

HINCON HOLDINGS LTD



Annual Report
2016 - 2017

HINCON HOLDINGS LIMITED

CIN : U67120MH1996PLC102787

BOARD OF DIRECTORS

Ajit Gulabchand, *Chairman*

Shalaka Gulabchand Dhawan, *Vice Chairperson*

Ram P. Gandhi

AUDITORS

Mehta & Pai, Chartered Accountants

BANKERS

ICICI Bank Limited

REGISTERED OFFICE

Hincon House, Lal Bahadur Shastri Marg,

Vikhroli (West),

Mumbai 400 083.

Tel.: 022 - 25751000

Fax No. 022-25775950

Website: www.hinconholdings.com

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt Ltd

C-101, 247 Park,

L.B.S. Marg, Vikhroli (West)

Mumbai 400 083

Notice

Notice is hereby given that the 21st Annual General Meeting of Hincan Holdings Limited will be held on Tuesday, July 4, 2017 at 11.00 a.m. at Hincan House, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai 400 083 to transact the following business:

ORDINARY BUSINESS

1. Adoption of the Audited Standalone and Consolidated Financial Statements of the Company

To receive, consider and adopt

- (a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017 including the Audited Balance Sheet as at March 31, 2017 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon; and
- (b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 including the Audited Consolidated Balance Sheet as at March 31, 2017 and the Consolidated Statement of Profit & Loss for the year ended on that date together with the Reports of the Auditors thereon.

2. Appointment of a Director, in place of Mr. Ajit Gulabchand (DIN: 00010827), Non Executive Director, who is retiring by rotation

To appoint a Director in place of Mr. Ajit Gulabchand (DIN:00010827). a Non-Executive Director, who retires by rotation, in accordance with Section 152 of the Companies Act, 2013 and being eligible, offers himself for reappointment.

3. Appointment of Statutory Auditors

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable, M/s. Mehta & Pai, Chartered Accountants, Mumbai (Firm Registration No.113591W), be and are hereby appointed as the Statutory Auditors of the Company, in place of retiring Auditors, M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai (Firm Registration No. 100186W), to hold office from the conclusion of this 21st Annual General Meeting (21st AGM) until the conclusion of the next Annual General Meeting (i.e. 22nd AGM), on a remuneration as may be fixed by the Board of Directors of the Company."

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman

Place : Mumbai

Date : May 4, 2017

Registered Office:

Hincan House,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai 400 083

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.**

IN ORDER THAT THE APPOINTMENT OF A PROXY IS EFFECTIVE, THE INSTRUMENT APPOINTING A PROXY MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING IE. BY 11.00 A.M. ON SUNDAY, JULY 2, 2017.

2. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send a duly certified copy of their Board Resolution together with the respective specimen signature of the representative(s) authorised under the said resolution to attend and vote on their behalf at the Meeting.
3. Members, Proxies and Authorised representatives are requested to bring to the Meeting, the Attendance Slip enclosed herewith duly completed and signed for attending the Meeting.
4. In case of joint holders attending the Meeting, the joint holder who is higher in the order of names will be entitled to vote at the Meeting, if not already voted through remote e-voting.
5. A Route Map showing the directions to reach the venue of the Annual General Meeting is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meeting".
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, June 28, 2017 to Tuesday, July 4, 2017 (both days inclusive) for the purpose of the Annual General Meeting of the Company.
7. The Register of Directors and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting of the Company.
8. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting of the Company.

9. Members are hereby informed that Link Intime India Pvt. Ltd are the Company's Registrars and Share Transfer Agents ('R&T agents') whose contact details are as below :

Link Intime India Pvt Ltd
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Phone: +91 22 49186270
Fax: +91 22 49186060

10. Further Members are informed that as Company has participated in the National Securities Depository Limited's (NSDL) system for offering Company's Equity shares in dematerialized mode, interested Members can contact their respective Depository Participant (DP) and send the application through their respective DP to Company's R&T agents for dematerialization of the shares held in our Company. The Company's ISIN in NSDL is INE747Q01014.
11. In compliance with the provisions of Section 129(3) of the Companies Act, 2013, (the Act) the Audited Financial Statements of the Company include the Consolidated Financial Statements of the Company and its Associates as defined in the Act for consideration and adoption by the Members of the Company.

12. Members are requested to:

- (a) Intimate change in their registered address, if any, to the Company's Registrar and Share Transfer Agents as mentioned above in respect of their holdings in physical form.
- (b) Notify immediately any change in their registered address to their Depository Participants in respect of their holdings in electronic form.
- (c) Please note that in accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to make nominations in respect of the Equity Shares held by them. Members desirous of making nominations may procure the prescribed form SH-13 from the Registrar & Share Transfer Agents, TSR Darashaw Limited and have it duly filled, signed and sent back to them, in respect of shares held in physical form. Members holding shares in dematerialised mode, should file their nomination with their Depository Participant (DP).

13. GREEN INITIATIVE :

Ministry of Corporate Affairs encourages paperless communication as a contribution to greener environment.

Members holding shares in physical mode are requested to register their e-mail ID's with Company's Registrar and Share Transfer Agents and Members holding shares in demat mode are requested to register their e-mail ID's with their respective Depository Participants (DPs) in case the same is still not registered.

If there is any change in the e-mail ID already registered with the Company, members are requested to immediately

notify such change to the Registrars & Share Transfer Agents of the Company in respect of shares held in physical form and to their respective DPs in respect of shares held in electronic form.

14. It has been noted that largely Members have not registered their email address so far and hence physical copies of the Annual Report for 2016-17 alongwith the Notice of the 21st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members in the permitted mode.

Members may also note that the Notice of the 21st Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website www.hinconholdings.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days.

15. Appointment of Director :

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Ajit Gulabchand, Director of the Company (DIN: 00010827) , retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment as a Director of the Company.

16. Voting :

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date namely, June 27, 2017 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting through Ballot form at the General Meeting. If a person was a Member on the date of Book Closure as aforesaid but has ceased to be a Member on the cut-off date, he/she shall not be entitled to vote. Such person should treat this Notice for information purpose only.

General Information :

In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide e-voting facilities to its members in respect of the business to be transacted at the 21st Annual General Meeting (AGM) of the Company. The Company has engaged the services of National Securities Depository Ltd (NSDL) as authorised agency to provide the facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM) ("remote e-voting"). It is clarified that it is not mandatory for a Member to vote using remote e-voting facility.

The facility for voting through ballot form shall be made available at the AGM for those Members who have not cast their votes earlier.

The members who have cast their votes by remote e-voting prior to the AGM may also attend and participate in the AGM but they shall not be entitled to cast their vote again at the AGM.

Members can opt for only one mode of voting i.e. either by e-voting or by Ballot Form at the AGM. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and the votes cast through Ballot Form at the AGM shall be treated as invalid.

Resolutions passed by Members through e-voting or through Ballot Form at the AGM, are deemed to have been passed as if they have been passed at the AGM.

The remote e-voting period will commence on Friday, June 30, 2017 (9:00 am) and will end on Monday, July 3, 2017 (5:00 pm). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of June 27, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The voting rights of Members shall be in proportion of the paid-up equity share capital of the Company as on the cut-off date i.e. June 27, 2017.

Mr. Prakash Pandya, Sole Proprietor and Practising Company Secretary (Membership No. FCS 3901 and Certificate of Practice No. 2311) has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting at AGM, in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of 'Ballot Form' for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting by Ballot form at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.hinconholdings.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing.

Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Annual General Meeting i.e. Tuesday, July 4, 2017.

Voting through electronic means :

Process and manner for remote e-voting:

Once Member receives physical copy of the Notice of AGM

- i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN

- ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- iii) Click on Member - Login
- iv) Put user ID and password as initial password/PIN noted in step (i) above.

If you had logged on to www.evoting.nsdl.com earlier and registered for remote e-voting of any Company, then your existing user ID and existing password/PIN is to be used. Click Login.

Note: Members who forgot the User Details/Password can use 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com.

In case Members are holding shares in demat mode, USER-ID is the combination of DPID+ Client ID.

In case Members are holding shares in physical mode, USER-ID is the combination of EVEN No. + Folio No.

- v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- vii) Select "EVEN" of "Hincon Holdings Limited".
- viii) Now you are ready for remote e-voting as Cast Vote page opens.
- ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii) Institutional Members (i.e. other than individuals, HUF, NRI etc.) who wish to cast their votes through

remote e-voting are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature(s) of the duly authorized signatory(ies) who is/are authorized to vote, to the Scrutinizer through an e-mail to evoting.hinconholdings@gmail.com with a copy marked to evoting@nsdl.co.in

Additional Information :

In case Members have any queries relating to remote e-voting, they are requested to refer the 'Frequently Asked Questions (FAQs) for Members' and 'Remote e-voting User Manual for Members' available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

Members may also send their queries relating to e-voting to Ms. Pallavi Mhatre, Assistant. Manager, NSDL at :

E-mail id: evoting@nsdl.co.in

Toll free No.: 1800-222-990

Tel. No. : 022 2499 4545

Members are requested to update their mobile numbers and e-mail IDs in the user profile details of the folio, which may be used by the Company for sending future communication(s) to them.

Any person, who acquires shares of the Company and becomes a member of the Company after despatch of the notice and holding shares as of the cut-off date i.e. June 27, 2017, may obtain the User ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using 'Forgot User Details/ Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

17. (a) The Company has transferred to the Investor Education and Protection Fund (IEPF) on the due date, the unclaimed dividend for the financial year ended March 31, 2009.
- (b) Members wishing to claim dividends, which remain unclaimed are requested to correspond with Link Intime India Pvt. Ltd, Registrar & Share Transfer Agents. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education Protection Fund (IEPF), as per Section 124 of the Companies Act, 2013. Accordingly please note that the dividend for the financial year ended 31st March 2010, which remains unclaimed as on 21st July, 2017 will be transferred by the Company to the IEPF.

The Members who have not encashed their dividend warrant(s) so far, for the financial years ended

31st March 2010 and 31st March 2011, are requested to make their claims to the Company without any delay. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie against the Company in respect of any amounts which were unclaimed/unpaid for a period of seven years from the dates that they first became due for payment and in respect of such claims, Members will have to address their communication to the IEPF Authority in the prescribed form and manner as specified under the Companies Act, 2013 read with relevant Rules/Circulars issued in such regard.

