

**ADITYA BIRLA**



**ANNUAL REPORT  
2015-2016**

**HGI INDUSTRIES LIMITED**



## MANAGEMENT TEAM

### DIRECTORS

Mr. Jyoti Prakash Kanoria  
Mr. Ravindra (Ravi) Kastia  
Mr. Arvind Kumar Newar  
Mr. Yashwant Kumar Daga  
Ms. Neha Agarwal

### REGISTERED OFFICE

Industry House  
18<sup>th</sup> Floor  
10, Camac Street  
Kolkata – 700017

### CHIEF EXECUTIVE OFFICER

Mr. Hukam Chand Daga

### AUDITORS

M/s. Salarpuria, Jajodia & Co.

### CHIEF FINANCIAL OFFICER

Mr. Kamal Kishor Agarwal

### SECRETARIAL AUDITOR

M/s. K. Arun & Co.

### COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Shubhradip Bose

### BANKERS

HDFC Bank Limited  
State Bank of India

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**SHAREHOLDER INFORMATION**

<b>1</b>	<b>Annual General Meeting</b>	
	Date and Time	Thursday, the September 29, 2016 11.00 A.M.
	Venue	'Industry House' 19 <sup>th</sup> Floor, 10, Camac Street Kolkata – 700 017 West Bengal, India
<b>2.</b>	<b>Financial Calendar</b>	April 2016 to March 2017
	Financial reporting for the quarter ending June 30, 2016	Second week of August, 2016
	Financial reporting for the quarter ending September 30, 2016	Second week of November, 2016
	Financial reporting for the quarter ending December 31, 2016	Second week of February, 2017
	Financial reporting for the quarter ending March 31, 2017	Second week of May, 2017
	Annual General Meeting for the year ended March 31, 2017	September, 2017
<b>3.</b>	<b>Dates of Book Closure</b>	23.09.2016 to 29.09.2016 (Both days inclusive)
<b>4.</b>	<b>Dividend Payment Date</b>	N.A.
<b>5.</b>	<b>Registered Office</b>	'Industry House' 18 <sup>th</sup> Floor, 10, Camac Street Kolkata – 700 017 West Bengal, India Tel : (033) 3987-6000 / 30 Fax : (033) 3051-6300 Email: hgiho@adityabirla.com Website : www.hgiil.com
<b>6.</b>	<b>Listing on Stock Exchange at</b>	Kolkata
<b>7.</b>	<b>Name of the Stock Exchange</b>	The Calcutta Stock Exchange Limited Stock Code: 10018159 <i>Note : Listing Fees has been paid to Calcutta Stock Exchange Ltd. as per their schedule</i>
<b>8.</b>	<b>Name of Depositories</b>	<p><b>1. National Securities Depository Ltd.</b> 4th Floor, Trade World, Kamala Mills Compound, Senapat Bapat Marg, Lower Parel, Mumbai – 400 013.</p> <p><b>2. Central Depository Services (India) Ltd.</b> Phiroze Jeejeebhoy Tower, 28th Floor, Dalal Street Mumbai – 400 023</p>

## SHAREHOLDER INFORMATION

9.	ISIN	INE 869B01018		
10.	Stock Price Data			
	The Calcutta Stock Exchange Limited	(in ₹)		
	F.Y. 2015-16	High	Low	Close
		-	-	-
	Since there has been no trading during the year under review, the monthly data are not available and hence not furnished.			
11.	Registrar and Transfer Agents (Physical and Demat both)	MCS Share Transfer Agent Limited 12/1/5, Manoharpukur Road Kolkata – 700 026 Ph : (033) 4072-4051/53 Fax : (033) 4072-4054 E-mail : mcsstal@rediffmail.com		
12.	Share Transfer System	Share Transfers in physical form are registered normally within 15 days from the date of receipt, provided that the documents are complete in all respects.  The total number of shares transferred in the physical form during the year was 94(Previous year 200). The transfers were completed within 15 days from the date of receipt.		

Transfer period (in days)	2015-16				2014-15			
	No. of transfers	No. of Shares	%	Cumulative Total	No. of transfers	No. of Shares	%	Cumulative Total
1 – 10	-	-	-	-	-	-	-	-
11 – 15	5	94	100	94	1	200	100	200
16 – 20	-	-	-	-	-	-	-	-
21 – 30	-	-	-	-	-	-	-	-
30 & above	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5</b>	<b>94</b>	<b>100</b>	<b>94</b>	<b>1</b>	<b>200</b>	<b>100</b>	<b>200</b>

Number of pending Share Transfers as on 31st March 2016 is Nil.

13. Investor Services: Complaints received during the year				
Nature of Complaints	2015-16		2014-15	
	Received	Cleared	Received	Cleared
1. Relating to Transfer, Transmission etc.	-	-	-	-
2. Dividends, Interest, Redemption etc.	-	-	-	-
3. Demat – Remat	-	-	-	-
4. Others	2	2	-	-

Legal proceedings on share transfer issues, if any: There are no legal proceedings relating to transfer of shares.

**SHAREHOLDER INFORMATION**

14. Distribution of Shareholding as on:								
No. of Equity Shares held	31 <sup>st</sup> March, 2016				31 <sup>st</sup> March, 2015			
	No. of Share holders	% of Share holders	No. of Shares held	% Share holding	No. of Share holders	% of Share holders	No. of Shares held	% Share holding
1 – 500	1283	83.16	202933	5.36	1285	83.33	203370	5.37
501 – 1000	119	7.71	90825	2.40	119	7.72	90688	2.39
1001 – 2000	73	4.73	102133	2.70	69	4.48	97389	2.57
2001 – 3000	17	1.10	43427	1.15	17	1.10	43427	1.15
3001 – 4000	10	0.65	34130	0.90	10	0.65	34130	0.90
4001 – 5000	4	0.26	18600	0.49	5	0.33	23344	0.62
5001 – 10000	12	0.78	76767	2.03	12	0.78	76767	2.03
10001 – 50000	11	0.71	223148	5.89	11	0.71	223148	5.89
50001 – 100000	7	0.45	500121	13.20	7	0.45	500121	13.20
100001 and Above	7	0.45	2495571	65.88	7	0.45	2495271	65.88
<b>Total</b>	<b>1543</b>	<b>100.00</b>	<b>3787655</b>	<b>100.00</b>	<b>1542</b>	<b>100.00</b>	<b>3787655</b>	<b>100.00</b>

