Gratuity		
I	**Net Employee Expense / (benefit)**		
	1 Current Service Cost	96.88	*143.22*
	2 Interest cost on benefit obligation	146.34	*151.61*
	3 Expected Return on plan assets	(100.96)	*(86.98)*
	4 Net Actuarial gain/(loss) recognised in the year	301.44	*1054.91*
	5 Total employee expenses recognised in Profit & Loss Account	443.70	*1262.76*
II	**Actual return on plan assets**	113.33	*104.99*
III	**Benefit Asset / (Liability)**		
	1 Defined benefit obligation	1615.41	*2842.84*
	2 Fair Value of Plan Assets	1167.03	*1261.80*
	3 Benefit Asset/(Liability)	(448.38)	*(1,581.04)*
IV	**Movement in benefit liability**		
	1 Opening defined benefit obligation	2842.84	*2317.98*
	2 Interest cost	146.34	*151.61*
	3 Current Service Cost	96.88	*143.22*
	4 Benefits paid	(1,784.30)	*(845.47)*
	5 Actuarial (gains) / losses on obligation	313.65	*1075.50*
	6 Closing benefit obligation	1615.41	*2842.84*
V	**Movement in fair value of plan assets**		
	1 Opening fair value of plan assets	1261.80	*1086.88*
	2 Return on plan assets (actual)	113.33	*104.99*
	3 Contribution by employer	1576.05	*724.00*
	4 Benefits paid	(1,784.15)	*(654.07)*
	5 Closing fair value of plan assets	1167.03	*1261.80*
VI	**The Principal actuarial assumptions are as follows**		
	1 Discount Rate	7.50%	*8.00%*
	2 Salary increase	4.00%	*4.50%*
	3 Withdrawal Rate	Varying between 2% & 1% per annum depending upon duration and age of the employees.	
	4 Expected rate of return on Plan asset.	8.00%	*8.00%*

VII The major categories of Plan Assets as a percentage of fair value of the total plan assets.

Investment with Insurer	100%	*100%*

VIII Amounts for the current and previous year are as follows.

Rupees in lacs

		2008-2009	*2007-2008*	*2006-2007*
1	Defined benefit obligation	1615.41	*2842.84*	*2317.98*
2	Plan Assets	1167.03	*1261.80*	*1086.88*
3	Surplus / (Deficit)	(448.38)	*(1581.04)*	*(1231.10)*
4	Experience adjustments on Plan Assets	Not Applicable	*Not Applicable*	*Not Applicable*
5	Experience adjustments on Plan Liabilities.	Not Applicable	*Not Applicable*	*Not Applicable*

Note :

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

b) The information in respect of defined benefit obligation prior to 2006-07 is not available and hence not furnished.

c) The Company expects to contribute Rs.96 lacs to the Gratuity fund in 2009-2010.

18. **Related Party Disclosures :**

(a) Name of the related parties :

Associate Company	AVTEC Limited
Key Management Personnel	Mr. R. Santhanam, Managing Director

(b) Aggregated Related Party Disclosures as at and for the year ended March 31, 2009 are as follows. (Transactions have taken place on arm's length basis) *

Rupees in lacs

	Associate Company AVTEC Ltd.
Sales	540.98
	(647.77)
Purchase	5725.62
	(7987.81)
Interest (Net)	99.48
	(87.83)
Creditors & Other Payables	1695.48
	(1091.52)
Item pertaining to Previous year (Net)	-
	(0.37)
Investment	6909.96
	(6909.96)
Misc. Expenses	21.16
	(22.00)
Rent & Hire charges	11.82
	(12.06)
Selling Expenses, Service Charges, Claims etc.	-26.88
	(-26.16)
Dividend received	153.12
	(153.12)

* Excludes Rs. 74.55 lacs (Rs.70.32 lacs) being remuneration to the Managing Director as disclosed vide Note No. 13 above.

19. The Company's segment information as at and for the year ended March 31, 2009 are as below :-

Rupees in lacs

	Automobiles	Others	Total
(a) **Revenue** *			
External Net Sales	59493.61	127.69	59621.30
	(66396.85)	*(176.31)*	*(66573.16)*
Less : Inter Segment Sales	-	4.90	4.90
	(-)	*(-)*	0.00
Revenue	59493.61	122.79	59616.40
	(66396.85)	*(176.31)*	*(66573.16)*
(b) **Results**			
Segment Results	-2562.14	-133.09	-2695.23
	(6823.64)	*(-207.36)*	*(6616.28)*
Unallocated Expenses net of unallocated Income			-25.10
			(-50.87)
Profit before Interest & Taxation			-2720.33
			(6565.41)
Interest Expenses			1216.64
			(1987.56)
Current Tax			31.21
			(1784.70)
Mat Credit Entitlement			-
			(-113.99)
Fringe Benefit Tax			65.46
			(65.29)
Deferred Tax			-0.37
			(-0.05)
Excess Provision for Taxation Written Back			-430.54
			(-234.47)
Net Profit / Loss (-) after Tax before share of Profit/Loss of associate			**-3602.73**
			(3076.37)
Share of Profit / Loss (-) of associate			-175.45
			(729.90)
Net Profit / Loss (-)			**-3778.18**
			(3806.27)
(c) **Total Assets**			
Segment Assets	31277.90	13.16	31291.06
	(36661.86)	*(106.47)*	*(36768.33)*
Unallocated Corporate Assets			10210.11
			(10100.53)
			41501.17
			(46868.86)
(d) **Total Liabilities**			
Segment Liabilities	17816.58	42.44	17859.02
	(19822.74)	*(77.31)*	*(19900.05)*
Unallocated Corporate Liabilities (including Loans)			11702.45
			(11122.62)
			29561.47
			(31022.67)