- (c) The Company has uploaded the details of the Unclaimed amounts of Dividend of the shareholders as on July 12, 2016 (date of last Annual General Meeting) as per the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, on the website of the Ministry of Corporate Affairs www.mca.gov.in.
 - (d) Pursuant to the General Circulars issued by the Ministry of Corporate Affairs with respect to Section 124(6) of the Companies Act, 2013 read with Rules made thereunder in relation to transfer of Unclaimed shares to Investor Education and Protection Fund (IEPF), the matter is under due consideration. The Company will comply with the formalities, as may be necessary, in this regard.
18. Members wishing to register for e-communication are requested to inform their respective Depository Participant, in respect of shares held in demat mode or to the Registrars and Share Transfer Agents (RTA) in case of shares held in physical mode, requesting to note the same. The Members registered for e-communication are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the members may also send requests to the Company's investor email id: investor.hinconholdings@hccindia.com.
 19. All documents referred to in the accompanying Notice, if any, shall be open for inspection at the Registered Office of the Company between 11.00 am and 1 pm on all working days except Saturdays, upto and including the date of the Annual General Meeting of the Company

For and on behalf of Board of Directors

Ajit Gulabchand
Chairman

Place: Mumbai
Date: May 4, 2017

Registered Office:
Hincon House,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai 400 083

Annexure to the Notice

Item No. 3

Though not mandatory, this statement is provided for reference. M/s. K. S. Aiyar & Co., Chartered Accountants were the Statutory Auditors of the Company since inception. In terms of their last appointment made at the 20th AGM held on July 12, 2016, they are holding office of the Auditors upto the conclusion of the 21st AGM and hence, would retire at the conclusion of the forthcoming 21st AGM. As per third proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to every Company, existing on or before the commencement of the Act to comply with the requirements of appointment of a new Auditor in place of the existing Auditors.

Accordingly, M/s. Mehta & Pai, Chartered Accountants are proposed to be appointed as Statutory Auditors for a term of one year, commencing from the conclusion of the 21st AGM till the conclusion of the 22nd AGM. M/s. Mehta & Pai, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed

as Statutory Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act read with the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board recommends the passing of the Ordinary resolution set forth at Item No. 3 of the accompanying notice for approval by the Members of the Company.

None of the Directors of the Company and their respective relatives are in any way concerned or interested, financially or otherwise in the resolution set out at Item No. 3 of this Notice except to the extent of their respective shareholding in the Company, if any.

For and on behalf of Board of Directors

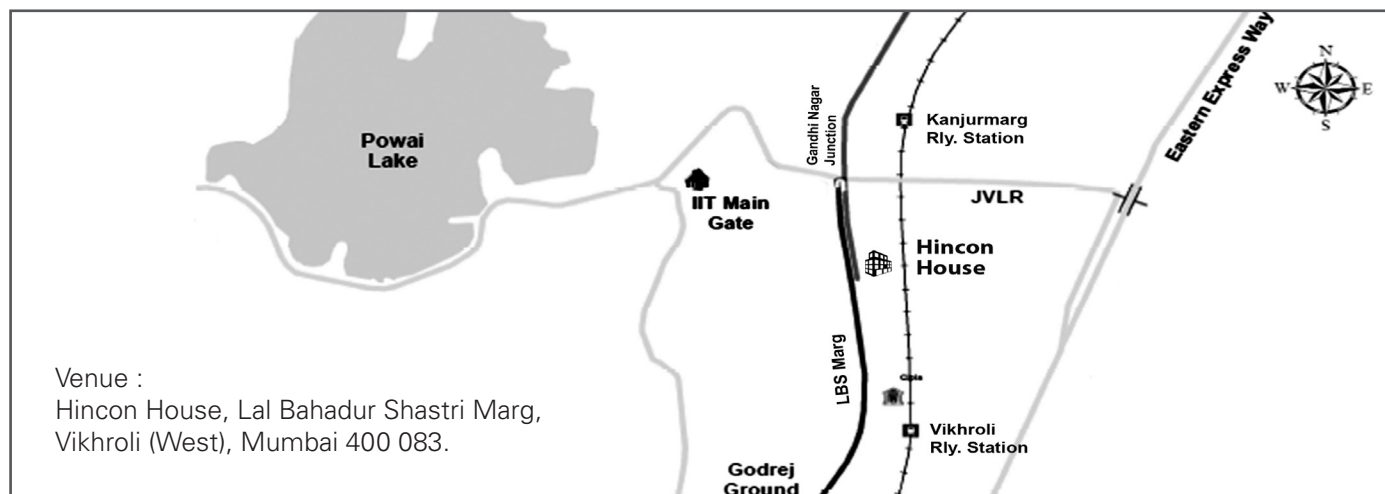
Ajit Gulabchand
Chairman

Place: Mumbai
Date: May 4, 2017

Registered Office:

Hincon House,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai 400 083

ROUTE MAP TO REACH THE AGM VENUE



Board's Report

To,
The Members of
Hincon Holdings Limited

1. Report

Your Directors have presented the 21st Annual Report together with the Audited Accounts for the financial year ended 31st March 2017.

2. Financial Highlights

Particulars	Year ended 31 st March 2017 ₹ (in lacs)	Year ended 31 st March 2016 ₹ (in lacs)
Income	70.80	320.07
Profit before Tax	31.57	28.59
Less: Provision for Tax	12.70	5.60
Less: Deferred Tax Liability / (Asset)	-	-
Less: MAT Credit Entitlement	1.99	3.33
Less: Excess/(short)Provision of earlier years written back	2.78	(1.47)
Profit after Tax	14.08	21.13
Add: Balance brought forward from previous year	1315.26	1300.43
Amount available for Appropriations	1329.34	1321.56
Less: Appropriations		
a) Proposed Dividend		-
b) Tax on proposed Dividend		-
c) General Reserve	1.40	2.10
d) Special Reserve under section 45(IC) of the RBI Act, 1934	2.80	4.20
Balance carried to Balance Sheet	1325.14	1315.26

3. Dividend

With a view to conserve the financial resources your Directors do not recommend any dividend on 9,26,610 equity shares of ₹ 10/- each for the financial year under review.

4. Operations

Income from operations and profit before tax aggregated to ₹ 70.80 lakhs and ₹ 31.57 lakhs, respectively as compared to income of ₹ 320.07 lacs and profit before tax of ₹ 28.59 lakhs during the previous year. Profit after tax stood at ₹ 14.08 lakhs as compared to profit after tax of ₹ 21.13 lakhs during the previous year.

Operations of Associate Companies :

(i) Hindustan Construction Company Ltd

Hindustan Construction Company Ltd.,(HCC) is a 90 year old business and among the leading engineering, construction and infrastructure development companies in India wherein your Company, in its capacity as Promoter Company, holds 21.37% of HCC's paid-up equity share capital.

India's construction growth had tapered off substantially since 2011-12 and consequently the slowdown in construction activities has adversely affected Engineering, Procurement and Construction (EPC) companies in the country. Several unforeseen

issues impacted projects at various stages of their lifecycle from planning to operations, which have made several of them unviable. The sector is plagued with significant cost overruns, regulatory bottlenecks and aggressive bidding positions taken by a few market players resulting in financial losses. Another important element is the massive build-up of claims that are receivable from various government entities.

In this business environment, HCC adopted a two-pronged strategic approach. On the one hand, it looked inwards to create a more competitive and resilient enterprise with clear focus on developing processes, people and a strong performance driven organisation culture. On the other, it leveraged the best mix of Government's revised policy and regulatory measures to streamline cash flows and create a suitable platform for continuing business operations efficiently and servicing market opportunities.

HCC continued with its efforts at securing new orders and maintain a healthy order book. However, pressures on working capital did affect execution. Consequently revenues remained flat in 2016-2017. Even so, considerable efforts have been made on increasing productivity and cost optimisation across projects at the sites. These have borne positive results, and are now engrained as a part of its continuous improvement mechanism.

For FY 2016-17, HCC registered a turnover of ₹ 4,195.94 crore and net profit of ₹ 59.41 crore as compared to a turnover of ₹ 4,190.89 crore and net profit of ₹ 94.76 in the previous year. The profit before tax was ₹ 96.96 crore (including exceptional item) as compared to ₹ 140.42 crore for the previous year.

(ii) Hincon Finance Ltd

Hincon Finance Limited is an Investment Company registered as an NBFC wherein your Company holds 48.75% of its paid-up equity share capital. Your Company and Hincon Finance Ltd are fellow Promoter Companies of HCC.

The principal business of Hincon Finance Limited is to carry on the activities of an Investment Company and other related activities.

Income from Operations and Profit before tax for FY 2016-17 aggregated to ₹ 232.83 lakhs and ₹ 177.47 lakhs respectively as compared to ₹ 313.98 lakhs and ₹ 124.66 lakhs respectively, during the previous year. Profit after tax stood at ₹ 129.26 lakhs as compared to ₹ 110.86 lakhs for the previous year.

5. Share Capital

During the year under review, your Company's Authorised Share Capital has remain unchanged at ₹ 3,00,00,000 (Rupees Three Crore) comprising 20,00,000 Equity Shares of ₹ 10/- each and 10,00,000 Unclassified Shares of ₹ 10/- each.

During the year under review, your Company's paid up equity share capital has also remained unchanged at ₹ 92,66,100 (Rupees Ninety Two Lakhs Sixty Six Thousand One Hundred) comprising 9,26,610 Equity Shares of ₹ 10/- each.

6. Transfer to Reserves:

The Board proposes to carry the amounts as mentioned hereunder to the following Reserves :

Transfer to General Reserve – ₹ 1.40 lacs

Transfer to Special Reserve U/s 45 (IC) of the RBI Act 1934 – ₹ 2.80 lakhs

7. Details of Subsidiary and Joint Ventures:

The Company has no subsidiaries and Joint Ventures.

The details of Associate Companies are as under :

1. Hindustan Construction Company Ltd
2. Hincon Finance Ltd

The details as required under Rule 8 of the Companies (Accounts) Rules, 2014 regarding the performance and financial position of the Associates Companies forms part of the Consolidated Financial Statements of the Company for the financial year ended 31st March 2017.

8. Fixed Deposits

Your Company has not accepted any deposit from the public under the erstwhile section 58A of the Companies Act, 1956 nor under Section 73 of the Companies Act, 2013.

9. Consolidated Financial Statements

In accordance with the Companies Act, 2013, the Audited Consolidated Financial Statements are provided in this Annual Report.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of each of the associate company in the prescribed form AOC-1 is annexed to this annual report.