**Category of Shareholding as on 31<sup>st</sup> March, 2016**

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Holding
Promoters	6	0.39	651730	17.21
Financial Institutions, Banks & Mutual Funds	12	0.78	1592739	42.05
NRI/OCB	3	0.20	5762	0.15
Private Body Corporate	64	4.15	930293	24.56
Individuals	1458	94.49	607131	16.03
<b>Total</b>	<b>1543</b>	<b>100.00</b>	<b>3787655</b>	<b>100.00</b>

## SHAREHOLDER INFORMATION

15.	<b>Dematerialization of Shares and Liquidity:</b>	Trading in Equity Shares of the Company is permitted only in the dematerialized form with effect from 25 <sup>th</sup> September 2000, as per notifications issued by SEBI.
16.	<b>Details on use of public funds obtained in the last three years:</b>	No funds have been raised from the public in last 3 years.
17.	<b>Outstanding GDR / Warrants and Convertible Bonds, Conversion date and likely impact on Equity:</b>	N.A.
18.	<b>Plant Locations:</b>	None
19.	<b>Investor Correspondence: Share Transfer / De-materialization or other queries relating to Shares of the Company w.e.f. 1st April, 2003</b>	MCS Share Transfer Agent Limited 12/1/5, Manoharpukur Road Kolkata – 700 026 Phone : (033) 4072-4051/53 Fax : (033) 4072-4054 E-Mail : mcsstal@rediffmail.com

### 20. Per Share Data:

₹ in Lacs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Net Earnings [PAT] (₹ in Lac)	(37)	11.63	15.61	7.00	6.49
Cash Earnings [PBDT] (₹ in Lac)	(37)	11.79	15.84	7.23	6.72
Dividend Per Share (₹)	Nil	Nil	Nil	Nil	Nil
Book Value per Share (₹)	Nil	Nil	Nil	Nil	Nil

### 21. Other useful information for Shareholders:

#### Change of Address

- Members are requested to notify immediately any change of address (with PIN CODE) to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company in respect of their physical share folios, if any, quoting reference of their folio number.
- In case mailing address mentioned in this Annual Report is without PIN CODE, members are requested to kindly inform their PIN CODE immediately to their DPs in respect of their electronic share accounts and to MCS Share Transfer Agent Ltd, in respect of their physical share folios, if any, quoting reference of their folio numbers.

#### Communication to the Company

Members are requested to make all correspondence in connection with the shares held by them by addressing letters directly to MCS Share Transfer Agent Ltd., 12/1/5, Manoharpukur Road, Kolkata – 700 026, quoting reference of their folio numbers and / or Client ID and DP ID number.

#### Share Transfer / Dematerialization

- Share transfer requests are acted upon in 15 days from the date of their receipt. In case no response is received from the Company within 20 days of lodgement of transfer request, the lodger may write to the Company with full details so that necessary action could be taken to safeguard interest of the concerned against any possible loss/interception during postal transit.
- Dematerialization requests duly complete in all respects are normally processed within 7 days from the date of their receipt at Registered Office.
- Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.

## BOARD'S REPORT

Dear SHAREHOLDERS,

The Board of Directors of HGI Industries Ltd. (the "Company") takes pleasure in presenting the 72<sup>nd</sup> Annual Report and Audited Financial Statements of your Company for the financial year ended 31<sup>st</sup> March, 2016.

### Financial Performance

The summarized financial highlights is given hereunder:

₹ in thousands

Particulars	2015-16	2014-15*
Total Income	1,444	2,276
Less: Expenditure	1,464	1,093
<b>Earning before Finance Cost, Tax &amp; Depreciation</b>	<b>(20)</b>	1,183
Less: Finance Cost	1	4
<b>Profit before Depreciation</b>	<b>(21)</b>	1,179
Less : Depreciation	16	16
<b>Profit before Taxation</b>	<b>(37)</b>	1,163
Less : Tax Expenses	-	-
<b>Profit after Taxation</b>	<b>(37)</b>	1,163
Balance as per last Financial Statements	(1,95,779)	(1,96,942)
<b>Net Deficit in the Statement of Profit &amp; Loss</b>	<b>(1,95,816)</b>	(195,779)

\*previous year figures have been regrouped/rearranged wherever necessary.

### Operations and Overall Performance

The total income of the Company during the financial year 2015-16 was ₹ 14.44 lakhs as against ₹ 22.76 lakhs in the previous year. The profit after tax is ₹ (0.37) lakhs as against ₹ 11.63 lakhs in the previous year.

### Future Prospects

Your Company is looking for suitable business opportunities for growth.

### Human Resources

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

### Dividend

In view of the accumulated losses, your Directors regret their inability to recommend any Dividend.

### Committees of Board

Pursuant to Section 177 of the Companies Act, 2013, the Audit Committee of the Board of Directors comprises of the following Members as detailed under:-

## BOARD'S REPORT

### a. Audit Committee

Sl. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravi Kastia	Member

During the year, the Audit Committee had reviewed the unaudited quarterly financial results and also recommended the financial statements for the financial year 2015-16, for approval of the Board. The Committee also review/approve all the matters which come with the terms of their reference in accordance of provisions of the Companies Act, 2013, from time to time. All the recommendations made by the Committee during the year were accepted by the Board.

### ● Vigil mechanism

Pursuant to the requirement of the Companies Act, 2013, the Company has established vigil mechanism/ Whistle Blower Policy which lists down the identifiable and non-negotiable set of actions / behavior applicable to all employees across the Company and procedure of reporting of violations/ potential violations. The details of such policy is also available at the website of the Company, viz., [www.hgiil.com](http://www.hgiil.com). During the year, no complaint was received/ reported.