(e) **Other Information**

	Capital Expenditure		Depreciation	
	2008-2009	***2007-2008***	**2008-2009**	***2007-2008***
Automobiles	1401.88	*1076.86*	2051.04	*2098.78*
Others	0.93	*0.43*	18.02	*19.52*
	1402.81	***1077.29***	**2069.06**	***2118.30***

(f) **Geographical Segments**

Revenue *	**2008-2009**	***2007-2008***
India	59289.89	*66301.75*
Overseas	326.51	*271.41*
	59616.40	***66573.16***

* Net of Excise Duty, Sales Tax and Value Added Tax.

Notes :

(i) Business Segment : The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified "Automobiles" as the operating segment :

Automobiles - Consists of manufacture and sale of Passenger Cars, Utility Vehicles and Components & Accessories thereof.

Others - Service Operations consisting of less than 10 % of the Revenue.

(ii) Geographical Segment : The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

(iii) Total carrying amount of segment assets by geographical location of assets, for the Company's overseas operations are below 10 % of the total assets of all segments, and hence not disclosed.

20. In certain cases, excise duty on items transferred from one division to another for captive use has been accounted for based on actual payments at provisional rates. Additional liability, if any, in this regard will be accounted for on determination of the final rates, but it will have no impact on the Company's profitability, since the same will be claimable as Cenvat benefit by the transferee unit.

21. Excise duty on stocks represents differential excise duty on opening and closing inventories.

22. a) The following items are included under other heads in the Profit & Loss Account.

	Rupees in lacs	
	2008-2009	***2007-2008***
EXPENSES		
Raw Materials and Components	9.87	*21.75*
Stores and Spares	58.81	*90.55*
Building Repairs	-	*0.50*
Machinery Repairs	64.19	*116.49*
Selling Expenses, Service Charges, Claims etc.	-	*0.39*

b) Salaries & Wages as well as Stores consumption relating to repairs have not been segregated but are charged to the relevant account heads.

23. Previous year's figures (including those which are in brackets) have been regrouped / rearranged wherever necessary.

Signatures to Schedules 1 to 23

As per our report of even date.

As Approved,
For and on behalf of the Board of Directors
C. K. Birla
Chairman

S.R.Batliboi & Company
Chartered Accountants

Per **Raj Agrawal**
a Partner
Membership No.82028
Camp : New Delhi
May 13, 2009

Yogesh Goenka
Chief Financial Officer & Company Secretary

R. Santhanam
Managing Director

ATTENDANCE SLIP

HINDUSTAN MOTORS LIMITED

Regd. Office : 'Birla Building', 9/1 R. N. Mukherjee Road, Kolkata-700 001

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional slip on request.

NAME AND ADDRESS OF THE SHAREHOLDER

_____

_____

_____

_____

Folio No.	
DP ID	
Client ID	
No. of Shares	

I hereby record my presence at the **67th Annual General Meeting** of the Company held on Friday, the 24th July, 2009 at 2.30 p.m. at Kolkata Ice Skating Rink, 78, Syed Amir Ali Avenue, Kolkata - 700 019.

SIGNATURE OF THE SHAREHOLDER OR PROXY*

*Strike out whichever is not applicable.

— — — — — — — — — — — — — — — [TEAR HERE] — — — — — — — — — — — — — — —

[TEAR HERE]

PROXY FORM

HINDUSTAN MOTORS LIMITED

Regd. Office : 'Birla Building', 9/1 R. N. Mukherjee Road, Kolkata-700 001

I/We .....

of .....

.....being member(s) of

Hindustan Motors Ltd., hereby appoint .....

of .....or failing him

.....of .....

as my/our proxy to attend and vote for me/us on my/our behalf at the 67th Annual General Meeting of the Company to be held on Friday, the 24th July, 2009 at 2.30 p.m. and / or at any adjournment thereof.

Signed this ..... day of ....., 2009

Folio No.	
DP ID	
Client ID	
No. of Shares	

Signature ..... Affix Re. 1/- Revenue Stamp .....

Note : 1. *The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.*

2. *A proxy need not be a member of the Company.*

Notes

Notes

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Hindustan
Motors
Limited

"Birla Building"
9/1, R.N. Mukherjee Road, Kolkata 700 001