10. Statutory Auditors

M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai, bearing Firm Registration No. 100186W, were the Statutory Auditors of the Company since inception. In terms of their last appointment made at the 20th AGM held on July 12, 2016, they are holding office of the Auditors upto the conclusion of the 21st AGM and hence, would retire at the conclusion of the forthcoming 21st AGM. As per third proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to every Company, existing on or before the commencement of the Act to comply with the requirements of appointment of a new Auditor in place of the existing Auditors.

Accordingly, M/s. Mehta & Pai, Chartered Accountants, Mumbai, bearing Firm Registration No.113591W, are proposed to be appointed as Statutory Auditors for a term of one year, commencing from the conclusion of the 21st AGM till the conclusion of the 22nd AGM. M/s. Mehta & Pai, Chartered Accountants, have consented to the said appointment and have furnished a certificate to the effect that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and have further confirmed that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act read with the provisions of the Companies (Audit and Auditors) Rules, 2014.

11. Statutory Auditors' Report :

The Standalone Auditor's Report to the Members does not contains any qualifications or observations or any remarks.

12. Extract of Annual Return:

The details forming part of the extract of the Annual Return in form MGT 9 is annexed.

13. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 requiring captioned information is not applicable to your Company.

During the year under review, there was no expenditure or income in foreign currency.

14. Board of Directors

Mr. Ajit Gulabchand, Director of the Company (DIN No.00010827) will retire by rotation at the forthcoming

Annual General Meeting and being eligible, offers himself for re-appointment.

15. Number of Board Meetings:

During the financial year, Board met 5 times on April 28, 2016, June 3, 2016, July 28, 2016, October 27, 2016 and February 2, 2017 for review of business and operations. The maximum time gap between two consecutive meetings did not exceed one hundred and twenty days.

16. Stakeholders Relationship Committee :

During the financial year, one meeting of Stakeholders Relationship Committee was held on April 28, 2016 for noting of matters relating to transfer of shares/dematerialization of shares and consideration of any other matters related to shares and shareholders.

17. Particulars of loans, guarantees or Investments under Section 186 of the Companies Act, 2013 :

In accordance with the provisions of Section 186 of the Companies Act, 2013, there are no Loans, Guarantees and Investments made by the Company during the year under review except for security provided by way of pledge, in terms of the implementation of the S4A Scheme for HCC, as per particulars given in the Notes to the Standalone financial statements.

18. Particulars of contracts or arrangements with related parties :

During the financial year, there is no contract or arrangement entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013.

19. Risk management Framework:

The Company has a robust internal business management framework to identify, evaluate business risks and opportunities which seeks to minimize adverse impact on the business objectives and enhance the Company's business prospects.

The Company has an Internal Control System, commensurate with the size and scale of its operations.

20. Particulars of Employees and other additional information

Your Company has no employees requiring disclosure pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

21. Material Changes and commitments in the financial Statements:

There are no material changes which have occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

22. Transfer to Investor Education and Protection Fund (IEPF)

The Company has, during the year under review, transferred a sum of ₹ 3,02,650/- to Investor Education and Protection Fund, in compliance with the provisions of Section 124 of the Companies Act, 2013. The said amount represents dividend for the financial year 2008-09 which remained unclaimed by the shareholders of the Company for a period exceeding 7 years from its due date of payment.

23. Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- a. in the preparation of the annual Accounts, the applicable accounting standards have been followed and there has been no material departure.
- b. Appropriate accounting policies have been selected and applied consistently and the judgments and estimates that have been made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date.
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. that the annual accounts have been prepared on a going concern basis;
- e. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

24. Acknowledgements

Your Directors wish to place on record their appreciation for the co-operation and assistance received from the bankers, members, clients and concerned authorities during the year under review.

For and on behalf of Board of Directors

Ajit Gulabchand
Chairman

Place: Mumbai
Date: May 4, 2017

Registered Office:
Hincon House,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai-400 083

Form No. MGT-9

Extract of Annual Return

For the financial year ended on 31st March, 2017
[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN:	U67120MH1996PLC102787
2	Registration Date:	24 th September, 1996
3	Name of the Company:	Hincon Holdings Limited
4	Category / Sub-Category of the Company:	Company having Share Capital
5	Address of the Registered office: Contact details:	Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400083 Tel No. 022-2575 1000 Fax No. 022-25777568 Email: investor.hinconholdings@hccindia.com Website: www.hinconholdings.com
6	Whether listed Company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt Ltd C-101, 247 Park, L.B.S. Marg, Vikhroli (West) Mumbai 400 083 Phone: +91 22 49186270 Fax: +91 22 49186060

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY: **Non Banking Finance Company (NBFC) which is principally engaged in lending and investing activities.**

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
1	Lending and Investing Activities	64,990 (n.e.c)	100%

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
1	Hindustan Construction Company Ltd	L45200MH1926PLC001228	Associate	21.37	2(6)
2	Hincon Finance Ltd	U67120MH1992PLC066854	Associate	48.75	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding:

Category of Shareholders	No. of Shareholding at the beginning of the year				No. of Shareholding at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Shareholding of Promoter and Promoter Group									
(1) Indian									
a) Individual / HUF	-	885309	885309	95.54	-	885309	885309	95.54	0.00
b) Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
c) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	1100	1100	0.12	-	1100	1100	0.12	0.00
e) Any Other (Specify)	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	-	886409	886409	95.66	-	886409	886409	95.66	0.00
[2] Foreign	-				-				
a) Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
b) Government	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
e) Bodies Corporate	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group(A)= (A)(1)+(A)(2)	-	886409	886409	95.66	-	886409	886409	95.66	0.00
(B) Public Shareholding	-								
[1] Institutions	-								
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Venture Capital Funds	-	-	-	-	-	-	-	-	-
c) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
d) Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
e) Financial Institutions / Banks	-	2640	2640	0.29	-	2400	2400	0.26	-0.03
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
h) Any Other (Specify)	-								
Sub Total (B)(1)	-	2640	2640	0.29	-	2400	2400	0.26	-0.03

Category of Shareholders	No. of Shareholding at the beginning of the year				No. of Shareholding at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[2] Central Government/ State Government(s)/ President of India									
Central Government / State Government(s)	-	228	228	0.02	-	228	228	0.02	0.00
Sub Total (B)(2)	-	228	228	0.02	-	228	228	0.02	0.00
[3] Non-Institutions									
a) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	112	34469	34581	3.73	200	34219	34219	3.71	-0.02
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
b) NBFCs registered with RBI	-	-	-	-	-	-	-	-	-
c) Employee Trusts	-	-	-	-	-	-	-	-	-
d) Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
e) Any Other (Specify)									
Trusts	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	162	-	162	0.02	0.02
Foreign Companies	-	-	-	-	288	-	288	0.03	0.03
Non Resident Indians (Repat)	-	2266	2266	0.25	-	2266	2266	0.25	0.00
Bodies Corporate	-	486	486	0.05	-	438	438	0.05	0.00
Sub Total (B)(3)	112	37221	37333	4.03	650	36923	37573	4.06	0.03
Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	112	40089	40201	4.34	650	39551	40201	4.34	0.00
Total (A)+(B)	112	926498	926610	100.00	650	925960	926610	100.00	0.00
C) Non Promoter - Non Public									
1] Custodian/DR Holder	-	-	-	-	-	-	-	-	-
2] Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
Total (A)+(B)+(C)	112	926498	926610	100.00	650	925960	926610	100.00	0.00

ii. Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
A. Individual, HUF & Trust							
1. Ajit Gulabchand	651327	70.29	0.00	651327	70.29	0.00	0.00
2. Gulabchand Memorial Trust	86096	9.29	0.00	86096	9.29	0.00	0.00
3. Ajit Gulabchand HUF	61331	6.62	0.00	61331	6.62	0.00	0.00
4. Gulabchand Hirachand HUF	52713	5.69	0.00	52713	5.69	0.00	0.00
5. Meera Gulabchand	22478	2.43	0.00	22478	2.43	0.00	0.00
6. Shalaka Gulabchand Dhawan	11364	1.23	0.00	11364	1.23	0.00	0.00
B. Bodies Corporate							
1. Shalaka Investment Pvt. Ltd	1100	0.12	0.00	1100	0.12	0.00	0.00
Total (A+B)	886409	95.66	0.00	886409	95.66	0.00	0.00

iii. Change in Promoters' Shareholding (Please specify, if there is no change)

During the financial year 2016-17, there has been no change in Promoters' Shareholding.

	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
At the beginning of the year	886409	95.66	886409	95.66
Date wise Increase/(Decrease) in Promoters Shareholding during the year specifying the reason for increase/Decrease (eg. Allotment/ transfer/ bonus/ sweat equity etc.)	No change during the year			
1. Purchase (+)				
2. Sale/Transfer (-)				
At the end of the year	886409	95.66	886409	95.66

iv. Shareholding Pattern of Top Ten Shareholders (Other than Director, Promoters and Holders of GDRs and ADRs)

	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date of Transaction	No. of Shares	No. of Shares	% of total shares of the Company
1	Suprova Mitter	2000	0.22			2000	0.22
	At the end of the year					2000	0.22

	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date of Transaction	No. of Shares	No. of Shares	% of total shares of the Company
2	Bank of India	1284	0.14			1284	0.14
	At the end of the year					1284	0.14
3	Vidisha A Patel	960	0.10			960	0.10
	At the end of the year					960	0.10
4	Central Bank of India	720	0.08			720	0.08
	At the end of the year					720	0.08
5	Hari Singh Gour	600	0.06			600	0.06
	At the end of the year					600	0.06
6	Leela Raghavendra Row	524	0.06			524	0.06
	At the end of the year					524	0.06
7	Habibn Bank Limited	0	0			0	0
	Transfer			30 Jun 2016	450	450	0.05
	At the end of the year					450	0.05
8	Maharaja Shri Lukhdhirji waghji	360	0.04			360	0.04
	At the end of the year					360	0.04
9	Aroonkumar Lalchand Shah	332	0.04			332	0.04
	At the end of the year					332	0.04
10	Venkatesh Guracharya Raichur	302	0.03			302	0.03
	At the end of the year					302	0.03
11	Mrunalinidevi Puar	300	0.03			300	0.03
	At the end of the year					300	0.03

v. Shareholding of Directors and Key Managerial Personnel*

For Each of the Director	Name of Director			
	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Ajit Gulabchand	6,51,327	70.29	6,51,327	70.29
At the beginning of the year	651327	70.29	651327	70.29
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reason for increase/Decrease (eg. Allotment/ transfer/ bonus/ sweat equity etc.)	No change during the year			

For Each of the Director	Name of Director			
	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the end of the year	651327	70.29	651327	70.29
Shalaka Gulabchand Dhawan				
At the beginning of the year	11364	1.23	11364	1.23
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reason for increase/Decrease (eg. Allotment/ transfer/ bonus/ sweat equity etc.)	No change during the year			
At the end of the year	11364	1.23	11364	1.23
Ram P. Gandhi				
At the beginning of the year	1	0.00	1	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reason for increase/Decrease (eg. Allotment/ transfer/ bonus/ sweat equity etc.)	No change during the year			
At the end of the year	1	0.00	1	0.00
* Section 203 of the Companies Act, 2013 regarding Appointment of Key Managerial Personnel is not applicable to the Company.				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment	Secured Loans excluding deposits	Unsecured Loan	Deposits	Total Indebtedness ₹ Crores
Indebtedness at the beginning of the financial year	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

There is no Managing Director, Whole-time Director or Manager in the Company.