### b. Nomination & Remuneration Committee

Pursuant to Section 178 of the Companies Act, 2013, (Act) the Nomination & Remuneration Committee of the Board of Directors comprises of the following Members detailed as under:-

Sl. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravi Kastia	Member

The role of the committee is to formulate the criteria for determining qualifications, positive attributes and independence of a director, remuneration for the directors, key managerial personnel ('KMP') and senior management as defined under the Act (one level below the KMP) in accordance with the policy.

### c. Stakeholders Relationship Committee

Pursuant to Section 178 of the Companies Act, 2013, the Stakeholders Relationship Committee of the Board of Directors comprises of the following Members detailed as under:-

Sl. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravi Kastia	Member

## BOARD'S REPORT

The role of Stakeholders Relationship Committee is to resolve the grievances of shareholders of the Company.

### Details of Board & Committee meetings

The details of Board and Committee Meetings held during the year are as below;

Sl. No.	Nature of Meeting	Date of Meeting(s)			
		Q1	Q2	Q3	Q4
1.	Board Meeting	25 <sup>th</sup> May, 2015	11 <sup>th</sup> August, 2015	5 <sup>th</sup> November, 2015	9 <sup>th</sup> February, 2016
2.	Audit Committee Meeting	25 <sup>th</sup> May, 2015	11 <sup>th</sup> August, 2015	5 <sup>th</sup> November, 2015	9 <sup>th</sup> February, 2016
3.	Stakeholder Relationship Committee Meeting	25 <sup>th</sup> May, 2015	11 <sup>th</sup> August, 2015	5 <sup>th</sup> November, 2015	9 <sup>th</sup> February, 2016
4.	Nomination & Remuneration Committee Meeting	25 <sup>th</sup> May, 2015	–	–	9 <sup>th</sup> February, 2016

The number of Meetings of the Board and Committees held during the financial year indicating the number of Meetings attended by each Director are as below:

Board /Committees	Board	Audit Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee
Meetings held	4	4	2	4
Directors' Attendance				
Mr. Jyoti Prakash Kanoria	4	4	2	4
Mr. Yashwant Kumar Daga	1	1	1	1
Mr. Arvind Kumar Newar	4	4	2	4
Mr. Ravi Kastia	3	3	2	3
Mrs. Neha Agrawal	4	N.A	N.A	N.A

\*N.A means not a member

### Policy on Prevention of Insider Trading

Your Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in equity shares of the Company by the Director and designated employee of the Company. The said Code of Conduct is available on the website of the Company at [www.hgiil.com](http://www.hgiil.com).

### Directors & Key Managerial Personnel

In accordance with the provisions of the Companies Act, 2013, Mr. Arvind Kumar Newar, Director, retires from office by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

The Directors of your Company recommend his re-appointment at the ensuing Annual General Meeting.

During the year, Mr. Kamal Kishor Agarwal has been appointed as a Chief Financial Officer within the meaning of Section 2(19) of the Companies Act, 2013 w.e.f, 9<sup>th</sup> February, 2016. Further, Mr. Shubhradip Bose has resigned from the position of "Chief Financial Officer" w.e.f, 9<sup>th</sup> February, 2016, however he continues to be the Company Secretary of the Company.

## BOARD'S REPORT

### **Directors' Responsibility Statement**

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2016 and states that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments 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 and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Statutory Auditors, their Report and Notes to Financial Statements**

In the Annual General Meeting (AGM) held on 25<sup>th</sup> September, 2014, M/s. Salarpuria, Jajodia & Co, Chartered Accountants have been appointed as a Statutory Auditors of the Company for a period of 5 years. Your Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 139(1) of the Companies Act, 2013, (the Act) and that they are not disqualified for reappointment within the meaning of section 141 of the said Act. As recommended by the Audit Committee, the Board proposes the ratification of their appointment for the FY 2016-17. Ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

Further, the report of the Statutory Auditors alongwith notes to Financial Statement are enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

### **Secretarial Audit**

In terms of Section 204 of the Act and Rules made thereunder, M/s. K. Arun & Co., Practicing Company Secretaries have been appointed as a Secretarial Auditors of the Company. The report of the Secretarial Auditors is self-explanatory and do not call for any further comments and is annexed to this report as Annexure – 1.

### **Related Party Transactions**

During the year the Company had not entered into any transactions as enumerated in Section 188 of the Companies Act, 2013 (the 'Act') and Rules made thereunder with its related party as defined in Section 2(76) of the Act.

### **Risk Management Policy**

Your Directors periodically reviewed and identified the element of risk, if any, which may threaten the existence of the Company. As the Company has no business for operation, hence no operational risk exists. Further, during the year no such risk exists which may threaten the existence of the Company.

## BOARD'S REPORT

### Loans/ Guarantees or Investment

During the year, the Company has not given any loan or provided any guarantee or made any investment in any body corporate.

### Declaration by Independent Directors

Mr. Jyoti Prakash Kanoria, Mr. Yashwant Kumar Daga, Mr. Ravi Kastia and Mrs. Neha Agrawal are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in Section 149 of the Act and the Rules made thereunder about their status as Independent Directors of the Company.

### Company's Policy on Appointment and Remuneration

The Company has adopted the charter of "Nomination & Remuneration Committee" (Committee). The prime responsibility of the Committee is to identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance. The Committee has also formulated a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

### Internal Financial Controls

During the year the Company had adequate Internal Financial Controls over financial reporting commensurate with the size and nature of its business and the same was operating effectively.

### Annual Evaluation of the Board of Directors

The Board had earlier adopted an evaluation framework on the recommendation of the Nomination & Remuneration Committee for evaluating its own performance and as well as that of its Committees and Individual Directors. Such performance evaluation process was formulated in consultation with the Nomination & Remuneration Committee and approved by your Board. The performance evaluation, thus, included the followings:

- i. Board Assessment;*
- ii. Assessment of each of the Committees constituted by the Board;*
- iii. Self-assessment by each Director;*
- iv. Peer Assessment by each Director.*

Your Directors were circulated performance evaluation sheets with various parameters on a rating scale and to communicate the same to the Board of Directors and to the respective Committees of the Board in confidential envelopes. The outcome of such performance evaluation was discussed and based on the above evaluation, it was decided to continue the terms of the appointed Independent Directors and also to seek approval of the shareholders at the forthcoming Annual General Meeting to the proposals of appointment/ reappointment of the Directors concerned.