B. Remuneration to other Directors:

1. Independent Directors : Nil

Section 149(4) of the Companies Act, 2013 regarding appointment of Independent Directors is not applicable to the Company.

2. Non Executive Directors

Particulars of Remuneration	Name of the Directors			Total Amount (in ₹)
	Ajit Gulabchand	Shalaka Gulabchand Dhawan	Ram P. Gandhi	
Fee for attending Board/ Committee Meetings	35,000	30,000	20,000	85,000
Commission	-	-	-	-
Other, please specify.....	-	-	-	-
Total	35,000	30,000	20,000	85,000
Total Managerial Remuneration				Nil
Overall Ceiling as per the Act	As there is no managerial person in the Company, there is no managerial remuneration paid/payable and hence the overall ceiling for managerial remuneration is not applicable.			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD – Nil

Section 203 of the Companies Act, 2013 regarding appointment of Key Managerial Personnel is not applicable to the Company.

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Property/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	None				
Punishments					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishments					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishments					
Compounding					

Independent Auditor's Report

To

**The Members of
Hincon Holdings Limited,**

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **Hincon Holdings Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2017, 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 Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone 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 there under.

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 standalone 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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'; and
 - (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 standalone financial statements – Refer Note 6 and 19 to the financial statements.
 - ii. The Company does not have any long-term contracts having material foreseeable losses. The company does not have any derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Annexure to the Independent Auditor's Report

- iv The disclosure requirement as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December 2016 as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company – Refer note no. 10 to the Standalone financial statement.

For K. S. Aiyar & Co.
Chartered Accountants
ICAI Firm Registration No. 100186W

Place: Mumbai
Date: May 4, 2017

Satish Kelkar
Partner
Membership No: 38934

Annexure-A to the Auditor's Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the standalone financial statements for the year ended on March 31, 2017, of **Hincon Holdings Limited**)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the matter relating to the vesting of legal rights in favor of the company is subjudice in the City Civil Court, Mumbai. We are unable, therefore to verify whether the said leasehold rights in respect of leasehold land & building are in the name of the company. [Also refer note No 6 (1) of Notes to Accounts].
- (ii) In absence of inventories, clause (ii) of the Order is not applicable to Company.
- (iii) As informed, 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. Accordingly, sub-clause (a), (b) and (c) are not applicable.
- (iv) In respect of loans, investments, guarantees and security provisions of section 185 and 186 of the Companies Act, 2013 are not applicable to this Company since it has not granted any loans or made any investments or provided any guarantees or security during the year.
- (v) The Company has not accepted any deposits from the public to which the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 or the Companies (Acceptance of Deposit) Rules 2014 or the directives issued by the Reserve Bank of India apply.
- (vi) We have been informed that the Company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013, which has been relied upon.
- (vii) (a) According to the records of the Company, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2017 for a period of more than six months from the date on which they became payable.
- (b) According to the records of the Company, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not taken any money from any financial institution, bank or debenture holder, and hence clause 3 (viii) is not applicable to the Company.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit.
- (xi) In absence of any managerial personnel, no managerial remuneration is paid and therefore the provisions of clause 3 (xi) of the Order are not applicable to the Company.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence clause 3 (xiv) is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with him and hence clause 3 (xv) is not applicable to the Company.
- (xvi) According to the information and explanations given to us, at present the company is registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly holding the COR. However as at the end of the year the asset/income pattern criteria for NBFC is not met by the company.

For K. S. Aiyar & Co.
Chartered Accountants
ICAI Firm Registration No: 100186W

Satish Kelkar
Partner
Membership No.: 38934

Place: Mumbai
Date: May 04, 2017

Annexure to the Independent Auditor's Report

Annexure-B to Auditor's 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 **Hincon Holdings Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone 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 and, 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 March 2017, 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 K. S. Aiyar & Co.

Chartered Accountants

ICAI Firm Registration No: 100186W

Satish Kelkar

Partner

Membership No.: 38934

Place: Mumbai
Date: May 04, 2017

Balance Sheet as at 31st March, 2017

		As At 31.03.2017	As At 31.03.2016
	Note No.	₹	₹
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
Share Capital	3	9,266,100	9,266,100
Reserves & Surplus	4	342,669,538	341,261,168
		351,935,638	350,527,268
2 Current Liabilities			
Other current Liabilities	5	1,097,258	1,350,152
TOTAL		353,032,896	351,877,420
II. ASSETS			
1 Non - current Assets			
Fixed Assets	6		
Tangible Assets		171,931	175,615
Non current Investments	7	315,189,501	315,189,501
Long Term Loans and advances	8	1,861,331	3,274,021
		317,222,763	318,639,137
2 Current Assets			
Inventories	9	22,793,853	2,123
Cash and bank balances	10	1,481,622	25,834,475
Short term loan and advances	11	11,534,658	7,401,685
		35,810,133	33,238,283
Significant Accounting policies	2		
TOTAL		353,032,896	351,877,420

The accompanying Notes including other explanatory information forming integral part of financial statements.

As per our report of even date attached.

For K. S. AIYAR & CO.

Chartered Accountants

Satish Kelkar

Partner

M. No. 38934

Ajit Gulabchand

(DIN : 00010827)

Shalaka Gulabchand Dhawan

(DIN : 00011094)

Ram Gandhi

(DIN : 00050625)

Chairman

Vice Chairperson

Director

Place : Mumbai

Date : May 4, 2017

Statement of Profit and Loss Account for the year ended 31st March, 2017

	Note No.	Year ended 31.03.2017 ₹	Year ended 31.03.2016 ₹
I REVENUE FROM OPERATIONS	12		
Sale of Securities		2,200,488	27,071,703
Other Operating Revenues		1,192,219	1,365,214
		3,392,707	28,436,917
II OTHER INCOME	13	3,687,437	3,570,155
III TOTAL REVENUE (I + II)		7,080,144	32,007,072
IV EXPENDITURE			
Cost of Securities sold	14	2,200,488	27,065,611
Employee Benefits Expense	15	1,067,100	913,258
Depreciation	6	3,684	3,684
Other Expenses	16	652,312	1,165,394
TOTAL OPERATING EXPENSES		3,923,584	29,147,947
V Profit Before Exceptional & Extraordinary Items & Tax (III - IV)		3,156,560	2,859,125
VI Exceptional Items		-	-
VII Profit Before Extraordinary Items & Tax (V - VI)		3,156,560	2,859,125
VIII Extraordinary Items		-	-
IX Profit Before Tax (VII - VIII)		3,156,560	2,859,125
X Tax Expense:			
1) Current Tax		1,270,422	560,317
2) Deferred Tax		-	-
3) MAT Credit Entitlement		199,281	333,232
4) Excess/(short)Provision of earlier years written back		278,487	(147,049)
XI Profit / (Loss) for the year from Continuing operations (IX - X)		1,408,370	2,112,625
XII Tax Expense from discontinuing operations		-	-
XIII Profit / (Loss) for the year from Discontinuing operations (XII - XIII)		-	-
XIV Profit / (Loss) for the year (XI + XIV)		1,408,370	2,112,625
XV Earnings per equity share:			
Basic & Diluted	17	1.52	2.28

The accompanying Notes including other explanatory information forming integral part of financial statements.

As per our report of even date attached.

For K. S. AIYAR & CO.

Chartered Accountants

Satish Kelkar

Partner

M. No. 38934

Ajit Gulabchand

(DIN : 00010827)

Shalaka Gulabchand Dhawan

(DIN : 00011094)

Ram Gandhi

(DIN : 00050625)

Chairman

Vice Chairperson

Director

Place : Mumbai

Date : May 4, 2017

Cash Flow Statement for the year ended 31st March, 2017

	Year ended 31.03.2017 ₹	Year ended 31.03.2016 ₹
Cash flow from operating activities		
Profit before tax	3,156,560	2,859,125
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization	<u>3,684</u>	<u>3,684</u>
Operating profit before working capital changes	3,160,244	2,862,809
Movements in working capital :		
Increase / (decrease) in other current liabilities	(252,894)	(488,610)
Decrease / (increase) in Other assets	-	-
Decrease / (increase) in Inventories	(22,791,731)	25,200,398
Decrease / (increase) in long-term loans and advances	-	-
Decrease / (increase) in short-term loans and advances	<u>(4,132,972)</u>	<u>(2,741,033)</u>
Cash generated from / (used in) operations	(24,017,353)	24,833,564
Direct taxes paid (net of refunds)	(335,500)	(869,652)
Net cash flow from / (used in) operating activities (A)	(24,352,853)	23,963,912
Cash flows from investing activities		
Decrease / (increase) in Investment	-	-
Net cash flow from / (used in) investing activities (B)	-	-
Cash flows from financing activities		
Net cash flow from / (used in) in financing activities (C)	-	-
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(24,352,853)	23,963,913
Cash and cash equivalents at the beginning of the year	25,834,475	1,870,563
Cash and cash equivalents at the end of the year	1,481,622	25,834,475
Components of cash and cash equivalents		
Cash on hand	-	-
Balances with banks	828,282	24,878,485
- on deposit account	653,340	955,990
Total cash and cash equivalents (Note 10)	1,481,622	25,834,475

Significant Accounting Policies and Notes on Financial Statements

As per our report of even date attached.

For K. S. AIYAR & CO.