### Variation in Market Capitalization

Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with last public offer is not ascertainable as since 2004 no shares were traded at the Calcutta Stock Exchange.

### Public Deposits

Your Company has not accepted any deposits from public in terms of Section 73 and/or 74 of the Companies Act, 2013 during the year under review.

## BOARD'S REPORT

### Significant and Material Orders Passed by the Regulators

During the year, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

### Particulars of Employees

There was no employee seeking remuneration in excess of the limit as prescribed under the Companies (Appointment & Remuneration of Managerial Personnel) Amendment Rules, 2016.

### Remuneration of Key Managerial Personnel (KMP)

Name of the KMP	Designation	Remuneration on fiscal 2016 (in ₹)	Remuneration on fiscal 2015 (in ₹)	% increase of remuneration in 2016 as compared to 2015
Kamal Kishor Agarwal*	Chief Financial Officer	1,20,000 p.a	NA	NA
Shubhradip Bose	Company Secretary & Compliance Officer	5,19,301 p.a	4,00,000	29.82

\* Appointed w.e.f 9<sup>th</sup> February, 2016

Your Company aims to provide competitive remuneration opportunities to the executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. Further, the Company believes that targeted total remuneration should reflect the typical cost of compliance executive plan available in the sector.

It is hereby affirmed that the remuneration paid to KMP, during the Financial Year ended 31<sup>st</sup> March, 2016 were as per the Nomination & Remuneration Policy of the Company

The Median Remuneration of Employees (MRE) cannot be computed as there were only two employees on the rolls of the Company during the financial year 2015-16 and there was no remuneration paid to any Directors except sitting fees for attending Board and Committee meetings.

### Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is annexed as Annexure 2.

### Corporate Governance

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders.

We, at HGI Industries Limited, are committed to the adoption of best governance practices and its adherence in true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic growth process. Our Governance philosophy rests on five basic tenets, viz.,

- Board's accountability to the Company and shareholders,
- Equitable treatment to all shareholders,
- Strategic guidance and effective monitoring by the Board,
- Protection of minority interests and rights, and
- Transparency and timely disclosure.

## **BOARD'S REPORT**

As the requirement under Regulation 34 of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015, disclosures pertaining to attaching "Report on Corporate Governance" as an addition to Boards' Report is not applicable on the Company, hence, the same is not annexed hereto.

### **Corporate Social Responsibility**

The requirement as per Section 135 of the Companies Act, read with relevant Rules, disclosures to include an annual report on CSR activities containing the particulars specified in the Rules are not attached hereto as this is not applicable on the Company.

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

The particulars as required under the provisions of Section 134 (3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

Further during the year under review, there was no foreign exchange earnings and outgo..

### **Acknowledgement**

Your Directors placed on record their appreciation for employees, who have contributed to the growth and performance of your Company.

Your Directors also thank the clients, vendors, bankers, shareholders and advisers of the Company for their continued support.

Your Directors also thank the Central and State Governments, and other statutory authorities for their continued support.

For and on behalf of the Board

Place : Kolkata  
Date : 27<sup>th</sup> May, 2016

Jyoti Prakash Kanoria	Yashwant Kumar Daga
<i>Director</i>	<i>Director</i>
00225761	00040632

**BOARD'S REPORT**

**Annexure 1**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> Day of March, 2016**

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

To,  
The Members,  
**HGI Industries Limited**  
CIN: L40200WB1944PLC011754

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HGI Industries Limited (hereinafter called "the Company"). The Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

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

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. The following Regulations (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- V. We in consultation with the Company came to a conclusion that no specific laws were directly applicable with regard to business activities of the Company during the period under review.

We have also examined the compliance by the company of the following statutory provisions/standards/regulations:

## BOARD'S REPORT

- a. The Listing Agreements entered into by the Company, with The Calcutta Stock Exchange Limited (as applicable till 30<sup>th</sup> of November, 2015);
- b. The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable w.e.f. 01.12.2015).
- c. The Secretarial Standards (SS - 1 and SS – 2) issued by the Institute of Company Secretaries of India.

### **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and Listing Agreements and/or SEBI (LODR) Regulations, 2015.

Adequate Notice is given to all Directors to schedule the Board Meetings. Agenda and detailed Notes on Agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as also represented by the management.

**We further report that** during the audit period the Company has not undertaken any such transactions which have a major effect on the affairs of the company.

Place : Kolkata  
Date : 23.05.2016

For K. Arun & Co  
Company Secretaries  
Arun Kr. Khandelia  
*Partner*  
C.P. No.: 2270

**BOARD'S REPORT****Annexure 2****Form No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31<sup>st</sup> March, 2016****of****HGI Industries Limited**

**[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L40200WB1944PLC011754
Registration Date	14/06/1944
Name of the Company	<b>HGI Industries Limited</b>
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered Office and contact details	Industry House, 18 <sup>th</sup> Floor, 10, Camac Street, Kolkata – 700 017. Contact Details:-shubhradip.bose@adityabirla.com
Whether listed company	Yes
Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	MCS Share Transfer Agent Limited 12/1/5, Manoharpukur Road, Kolkata – 700 026

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the company
NA			

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sl.No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
NA					

**BOARD'S REPORT**

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual/HUF	146104	0	146104	3.8574	146104	0	146104	3.8574	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	505626	0	505626	13.3493	505626	0	505626	13.3493	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	<b>651730</b>	<b>0</b>	<b>651730</b>	<b>17.2067</b>	<b>651730</b>	<b>0</b>	<b>651730</b>	<b>17.2067</b>	<b>0</b>
<b>(2) Foreign</b>									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other – Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>651730</b>	<b>0</b>	<b>651730</b>	<b>17.2067</b>	<b>651730</b>	<b>0</b>	<b>651730</b>	<b>17.2067</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds	216269	0	216269	5.7098	216269	0	216269	5.7098	0
(b) Banks / FI	24	979	1003	0.0265	24	979	1003	0.0265	0
(c) Central Govt	0	0	0	0	0	0	0	0	0
(d) State Govt(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	1375467	0	1375467	36.3145	1375467	0	1375467	36.3145	0
(g) FIs	0	0	0	0	0	0	0	0	0
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>1591760</b>	<b>979</b>	<b>1592739</b>	<b>42.0508</b>	<b>1591760</b>	<b>979</b>	<b>1592739</b>	<b>42.0508</b>	<b>0</b>
<b>2. Non-Institutions</b>									
(a) Bodies Corp.									
(i) Indian	417786	512507	930293	24.5612	417786	512507	930293	24.5612	0
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	255476	250241	505717	13.3517	252638	253317	505955	13.3517	0
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	98784	0	98784	2.6081	98784	0	98784	2.6081	0