Chartered Accountants

Satish Kelkar

Partner

M. No. 38934

Place : Mumbai

Date : May 4, 2017

Ajit Gulabchand

(DIN : 00010827)

Shalaka Gulabchand Dhawan

(DIN : 00011094)

Ram Gandhi

(DIN : 00050625)

Chairman

Vice Chairperson

Director

Notes to Accounts

NOTE 1: BACKGROUND

Hincon Holdings Limited('the Company') is registered as a Non-Banking Financial Company('NBFC') as defined under section 45-IA of the Reserve Bank of India Act, 1934. The Company is principally engaged in lending and investing activities.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES:

a. METHOD OF ACCOUNTING

The Company maintains its accounts on accrual basis.

b. FIXED ASSETS

Fixed Assets are stated at cost of acquisition net off accumulated depreciation.

c. DEPRECIATION/AMORTISATION

Depreciation on fixed assets is provided:

- In respect of Computers, depreciation is provided on Straight Line Basis over a period of three years on a pro-rata basis.
- Leasehold rights in Land & Building are amortised over the period of lease.

d. INVESTMENTS

Investments are stated at cost and are classified as Long Term(non current) Investments.

e. DIVIDEND

Dividend income is accounted for when the right to receive the payment is established.

f. STOCK-IN-TRADE

Shares and Securities held as Stock-in-trade are valued at cost (FIFO basis) or net realisable value whichever is lower.

g. TAXATION

The tax expense comprises of current tax & deferred tax charged or credited to the profit and loss account for the year. Current tax is calculated in accordance with the tax laws applicable to the current financial year. The deferred tax expenses or benefit is recognised using the tax rates and tax laws that have been enacted by the balance sheet date. In the event of unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

h. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by

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

	As At 31.03.2017	As at 31.03.2016
	₹	₹
NOTE 3 SHARE CAPITAL		
Authorised Capital		
20,00,000 Equity Shares of ₹ 10 each	20,000,000	20,000,000
10,00,000 Unclassified shares of ₹ 10/- each	10,000,000	10,000,000
TOTAL	30,000,000	30,000,000
Issued,Subscribed & Paid-up Capital		
9,26,610 Equity Shares of ₹ 10/- each fully paid-up	9,266,100	9,266,100
TOTAL	9,266,100	9,266,100

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

Equity Shares :

Number of Shares outstanding at the Beginning of the year:	Qty	926,610	926,610
	Value	9,266,100	9,266,100
Add: Shares issued and allotted during the year	Qty	-	-
	Value	-	-
Number of Shares outstanding at the End of the year:	Qty	926,610	926,610
	Value	9,266,100	9,266,100

b. Terms /rights attached to 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. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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.

Notes to Accounts

c. Shareholding of more than 5%:

Name of the Shareholder	% held	No. of shares	No. of shares
Shri. Ajit Gulabchand	91.89	851,465	851,465

NOTE 4 RESERVES AND SURPLUS

a) General Reserves

Opening Balance	69,225,636	69,015,636
Add: Transferred from Statement of Profit and Loss	140,000	210,000
	69,365,636	69,225,636

b) Special Reserve U/s 45 (IC) of the RBI Act, 1934

Opening Balance	140,510,000	140,090,000
Add: Transferred from Statement of Profit and Loss	280,000	420,000
	140,790,000	140,510,000

c) Surplus as per Statement of Profit and Loss

Balance brought Forward	131,525,532	130,042,907
Add: Profit /(Loss) for the year	1,408,370	2,112,625
Less: Transferred to General Reserve	140,000	210,000
Less: Transfer to Special Reserve U/s 45 (IC) of the RBI Act, 1934	280,000	420,000
	132,513,902	131,525,532
TOTAL	342,669,538	341,261,168

As At
31.03.2017
₹

As at
31.03.2016
₹

NOTE 5 OTHER CURRENT LIABILITIES

a) Other Trade Payable	295,965	304,223
b) Statutory Dues Payable	70,995	20,182
c) Due to Employees	76,958	69,757
d) Unclaimed Dividend	653,340	955,990
TOTAL	1,097,258	1,350,152

NOTE 6 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.2016	Additions	Deductions	As At 31.03.2017	As At 01.04.2016	For The period	Deductions	Upto 31.03.2017	As At 31.03.2017	As At 31.03.2017
Tangible Assets (At Cost):										
Lease Hold Rights in Land & Building	225,700	-	-	225,700	50,085	3,684	-	53,769	171,931	175,615
Total of This Year	225,700	-	-	225,700	50,085	3,684	-	53,769	171,931	175,615
Total of Previous Year	225,700	-	-	225,700	46,401	3,684	-	50,085		

(*) 1 : The Mumbai High Court wide its order dated 1st July 1999 sanctioned a scheme of arrangement (for demerger) between Walchand Capital Ltd (WC) and the Company & Others. As a result the Company was entitled to leasehold rights in the land/premises which was built on the land leased to WC by the Mumbai Port Trust (MPT) together with undivided 32.19% of the share, right, title and interest in the said leasehold land. However, the matter relating to the vesting of the aforesaid leasehold rights in favour of the Company is subject to the decision in a suit filed by WC against MPT in the City Civil Court, Mumbai.

Notes to Accounts

Note 7 : NON CURRENT INVESTMENTS

	As At 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
A Other Non Current Investments (At Cost)		
Investment Properties	36,360,000	36,360,000
Investments in Share Warrants	-	-
Investment in Equity instruments	278,826,701	278,826,701
Investments in Preference shares	2,800	2,800
Total	315,189,501	315,189,501
Less : Provision for dimution in the value of Investments	-	-
Total	315,189,501	315,189,501

	As At 31 st March, 2017		As at 31 st March, 2016	
	Cost ₹	Market Value ₹	Cost ₹	Market Value ₹
Aggregate Of Investments				
i. Quoted	271,257,183	8,532,932,200	271,257,183	4,234,062,560
ii. UnQuoted	7,572,318	-	7,572,318	-
iii. Others	36,360,000	-	36,360,000	-
	315,189,501	8,532,932,200	315,189,501	4,234,062,560

A Details of Other Non-current Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost Yes / No	If Answer to Column (12) is 'No' - Basis of Valuation
			As at 31 st Mar, 2017	As at 31 st Mar, 2016			As at 31 st Mar, 2017	As at 31 st Mar, 2016	As at 31 st Mar, 2017	As at 31 st Mar, 2016		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Investment in Equity Instruments											
	Hindustan Construction Company Ltd	Others	216,023,600	216,023,600	Quoted	Fully paid	21.37%	27.73%	271,257,183	271,257,183	Yes	
	Hincon Finance Limited	Others	390,000	390,000	Unquoted	Fully paid		-	7,500,000	7,500,000	Yes	
	Lavasa Corporation Limited	Others	2,387	2,387	Unquoted	Fully paid			69,518	69,518	Yes	
	Sub Total		216,415,987	216,415,987					278,826,701	278,826,701		
(2)	Investments in Preference Shares											
	Lavasa Corporation Limited		28	28	Unquoted	Fully paid		-	2,800	2,800	Yes	
	Sub Total		28	28					2,800	2,800		
	Total		216,416,015	216,416,015					278,829,501	278,829,501		

Note: Amount equivalent to 34.05% of the sale proceeds (net of tax liability) to be received in future on sale of the immovable properties specified below has not been considered since the amount of sale is not yet quantified.

Description of the property:

- The piece and parcel of land situated at Gamdevi, West of Agra Road, Bhandup, Mumbai admeasuring about 11441 sq.mtrs bearing Survey No. 141 and CTS No. 191 to 199 registered under Deed of Conveyance dated 19.01.1938 in the office of Sub Registrar Bandra under Serial No. 87 of 1938.
- The piece and parcel of land situated at Village Bhopar, Taluka Kalyan, Dist. Thane and the same is in three pieces alongwith railway line between Diva and Dombivali Railway Station and 45 Kms stone admeasuring about 10,243 sq. mtrs bearing Survey No. 168-1, 170 and 171 and registered under the Conveyance Deed dated 19.11.1938 in the office of Sub Registrar, Kalyan under Serial No. 94 of 1938 purchased from M/s. Pathak Walchand and Company Limited.

NOTE 8 LONG TERM LOANS AND ADVANCES

Unsecured, Considered Good

a) Loan to Employees	-	-
b) Deposits	1,040,256	1,040,256
c) Inter Corporate Deposits	-	-
d) Advance tax (net)	821,075	1,755,997
e) MAT Credit Entitlement	-	477,768
	1,861,331	3,274,021

NOTE 9 INVENTORIES

Stock-inTrade	22,793,853	2,123
Less : Dimution in value	-	-
	22,793,853	2,123

Notes to Accounts

NOTE 10 CASH AND BANK BALANCE

a) Cash & Cash Equivalents

1) Cash on Hand	-	-
b) Cheques on hand	-	-
2) Cheques on hand	-	-
2) With Scheduled Banks:		
Current Account	828,282	24,878,485

b) Other Bank Balances

Balances with Bank for		
Unpaid Dividend	653,340	955,990
	<u>1,481,622</u>	<u>25,834,475</u>

The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and hence the disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company.

NOTE 11 SHORT TERM LOAN & ADVANCES

Unsecured, Considered Good

a) Loans and advances to related parties	11,524,868	7,397,838
b) Advance to be received in cash or kind	-	-
c) Loan to Employees	-	-
b) Prepaid Expenses	9,790	3,847
	<u>11,534,658</u>	<u>7,401,685</u>

NOTE 12 REVENUE FROM OPERATIONS

(a) Sale of Securities	2,200,488	27,071,703
(b) Other Operating Revenues		
Dividend from Mutual Fund	1,192,219	1,365,214
	<u>3,392,707</u>	<u>28,436,917</u>

NOTE 13 OTHER INCOME

a) Dividend	45	48
b) Interest Income		
Interest on Bank Deposits	-	-
c) Other non-operating Income		
Rent	3,660,612	3,570,107
Interest on I.T. Refund	26,780	-
	<u>3,687,437</u>	<u>3,570,155</u>

NOTE 14 COST OF SECURITIES SOLD

Opening Stock	2,123	25,202,521
Add: Purchases	24,992,218	1,865,213
	<u>24,994,341</u>	<u>27,067,734</u>
Less: Closing Stock (after diminution in value)	22,793,853	2,123
TOTAL	<u>2,200,488</u>	<u>27,065,611</u>

NOTE 15 EMPLOYEE BENEFITS EXPENSE

a) Salaries, Wages, Bonus and Gratuity	1,062,971	904,371
b) Contribution to Other Funds	-	-
b) Staff Welfare Expenses	4,129	8,887
TOTAL	<u>1,067,100</u>	<u>913,258</u>

NOTE 16 OTHER EXPENSES

a) Stamp Charges	30,813	17,969
b) Rates & Taxes	85,000	80,000
c) Directors Sitting Fees	-	18,621
d) General Expenses	136,641	81,929
e) Postage, Printing and Stationery	60,856	11,400
f) Filing fees	-	-
g) Common Service charges for Construction House	25,200	22,680
g) Advertisement Expenses	115,222	35,167
i) Professional Charges	2,955	1,163
j) Bank charges	-	798,840
k) Legal Expenses		
l) Auditors' Remuneration		65,625
Audit Fees	190,625	10,500
Certification Charges	5,000	21,500
Tax Audit Fees -	195,625	
TOTAL	<u>652,312</u>	<u>1,165,394</u>

NOTE 17 EARNING PER SHARE

Particulars		
Net Profit / Loss available for Equity Shareholders (₹)	1,408,370	2,112,625
Number of Shares	926,610	926,610
EPS Basic & Diluted (₹)	1.52	2.28

18 INCOME TAX

The Income-tax Assessments of the Company have been completed upto the Accounting year ended 31st March 2012.

Notes to Accounts

19 CONTINGENT LIABILITIES

Claims not acknowledged as debt by the Company :
₹ 59,77,217 (Previous Year ₹ 54,45,337)

20 Related Party Disclosures

(A) Names of the Related Parties & Nature of Relationship

(a) Associate Company

- 1) Hindustan Construction Company Limited
- 2) Hincon Finance Limited

(b) Key Management Personnel & Relative of Key Management Personnel

- 1) Ajit Gulabchand - Chairman
- 2) Shalaka Gulabchand Dhawan

(B) Transactions with Related Parties, Associate Company as referred to in item (A) above

₹

Nature of Transactions		31st March 2017	31st March 2016
1)	Investments in Share Warrants during the year	-	-
2)	Renting of Property during the year	4,800,000	4,800,000
3)	Outstanding balance included in Investments	271,257,183	271,257,183
4)	Outstanding balance included in Current Assets	11,428,867	7,266,837

21 Additional information pursuant to paragraph 9BB of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 1988. (Refer Annexure - I)

22 The Company had executed an undertaking in favour of CDR Lenders to meet shortfall in the cash flows; debt servicing obligation etc of HCC relation to any CDR Lender.

23 In accordance with the approval of the CDR Package for Hindustan Construction Company Ltd (HCC), the Company (Promoter Company of HCC), had already pledged 20,07,03,600 equity shares of ₹ 1/ each held in HCC in favour of 3i Infotech Trusteeship Services Ltd (renamed as 'Universal Trusteeship Services Ltd'), the Security Trustee for the CDR Lenders (Pledgee).

During the year under review, HCC has signed S4A Framework agreement in accordance with RBI Scheme for Sustainable Structuring of Stressed Assets ("S4A Scheme") whereby as per the terms on pledge of shares agreed therein, the pledge on the aforesaid shares held by our Company i.e. 20,07,03,600 equity shares of Re.1/ each held in HCC were released by the said Pledgee in a staggered manner and recreated in favour of the same Pledgee, ie. Universal Trusteeship Services Ltd, the Security Trustee for the CDR Lenders, CLA Lenders, Working Capital Lenders and on behalf of the Debenture Trustee for OCD Lenders.

Further in terms of the said pledge requirements, on the additional 1,53,20,000 equity shares of Re.1/- each allotted by HCC on 2nd May 2014 to the Company, towards allotment of shares for Promoter Contribution, fresh pledge was created during the year, in favour of Universal Trusteeship Services Ltd, the Security Trustee for the CDR Lenders, CLA Lenders, Working Capital Lenders and held by them on behalf of the Debenture Trustee for OCD Lenders, and hence, the entire 21,60,23,600 equity shares of the Company representing 21.37% of the share capital of HCC, are pledged with Universal Trusteeship Services Ltd.

24 Previous Year figures have been regrouped and recast wherever necessary.

As per our report of even date attached.

For K. S. AIYAR & CO.

Chartered Accountants

Satish Kelkar

Partner

M. No. 38934

Place : Mumbai

Date : May 4, 2017

Ajit Gulabchand

(DIN : 00010827)

Chairman

Shalaka Gulabchand Dhawan

(DIN : 00011094)

Vice Chairperson

Ram Gandhi

(DIN : 00050625)

Director

ADDITIONAL INFORMATION PURSUANT TO THE COMPANIES ACT

	Opening Stock			Purchases			Sales			Closing					Stock		
	Quantity	Rate	₹	Quantity	Rate	₹	Quantity	Rate	₹	Quantity	Rate	Value	Mkt Rate	Mkt Value	Rate	₹	
Mutual Funds																	
Canara Robeco Liquid Fund Institutional DDR	56.00	10.16	569.13	-	-	-	-	-	-	-	56.00	10.16	569.13	10.70	599.20	10.16	569.13
SBI Premier Liquid Fund-DP-DD	-	-	-	5,697.19	1,003.25	5,715,703.95	2,192.87	1,003.25	2,200,000.00		3,504.32	1,003.25	3,515,703.95	1,003.25	3,515,704.02	1,003.25	3,515,703.95
SBI ULTRA STDF-Regular Plan-DD	0.49	1,005.86	487.84	-	-	-	0.49	1,005.86	487.84		-	-	-	-	-	-	-
UTI Liquid Fund Cash Plan	1.00	1,066.00	1,065.63	-	-	-	-	-	-		1.00	1,065.63	1,065.63	1,171.00	1,171.00	1,065.63	1,065.63
Kotak Florer Long Term -DDR	-	-	-	1,912,389.72	10.08	19,276,514.65	-	-	-		1,912,389.72	10.08	19,276,514.65	10.08	19,544,622.94	-	19,276,514.65
Total	5749		2,122.60	1,918,086.91		24,992,218.60	2,193.36		2,200,487.84	1,915,951.04		22,793,853.36		23,062,097.16		-22,793,853.36	

	Cost as on 31.03.2017 ₹	Value as on 31.03.2017 ₹
Mutual Funds	22,793,853.36	22,793,853.36
Less: Diminution in value	-	-
Total	22,793,853.36	22,793,853.36

ANNEXURE I

Schedule to the Balance Sheet of a Non Banking Financial Company [as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998]

(₹)

Particulars	Amount Outstanding	Amount Overdue
Liability Side:		
1 Loans and advances availed by the NBFCs inclusive of interest accrued there on but not paid		
a Debentures: Secured	NIL	NIL
Unsecured (Other than falling within the meaning of public deposits *)	NIL	NIL
b Deferred Credits	NIL	NIL
c Term Loans	NIL	NIL
d Inter-corporate loans and borrowings	NIL	NIL
e Commercial Paper	NIL	NIL
f Public Deposits *	NIL	NIL
g Other Loans (specify nature)	NIL	NIL
* Please see Note 1 below		
2 Break up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :-		
a In the form of Unsecured debentures	NIL	NIL
b In the form of party secured debentures i.e. debentures where there is a shortfall in the value of security	NIL	NIL
c Other public deposits	NIL	NIL
* Please see Note 1 below		
Assets Side:		
	Amount Outstanding (₹)	
3 Break up of Loans & advances including bills receivables (other than those included in (4) below)		
a Secured	NIL	
b Unsecured	1,861,33	

	Amount Outstanding (₹)
4 Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities	
i Lease assets including lease rentals under sundry debtors:	
a Financial lease	NIL
b Operating lease	NIL
ii Stock on hire including hire charges under sundry debtors:	
a Assets on hire	NIL
b Repossessed Assets	NIL
iii Hypothecation loans counting towards EL/HP Activities	
a Loans where assets have been repossessed	NIL
b Loans other than (a) above :	NIL
5 Break up of investments:	
Current Investments:	(₹)
1 Quoted:	
i Shares:	
a Equity	NIL
b Preference	NIL
ii Debentures and Bonds	NIL
iii Units of mutual funds	NIL
iv Government Securities	NIL
v Others (please specify)	NIL
2 Unquoted:	
i Shares:	
a Equity	NIL
b Preference	NIL
ii Debentures and Bonds	NIL
iii Units of mutual funds	NIL
iv Government Securities	NIL
v Others (please specify)	NIL
Long Term Investments	
1 Quoted:	
i Shares:	
a Equity	271,257,183
b Preference	NIL
ii Debentures and Bonds	NIL

	Amount Outstanding (₹)
iii Units of mutual funds	NIL
iv Government Securities	NIL
v Others (please specify)	NIL
2 Unquoted:	
i Shares:	
a Equity	75,69,518
b Preference	2,800
ii Debentures and Bonds	NIL
iii Units of mutual funds	NIL
iv Government Securities	NIL
v Share Warrants	NIL
vi Land	363,60,000

6 Borrower group wise classification of all leased assets stock on hire and loans and advances Please see Note 2 Below

Category	Amount Net of Provisions		
	Secured ₹	Unsecured ₹	Total ₹
1 Related Parties**			
a Subsidiaries	NIL	NIL	NIL
b Companies under same group	NIL	NIL	NIL
c Other related parties	NIL	NIL	NIL
2 Other than related parties	NIL	NIL	NIL
Total	NIL	NIL	NIL

7 Investor group wise classification of all investments (current and long term in shares and securities (both quoted and unquoted)): Please see note 3 below

Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties**		
a Subsidiaries	NIL	NIL
b Companies under same group	7,500,000	7,500,000
c Other related parties	8,532,932,200	271,329,501
2 Other than related parties	NIL	NIL
Total	8,540,432,200	278,829,501

8 Other information

Particulars	₹
i Gross Non Performing Assets	
a Related parties	NIL
b Other than related parties	NIL
ii Net Non Performing Assets	
a Related parties	NIL
b Other than related parties	NIL
iii Assets acquired in satisfaction of debt	NIL

Notes:

- As defined in Paragraph 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

** As per Accounting Standard of ICAI (Please see Note 3)

Independent Auditor's Report

To

**The Members of
Hincon Holdings Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **Hincon Holdings Limited** as required under section 129(3) of the Companies Act, 2013 wherein Company's investment in two of its Associates namely Hindustan Construction Company Limited and Hicon Finance Limited have been accounted as per Accounting Standard 23 i.e. Accounting for Investments in Associates in Consolidated Financial Statements' specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position and consolidated financial performance including its Associates and consolidated 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.