## BOARD'S REPORT

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c) Others (specify)									
i) Trust & Foundations	2630	0	2630	0.0694	2392	0	2392	0.632	0
ii) Non-Resident Individuals	5650	112	5762	0.1521	5650	112	5762	0.1521	0
<b>Sub-total (B)(2):-</b>	<b>780326</b>	<b>762860</b>	<b>1543186</b>	<b>40.7425</b>	<b>743951</b>	<b>765936</b>	<b>1509887</b>	<b>40.7425</b>	<b>0</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	780326	762860	3135925	40.7425	2369010	766915	3135925	40.7425	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>3023816</b>	<b>763839</b>	<b>3787655</b>	<b>100</b>	<b>3020740</b>	<b>766915</b>	<b>3787655</b>	<b>100</b>	<b>0</b>

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of theyear			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total	
1.	TGS Investment & Trade Private Limited	422322	11.15	0	422322	11.15	0	NIL
2.	Umang Commercial Company Pvt. Limited	83304	2.1994	0	83304	2.1994	0	NIL
3.	Kumar Mangalam Birla	69000	1.8217	0	69000	1.8217	0	NIL
4.	Rajashree Birla	63604	1.6792	0	63604	1.6792	0	NIL
5.	Neerja Birla	13500	.3564	0	13500	.3564	0	NIL

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

During the year, there was no changes took place in the Promoters' Shareholding.

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

**BOARD'S REPORT**

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (contd.)**

**(i) Category-wise shareholding**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year</b>				
1	Life Insurance Corporation of India	957896	25.28	957896	25.28
2	Kesoram Industries Limited	496100	13.09	496100	13.09
3	Administrator of the specified undertaking of the Unit Trust of India	216269	5.70	216269	5.70
4	General Insurance Corporation of India	147331	3.88	147331	3.88
5	National Insurance Company Limited	128026	3.38	128026	3.38
6	Bharat Arogya and Gyan Mandir	1,27,627	3.36	1,27,627	3.36
7	Parvati Tea Company Pvt. Ltd.	86,200	2.27	86,200	2.27
8	The Oriental Insurance Company Limited	85,279	2.25	85,279	2.25
9	Padmavati Investment Ltd.	68,299	1.80	68,299	1.80
10	United India Insurance Company Ltd.	56,935	1.50	56,935	1.50
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the End of the year</b> (or on the date of separation, if Separated during the year.	No Change	No Change	No Change	No Change

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

Sl. No.	For Each of the Directors and Key Management Personal	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year</b>				
1.	Shri Jyoti Prakash Kanoria	720	0.01	720	0.01
2.	Shri Arvind Kumar Newar	500	0.013	500	0.013
3.	Shri Yashwant Kumar Daga	6,100	0.16	6,100	0.16
4.	Shri Ravindra Kastia	100	0.002	100	0.002
5.	Shri Hukam Chand Daga	200	0.005	200	0.005
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the year</b>	No Change	No Change	No Change	No Change

## BOARD'S REPORT

### V. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
• Addition				
• Reduction				
<b>Net Change</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Indebtedness at the end of the financial year</b>	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

### VI. Remuneration of Directors and Key Managerial Personnel

#### A. Remuneration to Director:

The Directors of the Company are not paid any remuneration or Commissions. Further, a sum of ₹ 2,000/- is paid to all Directors for attending every Board and Committee Meetings.

#### B. Remuneration to Key Managerial Personnel other than Director

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Chief Financial Officer (Amount in ₹)	Company Secretary (Amount in ₹)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	17,000	519,301
2	Stock Option	—	—
3	Sweat Equity	—	—
4	Commission - as % of profit - others, specify...	—	—
5	Others, please specify		
	<b>Total</b>	<b>17,000</b>	<b>5,19,301</b>

### VII. Penalties / Punishment/ Compounding of offences:

There were no penalties/ punishment has been imposed by any regulatory authority for the Financial Year ended 31<sup>st</sup> March, 2016.

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF HGI INDUSTRIES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **HGI INDUSTRIES LIMITED** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its Loss and its cash flows for the year ended on that date.

#### Emphasis of Matters

We draw attention to the Note 4 of the financial statements indicating that the Company has accumulated losses more than 50% of its Net Worth and other matters set forth in Note 20. As per management, they are exploring various business opportunities so the financial statements of the Company have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section(11) of section 143 of the Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

## INDEPENDENT AUDITORS' REPORT

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 18 to the financial statements;
- ii) The Company did not have any long-term contracts including derivative contracts as at 31<sup>st</sup> March, 2016;
- iii) There was no amount which was required to be transferred to the Investor Education and Protection Fund by the Company;

**For Salarpuria Jajodia & Co.  
Chartered Accountants  
Firm ICAI Reg. No. 302111E**

Anand Prakash

*a Partner*

*Membership No.056485*

Place: Kolkata

Date: 27<sup>th</sup> May, 2016

**ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

(Referred to Paragraph 1 of Report on Other Legal and Regulatory Requirements of our Report of even date)

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals in a phased verification programme which, in our opinion, is reasonable, looking at the size of the Company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- ii. Since there is no inventory so clause (ii) of the said order is not applicable.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Companies Act, 2013. Hence, sub-clauses (a), (b) and (c) of clause (iii) of the said order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanations given to us, there is no such deposits, taken by the Company, for which directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are required.
- vi. According to the information and explanations given to us, maintenance of cost records under sub section 148(i) of Companies Act, 2013 is not required.
- vii. (a) According to the records of the Company and as per the information and explanations given to us, it has been regular in depositing undisputed statutory dues like Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and Other Statutory Dues with the appropriate authorities and there were no outstanding statutory dues as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the details of disputed statutory dues, against which ₹ 3 Lacs has been deposited, is given below:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Related Year	Forum (where it is pending)
Maharashtra Sales Tax	Sales Tax	6.37	1990-1991	Deputy Commissioner of Sales Tax