The respective Board of Directors of the Company and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

1. We invite attention to Note 7 (iv) to the consolidated financial statements, in case of Hicon Finance Limited (HFL), which has become an associate of the company from 1st July, 1999, as the accounts of the associate are not available with the company from 1999 to 2015 the same has not been considered for the purpose of consolidation. Impact of the non-inclusion on cost of investment in the associate for these years could not be ascertained.
2. We invite attention to Note 7 (vi) to the consolidated financial statements. where in Hindustan Construction Company Limited ("HCC"), an Associate company whose accounts prepared as per IND AS and not as per Indian GAAP as required for the purpose of consolidation, has been considered for consolidation with the Company which is a Non Banking Financial Company and whose accounts are required to be prepared only under Indian GAAP as per the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. However, as per Accounting Standard 23, since the company has reported its investment in the associate at nil value under equity method, the share of further losses will not have any impact on the value of the said investment.
3. The Independent Auditors of Hindustan Construction Company Limited ("HCC"), an Associate company have qualified their audit report on the financial statements for the year ended 31 March 2017 reproduced by us as under,
 - a) As stated in Note 22 to the consolidated financial statements, HCC group's carrying value of net assets (capital employed) aggregating ₹ 4,124.40 crore, goodwill on consolidation amounting to ₹ 95.04 crore

Independent Auditor's Report

and non-controlling interest amounting to ₹ 208.01 crore as at 31 March 2017 in Lavasa Corporation Limited (LCL), subsidiary of HCC, being considered good and recoverable by the management. However, LCL has accumulated operational losses and its net worth is fully eroded as at 31 March 2017. Further, this subsidiary is facing liquidity constraints due to which it may not be able to realize projections made as per its business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these assets and the consequential impairment losses, if any, on the accompanying consolidated financial statements. Our opinion on the consolidated financial statements for the year ended 31 March 2016 was also qualified in respect of this matter.

- b) The impairment testing carried out by LCL, during the year ended 31 March 2016 which did not indicate any impairment and according to the contention of LCL, since there is no change in the business conditions, no impairment testing was carried out during the year ended 31 March 2017. In our opinion, the LCL may not be able to achieve the business plans based on which the impairment testing has been carried out. The consequential impairment losses, if any, cannot be ascertained.
- c) As stated in Note 23 to the consolidated financial statements, in respect of matter relating to LCL, the liability, if any, in respect of the compliance of the terms and conditions laid down by the Ministry of Environment and Forests granting the Environment Clearances for development of the Hill Station Township vide its order dated 9 November 2011 to LCL, cannot be ascertained. Our opinion on the consolidated financial statements for the year ended 31 March 2016 was also qualified in respect of this matter.
- d) As stated in Note 24 to the consolidated financial statements, in respect of matter relating to HCC Real Estate Limited (HREL), subsidiary of HCC, HREL group's current and non-current borrowings including finance charges, disclosure in respect of defaults and terms of repayment of borrowings, maturity analysis of financial instruments, trade payables, trade receivables, advances to suppliers and certain balances with banks are subject to confirmation, reconciliation and consequential adjustment, if any.
- e) As stated in Note 25 to the consolidated financial statements, in respect of matter relating to, provision for expected credit loss, have not been ascertained and accounted for by Charosa Wineries Limited, a subsidiary of HCC.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the associates as noted below, except for the possible

effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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 consolidated state of affairs of the Company and consolidated profit as at 31st March, 2017 and consolidated cash flows for the year ended on that date.

Emphasis of Matters

The Independent Auditor of certain subsidiaries in its audit report on the financial statements for the year ended 31 March 2017 have drawn emphasis of matter paragraphs reproduced by us as under:

- a) We draw attention to the matter stated in Notes 26 and 27 to the consolidated financial statements regarding remuneration of ₹ 10.66 crore paid for each of the financial years ended 31 March 2014 and 31 March 2016 to the Chairman and Managing Director (CMD) of HCC, which is in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956/ the Companies Act, 2013, respectively and for which HCC has filed an application for review /an application, respectively with the Central Government; however approval in this regard is pending till date.
- b) We draw attention to the matter stated in Note 28 to the consolidated financial statements in respect of HCC, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current financial assets), non-current trade receivable and current trade receivables aggregating ₹ 911.80 crore, ₹ 123.39 crore and ₹ 90.30 crore, respectively, as at 31 March 2017, raised in the earlier years in respect of projects suspended or substantially closed and where the claims are currently under negotiations/ discussion/ arbitration. Pending the ultimate outcome of these matters, which is presently unascertainable, no adjustments have been made in the accompanying consolidated financial statements.
- c) We draw attention to the matter stated in Note 29 to the consolidated financial statements, in respect of HCC, regarding Group's non-current investment in HCC Concessions Limited (HCL), a joint venture company of HCC Infrastructure India Limited (HICL), and other current financial assets due from such joint venture company aggregating ₹ 315.39 crore and ₹ 4.97 crore, respectively, as at 31 March 2017. The consolidated net-worth of the aforesaid joint venture has been fully eroded; however, based on certain estimates and other factors, including joint venture's future business plans, growth prospects and valuation report from an independent valuer, as described in the said note, management believes that the realizable amount is higher than the carrying value of the investments and other current financial assets due to which these are considered as good and recoverable.

Independent Auditor's Report

- d) We draw attention to Note 30 to the consolidated financial statements, in respect of Raiganj-Dalkhola Highways Limited (RDHL) a joint venture company of HCC Infrastructure Company Limited (HICL), where National Highway Authority of India (NHAI) has served notice of termination of contract to RDHL on 31 March 2017 due to delay in re-start of work at project. For the reasons mentioned in the note, as per terms of the contract RDHL is confident of being entitled to claims from Arbitration or termination benefits exceeding possible loss. Hence no provision for such loss is considered necessary.
- e) We draw attention to Note 31 to the consolidated financial statements, in respect of Badarpur Faridabad Tollways Limited (BFTL), a joint venture company of HICL, in respect of notice issued by BFTL vide letter dated 31 March 2017 to NHAI of its intention to issue termination notice pursuant to the article 34.8 of the Concession Agreement (CA) due to imposition of environmental compensation charges and other restrictions on commercial vehicles entering in to Delhi, in accordance with the Supreme Court orders and vehicular traffic having reduced significantly, causing substantial loss to the revenues of BFTL. Due to Force Majeure event BFTL has issued this notice and has granted 15 days' time to NHAI to make representation, if any, pursuant to article 34.8 of the CA. Subsequently, the NHAI vide letter dated 12 April 2017 has refuted the contents of BFTL'S notice. The next course of action will be decided by BFTL at appropriate time.
- f) We draw attention to Note 32 to the consolidated financial statements, in respect of HICL group's accumulated losses exceeding its equity by ₹ 1,321.36 crore. The HICL Group has incurred current loss of ₹ 257.78 crore. Despite negative net worth of the group, the consolidated financial statements of HICL group have been prepared on going concern basis for the reasons mentioned in the aforesaid note. The appropriateness of the same basis is inter alia dependent upon Group's ability to generate higher fair market value by HICL of its investment in joint venture, namely HCC Concessions Limited and ongoing incubation of other infrastructure businesses which will create further value for the Group. These conditions, along with other matters as set forth in aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about HICL group's ability to continue as going concern.
- g) We draw attention to Note 33 to the consolidated financial statements, in respect of HREL group's accumulated losses exceeding its equity by ₹ 1,083.34 crore and its net worth fully eroded. The HREL Group has incurred current net loss of ₹ 533.91 crore and ₹ 210.37 crore during previous year end and HREL group's liability and minority interests in its subsidiaries exceeded its total assets as at 31 March 2017 by

₹ 1,017.14 crore. These conditions, along with other matters as set forth in paragraph 8(b) (i), indicate the existence of a material uncertainty that may cast significant doubt about the HREL group's ability to continue as a going concern. However the financial statements of the HREL groups have been prepared in a going concern basis for the reasons stated in the note.

Our opinion is not qualified in respect of above matters

Other Matters

The consolidated financial statements include the Group's share of net profit of ₹ 63,01,235 for the year ended 31 March 2017, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the amounts and disclosures included in respect of these associates, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, We have sought obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the consolidated cash flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated 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) The matters described under the Emphasis of Matters/ Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors of the Company as on 31st March, 2017 taken on record by the Board of Directors of the Company and the reports of the other statutory auditors of its associate

Independent Auditor's Report

companies incorporated in India, none of the directors of the Company is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its Associates and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its associates – Refer Note 19, 23, 30, 31, 28, 34 to the consolidated financial statements.
 - (ii) The Company and an associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. In case of other associate provision has been made, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts; and

- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, and its Associates.
- (iv) These consolidated financial statements have made requisite disclosures as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 by the Company and its associate companies incorporated in India. Based on the audit procedures performed and taking into consideration the information and explanations given to us and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the Company and its associate companies, in our opinion, these are in accordance with the books of accounts maintained by the respective companies - Refer note 35 to the consolidated financial statement.

For K. S. AIYAR & Co.
Chartered Accountants
Firm's Registration No. 100186W

Satish Kelkar
Partner
Membership No. 38934

Place: Mumbai
Date: May 4, 2017

ANNEXURE A

Re: Hincon Holdings Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") referred to in Para (g) on Report on Other Legal and Regulatory Requirements in our report.

In conjunction with our audit of the consolidated financial statements of the Hincon Holdings Limited as of and for the year ended 31st March, 2017, We have audited the internal financial controls over financial reporting of Hincon Holdings Limited (hereinafter referred to as "the Company") and in respect of its Associates companies wherein such audit of the internal financial controls over financial reporting was carried out by other Auditors whose reports have been forwarded to us and have been appropriately dealt with by us in making this report as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Company and its associate companies which are companies incorporated in India, are 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 the respective 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.

Auditor's 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") issued by the ICAI 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 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

Annexure to the Independent Auditor's Report

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 judgement, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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 and its associate companies, which are companies incorporated in India, have, 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 March 2017, 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 ICAI.

Other Matters

We did not audit the IFCOFR insofar as it relates to two associates, which are companies incorporated in India, in respect of which, the Company's share of net profit is ₹ 63,01,235 for the year. Our report on the adequacy and operating effectiveness of the IFCOFR for the Company and associates, which are companies incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid associates, is solely based on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

For K. S. Aiyar & Co.
Chartered Accountants
Firm's Registration No. 100186W

Satish Kelkar
Partner
Membership No. 38934

Place: Mumbai
Date: May 4, 2017

Consolidated Balance Sheet as at 31st March 2017

	Note No.	As At 31.03.2017 ₹	As At 31.03.2016 ₹
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
Share Capital	3	9,266,100	9,266,100
Reserves & Surplus	4	83,118,187	75,408,581
		92,384,287	84,674,681
2 Current Liabilities			
Other current Liabilities	5	1,097,258	1,350,152
TOTAL		93,481,545	86,024,833
II. ASSETS			
1 Non - current Assets			
Fixed Assets	6		
Tangible Assets		171,931	175,615
Non current Investments	7	55,638,149	49,336,914
Long Term Loans and advances	8	1,861,332	3,274,021
		57,671,412	52,786,550
2 Current Assets			
Inventories	9	22,793,853	2,123
Cash and bank balances	10	1,481,622	25,834,475
Short term loan and advances	11	11,534,658	7,401,685
		35,810,133	33,238,283
Significant Accounting policies	2		
TOTAL		93,481,545	86,024,833

The accompanying Notes including other explanatory information forming integral part of financial statements.