- viii. On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks, and government or debenture holders.
- ix. The Company has not raised any money by way of initial public offer or further public offer or term loan during the year. Hence, clause (ix) of the said order is not applicable.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by Officer or Employees has been noticed or reported during the course of our audit.
- xi. Managerial remuneration has not been paid by the company during the year. Hence clause (xi) of the said order is not applicable.
- xii. The Company is not a Nidhi Company as specified in the Nidhi Rules, 2014. Hence, clause (xii) of the said order is not applicable.
- xiii. The company has not entered into any transaction with its related party during the year. Hence, clause (xiii) of the said order is not applicable.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly Convertible debentures during the year. Hence, clause (xiv) of the said order is not applicable.
- xv. To the best of our knowledge and belief and as per the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with him so clause (xv) of the said order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Salarpuria Jajodia & Co.**  
**Chartered Accountants**  
**Firm ICAI Reg. No. 302111E**  
**Anand Prakash**

Place: Kolkata  
 Date: 27<sup>th</sup> May, 2016

*a Partner*  
 Membership No. 056485

## ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).**

We have audited the internal financial controls over financial reporting of **HGI Industries Limited** (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Salarpuria Jajodia & Co.**  
**Chartered Accountants**  
**Firm ICAI Reg. No. 302111E**  
**Anand Prakash**

Place: Kolkata  
Date: 27<sup>th</sup> May, 2016

*a Partner*  
*Membership No. 056485*

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

(₹ in Thousands)

	Notes	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	37,877	37,877
(b) Reserves & Surplus	4	(30,935)	(30,898)
		<u>6,942</u>	<u>6,979</u>
<b>2. Non Current Liabilities</b>			
Long Term Provisions	7	<u>7</u>	<u>1</u>
		<u>7</u>	<u>1</u>
<b>3. Current Liabilities</b>			
(a) Trade Payables	5	396	386
(b) Other Current Liabilities	6	1,103	1,093
		<u>1,499</u>	<u>1,479</u>
	<b>TOTAL</b>	<u><u>8,448</u></u>	<u><u>8,459</u></u>
<b>II. ASSETS</b>			
<b>1. Non Current Assets</b>			
(a) Fixed Assets			
Tangible Assets	8	649	665
(b) Non Current Investments	9	95	95
(c) Long Term Loans & Advances	10	477	1,304
		<u>1,221</u>	<u>2,064</u>
<b>2. Current Assets</b>			
(a) Cash and Bank balances	12	6,676	5,519
(b) Short Term Loans & Advances	10	307	646
(c) Other Current Assets	11	244	230
		<u>7,227</u>	<u>6,395</u>
	<b>TOTAL</b>	<u><u>8,448</u></u>	<u><u>8,459</u></u>

**Significant Accounting Policies** 2

**The accompanying notes are an integral part of the Financial Statements**

As per our report of even date  
For Salarpuria Jajodia & Co.  
Firm Registration Number: 302111E  
*Chartered Accountants*

Anand Prakash  
*a Partner*  
Membership No.056485  
Dated: 27<sup>th</sup> May, 2016

Jyoti Prakash Kanoria  
*Director*  
DIN:00225761

Kamal Kishor Agarwal  
*CFO*

Yashwant Kumar Daga  
*Director*  
DIN:00040632

Shubhradip Bose  
*Company Secretary*

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

		(₹ in Thousands)	
	Notes	2015-16	2014-15
I	Revenue from Operations	–	–
II	Other Income	1,444	2,276
III	Total Revenue (I+II)	<u>1,444</u>	<u>2,276</u>
<b>IV EXPENSES</b>			
	Employee Benefit Expenses	568	362
	Other Expenses	896	731
	Depreciation & Amortisation Expenses	16	16
	Finance Cost	1	4
	<b>Total Expenses</b>	<u>1,481</u>	<u>1,113</u>
V	<b>Profit / (Loss) Before Tax (III-IV)</b>	<b>(37)</b>	1,163
VI	Tax Expense	–	–
VII	<b>Profit / (Loss) for the year (V-VI)</b>	<u><b>(37)</b></u>	<u>1,163</u>
Earning per Equity Share (nominal value of Share ₹ 10/-each)			
–	Basic and diluted (in ₹ )	<b>(0.01)</b>	0.31
	<b>Significant Accounting Policies</b>	2	

**The accompanying notes are an integral part of the Financial Statements**

As per our report of even date  
For Salarpuria Jajodia & Co.  
Firm Registration Number: 302111E  
*Chartered Accountants*

Anand Prakash  
*a Partner*  
Membership No.056485  
Dated: 27<sup>th</sup> May, 2016

Jyoti Prakash Kanoria  
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Shubhradip Bose  
*Company Secretary*

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	(₹ in Thousands)	
	2015-16	2014-15
<b>(A) Cash Flow from Operating Activities:</b>		
Profit before tax	(37)	1,163
Add: Adjustments for :		
Depreciation	16	16
Loss on sale of Fixed Assets sold/discarded	-	5
Profit on sale of Investment	-	(32)
Dividend Income	-	(17)
Finance Cost	1	4
Interest Income	(520)	(393)
	<u>(503)</u>	<u>(417)</u>
Operating Profit before Working Capital changes	(540)	746
Increase/(Decrease) in Trade Payables	10	100
Increase/(Decrease) in Other Current Liabilities	10	(31)
Increase/(Decrease) in Provisions	6	1
Decrease/(Increase) in Loans & Advances	984	-
Decrease/(Increase) in Other Assets	20	(90)
	<u>1,030</u>	<u>(20)</u>
Cash Generation from / (Used in) operations	490	726
Direct Tax ( Payments)/ Refunds	183	192
<b>Net Cash From / (Used in) Operating Activities</b>	<u>673</u>	<u>918</u>
<b>(B) Cash Flow from Investing Activities:</b>		
Purchase of Investments	-	(7,750)
Sale/Redemption of Investments	-	7,802
Interest received	485	373
Dividend received	-	17
Fixed Deposits Matured	827	664
Fixed Deposits made during the year	(2,118)	(3,864)
<b>Net Cash From / (Used in) Investing Activities</b>	<u>(806)</u>	<u>(2,758)</u>
<b>(C) Cash Flow from Financing Activities:</b>		
Other Borrowing Costs	(1)	(4)
<b>Net Cash From / (Used in) in Financing Activities</b>	<u>(1)</u>	<u>(4)</u>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<u>(134)</u>	<u>(1,844)</u>
<b>*Cash and Cash equivalents as at 1<sup>st</sup> April, 2015</b>	<u>253</u>	<u>2,097</u>
<b>*Cash and Cash equivalents as at 31<sup>st</sup> March, 2016</b>	<u>119</u>	<u>253</u>

\* Represents cash and bank balances as indicated in Note 12 and excludes ₹ 6,557 thousands (₹ 5,266 thousands) being Fixed deposits.

**Significant Accounting Policies**

2

As per our report of even date

For Salarpuria Jajodia & Co.

Firm Registration Number: 302111E

Chartered Accountants

Jyoti Prakash Kanoria

Director

DIN:00225761

Yashwant Kumar Daga

Director

DIN:00040632

Anand Prakash

a Partner

Membership No.056485

Dated: 27<sup>th</sup> May, 2016

Kamal Kishor Agarwal

CFO

Shubhradip Bose

Company Secretary

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**1. Basis of Preparation**

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**2. Summary of Significant Accounting Policies**

**i) Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustments to the carrying amount of assets and liabilities in future periods.

**ii) Revenue Recognition**

Revenue, if any, from sale of goods will be recognized upon passage of title to the customers which would generally coincide with delivery thereof. Claims, due to uncertainty in realization, are accounted for on acceptance/cash basis. Dividend income on investments is accounted for when the right to receive the payment is established. Interest income, if any, will be recognized on a time proportion basis taking into account the amount outstanding and rate applicable. Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between sale price, carrying value of Investment and other incidental expenses. Rental Income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

**iii) Operating Leases**

Company as Lessee

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

Company as Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

**iv) Retirement Benefits and other employee benefits**

a) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when an employee renders the related service. There are no obligations other than the contributions payable to the respective trusts / funds.

b) Short term compensated absences are provided for based on estimates.

**v) Borrowing Costs**

Borrowing Costs relating to acquisition/construction of qualifying assets are capitalized 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**vi) Taxation**

Provision for current Income Tax is made on the taxable income using the applicable tax rules and tax laws. Deferred Tax, if any, arising on account of timing difference and which are capable of reversal in one or more subsequent period is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets, if any, subject to consideration of prudence are recognized and carried forward 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 realized.

**vii) Earnings Per Share**

Basic 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 year.

For the purpose of calculating Diluted Earnings Per Share, the net Profit or Loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**viii) Tangible Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation/amortisation and impairment, if any. Cost comprises of the purchase price inclusive of duties (net of CENVAT/VAT), taxes, incidental expenses, erection/commissioning expenses and interest, etc. upto the date, the asset is ready for its intended use.

**ix) Impairment of Assets**

- a) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- b) After impairment, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

**x) Depreciation on Tangible Fixed Assets**

- a) Depreciation on Fixed Assets is provided on straight line method and manner specified in Schedule II of the Companies Act, 2013.

The Company has used the following useful lives to provide depreciation on its fixed assets.

<b>Class of Asset</b>	<b>Useful Lives (years)</b>
Building	60
Computers	3 to 6
Office Equipment	5

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

**xi) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current Investments are stated at lower of cost and market rate on individual investment basis. Long Term Investments are considered at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments

**xii) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

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 estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

**xiii) Cash and 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.

**xiv) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**xv) Prior Period and Extra Ordinary Items**

Prior period and extra ordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	As at 31 <sup>st</sup> March, 2016		(₹ in Thousands) As at 31 <sup>st</sup> March, 2015	
<b>3. SHARE CAPITAL</b>				
<b>Authorised</b>				
95,00,000 (95,00,000) Equity Shares of ₹ 10 each	95,000		95,000	
50,000 (50,000) Preference Shares of ₹ 100 each	<u>5,000</u>	<u>100,000</u>	<u>5,000</u>	<u>100,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>				
37,87,655 (37,87,655) Equity Shares of ₹ 10 each fully paid up		<u>37,877</u>		<u>37,877</u>

**a. Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period**

**Equity Share**

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number	₹ In Thousands	Number	₹ In Thousands
At the beginning of the year	3,787,655	37,877	3,787,655	37,877
Issued during the year	—	—	—	—
<b>Outstanding at the end of the year</b>	<u>3,787,655</u>	<u>37,877</u>	<u>3,787,655</u>	<u>37,877</u>

**b. Terms/rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

**c. Details of shareholders holding more than 5% shares in the Company**

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
Equity Share of ₹ 10 each fully paid				
Life Insurance Corporation of India	957,896	25.29	957,896	25.29
Kesoram Industries Limited.	496,100	13.10	496,100	13.10
TGS Investment & Trade Private Limited.	422,322	11.15	422,322	11.15
Administrator of The Specified Undertaking of the Unit Trust of India	216,269	5.71	215,969	5.70

As per records of the Company, the above shareholding represents legal ownership of shares.





NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	(₹ in Thousands)			
	Non-Current		Current	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>10. LOANS &amp; ADVANCES</b>				
<b>(Unsecured, Considered Good except stated otherwise)</b>				
Trade and other Deposits	33	33	-	-
	<u>33</u>	<u>33</u>	<u>-</u>	<u>-</u>
<b>Advances (Recoverable in cash or in kind or for value to be received or pending adjustments)</b>	<b>78</b>	<b>905</b>	<b>31</b>	<b>186</b>
78 905	<u>31</u>	<u>186</u>	<u>-</u>	<u>-</u>
<b>Other Loans &amp; Advances</b>				
Income Tax Deducted at Source	-	-	272	455
[net of Provisions of ₹ Nil (31 <sup>st</sup> March, 2015: ₹ 84 thousands)]				
Prepaid Expenses	-	-	4	5
Deposits against demands under dispute	366	366	-	-
	<u>366</u>	<u>366</u>	<u>276</u>	<u>460</u>
	<u>477</u>	<u>1,304</u>	<u>307</u>	<u>646</u>
<b>11. OTHER ASSETS</b>				
<b>Unsecured, considered good unless stated otherwise</b>				
Non-Current bank balances	-	-	-	-
Others	-	-	69	90
<b>Others</b>				
Interest accrued on fixed deposits	-	-	175	140
	<u>-</u>	<u>-</u>	<u>244</u>	<u>230</u>
<b>12. CASH AND BANK BALANCES</b>				
<b>Cash and Cash Equivalents</b>				
<b>Balances with Banks</b>				
On Current Account	-	-	104	253
Cash-on-hand	-	-	-	-
Cheques-on-hand	-	-	15	-
	<u>-</u>	<u>-</u>	<u>119</u>	<u>253</u>
<b>Other Bank Balances</b>				
Deposits with maturity for less than 3 months	-	-	1,921 *	1,714 *
Deposits with maturity for more than 3 months but less than 12 months	-	-	4,636	3,552
	<u>-</u>	<u>-</u>	<u>6,557</u>	<u>5,266</u>
Amount Disclosed under non-current assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>6,676</u>	<u>5,519</u>

\* Fixed Deposits of ₹ 1,723 thousands (₹ 1,589 thousands) includes ₹ 838 thousands (₹ 838 thousands) pledged against Guarantees issued by banks.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	(₹ in Thousands)	
	2015-16	2014-15
<b>13. OTHER INCOME</b>		
Rent	924	924
Dividend on Investments	–	17
Interest income on :		
Fixed Deposits	503	372
Tax Refunds	17	21
Recovery of debts written off in earlier years	–	900
Profit on sale of Current investments	–	42
	<u>1,444</u>	<u>2,276</u>
<b>14. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages & Bonus	513	293
Contribution to Provident & other Funds (Including Administrative Charges)	22	17
Employees' Welfare Expenses	33	52
	<u>568</u>	<u>362</u>
<b>15. OTHER EXPENSES</b>		
Rates & Taxes	14	177
Subscription	68	48
Travelling & Conveyance	273	83
Telephone, Postage & Stamp	32	28
Printing & Stationery	66	43
Software Expenses	9	9
Payment to Auditors (Refer details below)	117	112
Legal & Professional Charges	152	69
Loss on Fixed Assets sold / written off (Net)	–	5
Loss on sale of Long Term Investments	–	10
Directors' Sitting Fees	107	95
Miscellaneous Expenses	58	52
	<u>896</u>	<u>731</u>
<b>Payment to Auditors:</b>		
<b>As Auditor:</b>		
- Audit Fees (Including Service tax)	117	112
<b>In Other Capacity:</b>		
- For Certificates and other Services	–	–
	<u>117</u>	<u>112</u>
<b>16. FINANCE COST</b>		
Bank Charges	1	4
	<u>1</u>	<u>4</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**17. EARNINGS PER SHARE (EPS)**

The following reflects profit & share data used in the Basic and Diluted EPS computation.

Profit After Tax	₹ in Thousands	(37)	1,163
Weighted Average number of Equity Shares	Nos.	3,787,655	3,787,655
Nominal value of Equity Shares	₹	10	10
Basic & Diluted Earning Per Share	₹	(0.01)	0.31

₹ in Thousands

**18. Contingent Liabilities not provided for in respect of :**

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
a) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company :-		
i) Sales Tax	637	637
ii) Claims from ex- employees	3,608	3,608
iii) ESI Matters (Net of provision)	5,343	5,148
	<u>9,588</u>	<u>9,393</u>
Against the above , payment has been made under protest.	366	366
b) Unredeemed Bank Guarantees	838	838

19. Based on the information/document available with the Company, no creditor is covered under Micro, Small and Medium Enterprises Development Act, 2006. As a result, no interest provisions/payments have been made by the Company to such creditors, if any, and no disclosures are made in these accounts.

20. The accumulated losses of the Company as at 31<sup>st</sup> March, 2016 amounts to ₹ 195,816 thousands against shareholder's funds (total of Share Capital and Reserves & Surplus) of ₹ 202,758 thousands as on the said date. The Company is exploring various business opportunities for its operations and hence, these accounts have been prepared on a going concern basis.

In case, the Company is unable to continue as a going concern in future, the resultant adjustments, if any, are presently not ascertainable.

21. In terms of AS - 22 "Accounting for Taxes on Income", Deferred Tax Asset has not been recognised in the accounts, in the absence of virtual certainty supported by convincing evidence that sufficient taxable profits will be available in future against which the aforesaid deferred tax asset may be realised.

22. Since the Company has currently no reportable business segment and the Company operates in a single geographical segment, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'.

23. Related Party Disclosures - Nil

**24. In case of assets given on lease:**

Office premise at Mumbai is given on operating lease. The lease term is renewable from time to time mutually or at the option of the Company.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

The rent is not based on any contingencies. There are no restrictions imposed by lease agreements. The leases are cancellable.

25. No provision is required in respect of gratuity since the period of service of the employee is less than five years.
26. Previous year figures including those given in the brackets have been re-grouped and/or re-arranged wherever necessary.

As per our report of even date

For **Salarpuria Jajodia & Co.**

Firm Registration Number: 302111E  
Chartered Accountants

Jyoti Prakash Kanoria  
*Director*  
DIN:00225761

Yashwant Kumar Daga  
*Director*  
DIN:00040632

Anand Prakash  
*a Partner*  
Membership No.056485  
Dated: 27<sup>th</sup> May, 2016

Kamal Kishor Agarwal  
*CFO*

Shubhradip Bose  
*Company Secretary*



**HGI INDUSTRIES LIMITED**  
“Industry House”  
18<sup>th</sup> Floor, 10, Camac Street  
Kolkata - 700 017