As per our report of even date attached.

For K. S. AIYAR & CO.

Chartered Accountants

Firm Registration No. 100186W

Satish Kelkar

Partner

Membership No. 38934

Place : Mumbai

Date : May 4, 2017

Ajit Gulabchand

(DIN : 00010827)

Chairman

Shalaka Gulabchand Dhawan

(DIN : 00011094)

Vice Chairperson

Ram P. Gandhi

(DIN : 00050625)

Director

Consolidated Statement of Profit and Loss Account for the year ended 31st March, 2017

	Note No.	Year ended 31.03.2017 ₹	Year ended 31.03.2016 ₹
I REVENUE FROM OPERATIONS	12		
Sale of Securities		2,200,488	27,071,703
Other Operating Revenues		1,192,218	1,365,214
		3,392,707	28,436,917
II OTHER INCOME	13	3,687,437	3,570,155
III TOTAL REVENUE (I+ II)		7,080,144	32,007,072
IV EXPENDITURE			
Cost of Securities sold	14	2,200,488	27,065,611
Employee Benefits Expense	15	1,067,100	913,258
Depreciation	6	3,684	3,684
Other Expenses	16	652,312	1,165,394
TOTAL OPERATING EXPENSES		3,923,584	29,143,947
V Profit Before Exceptional & Extraordinary Items & Tax (III - IV)		3,156,560	2,859,125
VI Exceptional Items		-	-
VII Profit Before Extraordinary Items & Tax (V - VI)		3,156,560	2,859,125
VIII Extraordinary Items		-	-
IX Profit Before Tax (VII - VIII)		3,156,560	2,859,125
X Tax Expense:			
1) Current Tax		1,270,422	560,317
2) Deferred Tax		-	-
3) MAT Credit Entitlement		199,281	333,232
4) Excess/(short)Provision of earlier years written back		278,487	(147,049)
XI Profit / (Loss) for the year from Continuing operations (IX - X)		1,408,370	2,112,625
XII Share of profit of associates		6,301,236	5,404,596
XIII Profit / (Loss) for the year (XI + XIV)		7,709,606	7,517,221
XIV Earnings per equity share:			
Basic & Diluted	17	8.32	8.11

The accompanying Notes including other explanatory information forming integral part of financial statements.

As per our report of even date attached.

For K. S. AIYAR & CO.
Chartered Accountants
Firm Registration No. 100186W

Satish Kelkar
Partner
Membership No. 38934

Place : Mumbai
Date : May 4, 2017

Ajit Gulabchand
(DIN : 00010827)

Shalaka Gulabchand Dhawan Vice Chairperson
(DIN : 00011094)

Ram P Gandhi Director
(DIN : 00050625)

Consolidated Cash Flow Statement for the year ended 31st March, 2017

	Year ended 31.03.2017 ₹	Year ended 31.03.2016 ₹
Cash flow from operating activities		
Profit before tax	3,156,560	2,859,125
Non-cash adjustment to reconcile profit before tax to net cash flows		
Adjustment of equity accounting of associate	-	(271,257,183)
Share of profit of associates	6,301,235	5,404,596
Depreciation/ amortization	3,684	3,684
Operating profit before working capital changes	9,461,480	(262,989,778)
Movements in working capital :		
Increase / (decrease) in other current liabilities	(252,894)	(488,610)
Decrease / (increase) in Other assets	-	-
Decrease / (increase) in Inventories	(22,791,731)	25,200,398
Decrease / (increase) in long-term loans and advances	-	-
Decrease / (increase) in short-term loans and advances	(4,132,972)	(2,741,033)
Cash generated from /(used in) operations	(17,716,117)	(241,019,023)
Direct taxes paid (net of refunds)	(335,500)	(869,652)
Net cash flow from/ (used in) operating activities (A)	(18,051,617)	(241,888,675)
Cash flows from investing activities		
Decrease / (increase) in Investment	(6,301,235)	265,852,587
Net cash flow from/ (used in) investing activities (B)	(6,301,235)	265,852,587
Cash flows from financing activities		
Net cash flow from/ (used in) in financing activities (C)	-	-
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(24,352,853)	23,963,912
Cash and cash equivalents at the beginning of the year	25,834,475	1,870,563
Cash and cash equivalents at the end of the year	1,481,622	25,834,475
Components of cash and cash equivalents		
Cash on hand	-	-
Balances with banks	828,282	24,878,485
- on deposit account	653,340	955,990
Total cash and cash equivalents (Note 17)	1,481,622	25,834,475
Significant Accounting Policies and Notes on Financial Statements	2	

As per our report of even date attached.

For K. S. AIYAR & CO.
Chartered Accountants
Firm Registration No. 100186W

Satish Kelkar
Partner
Membership No. 38934

Place : Mumbai
Date : May 4, 2017

Ajit Gulabchand Chairman
(DIN : 00010827)
Shalaka Gulabchand Dhawan Vice Chairperson
(DIN : 00011094)
Ram P. Gandhi Director
(DIN : 00050625)

Notes to Accounts

NOTE 1: BACKGROUND

Hincon Holdings Limited('the Company') is registered as a Non-Banking Financial Company('NBFC') as defined under section 45-IA of the Reserve Bank of India Act, 1934. The Company is principally engaged in lending and investing activities.

NOTE 2: Significant Accounting Policies forming part of Consolidated Accounts as at March 31, 2017

1. Basis of preparation and Principles of Consolidation

I. Basis of preparation of the consolidated financial statements:

The consolidated financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the act, and the accounting principles generally accepted in India and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

II. Principles of consolidation

- The consolidated financial statements are prepared by:
- Consolidating its accounts with financial statements of its associates by equity method of accounting.
- Applying the equity method of accounting for its associate companies from initial holding in which it holds between 20 & 50 percent of the equity share capital.
- Notes to these consolidated financial statements are intended to serve as means of informative disclosure and guide to better understanding. Recognising this purpose, the company has disclosed only such Notes from the Individual Financial Statements, which fairly present the needed disclosures.

III. Method of Consolidation

The consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 23- Accounting for Investments in Associates in Consolidated Financial Statements"- issued by the Institute of Chartered Accountants of India.

IV. List of Associates

Name of Subsidiary	% of Holding (as on 31.03.2017)
Hincon Finance Ltd	48.75%
Hindustan Construction Co. Ltd.	21.37%

2. Method of Accounting

The Company maintains its accounts on accrual basis.

3. Fixed Assets

Fixed Assets are stated at cost of acquisition net off accumulated depreciation.

4. Depreciation/Amortisation

Depreciation on fixed assets is provided:

- In respect of Computers, depreciation is provided on Straight Line Basis over a period of three years on a pro-rata basis.
- Leasehold rights in Land & Building are amortised over the period of lease.

5. Investments

Investments are stated at cost and are classified as Long Term(non current) Investments.

6. Dividend

Dividend income is accounted for when the right to receive the payment is established.

7. Stock In Trade

Shares and Securities held as Stock-in-trade are valued at cost (FIFO basis) or net realisable value whichever is lower.

Notes to Accounts

8. Taxation

The tax expense comprises of current tax & deferred tax charged or credited to the profit and loss account for the year. Current tax is calculated in accordance with the tax laws applicable to the current financial year. The deferred tax expenses or benefit is recognised using the tax rates and tax laws that have been enacted by the balance sheet date. In the event of unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

9. Earnings per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per shares, the net profit or loss for the period attributable to equity shareholders by weighted average number of shares outstanding during the period are adjusted for the effects of all dilative potential equity shares.

As At 31.03.2017	As At 31.03.2016
₹	₹

NOTE 3: SHARE CAPITAL

Authorised Capital

20,00,000 Equity Shares of ₹ 10 each	20,000,000	20,000,000
10,00,000 Unclassified shares of ₹ 10 each	10,000,000	10,000,000
TOTAL	30,000,000	30,000,000

Issued,Subscribed & Paid-up Capital

9,26,610 Equity Shares of ₹10 each fully paid-up	9,266,100	9,266,100
TOTAL	9,266,100	9,266,100

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

Equity Shares :

Number of Shares outstanding at the Beginning of the year:	Qty	926,610	926,610
	Value	9,266,100	9,266,100
Add: Shares issued and allotted during the year	Qty	-	-
	Value	-	-
Number of Shares outstanding at the End of the year:	Qty	926,610	926,610
	Value	9,266,100	9,266,100

b. Terms/rights attached to 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. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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.

Notes to Accounts

c. Shareholding of more than 5%:

Name of the Shareholder	As At 31.03.2017 % held	As At 31.03.2017 No. of shares	As At 31.03.2016 % held	As At 31.03.2016 No. of shares
Shri. Ajit Gulabchand	91.89	851,465	91.89	851,465

NOTE 4: RESERVES AND SURPLUS

a) General Reserves

Opening Balance	69,765,636	69,015,636
Add: Transferred from Statement of Profit and Loss	770,000	750,000
	70,535,636	69,765,636

b) Special Reserve U/s 45 (IC) of the RBI Act, 1934

Opening Balance	141,590,000	140,090,000
Add: Transferred from Statement of Profit and Loss	1,540,000.00	1,500,000
	143,130,000	141,590,000

c) Surplus as per Statement of Profit and Loss

Balance brought Forward	(135,947,055)	130,042,907
Add: Profit /(Loss) for the year	7,709,606	7,517,221
Less: Transferred to General Reserve	770,000	750,000
Less: Tax on Proposed Dividend		
Less: Adjustment of equity accounting of associate	-	271,257,183
Less: Transfer to Special Reserve U/s 45 (IC) of the RBI Act, 1934	1,540,000	1,500,000
	(130,547,449)	(135,947,055)
TOTAL	83,118,187	75,408,581

As At
31.03.2017
₹

As At
31.03.2016
₹

NOTE 5: OTHER CURRENT LIABILITIES

a) Other Trade Payable	295,965	304,223
b) Statutory Dues Payable	70,995	20,182
c) Due to Employees	76,958	69,757
d) Unclaimed Dividend	653,340	955,990
TOTAL	1,097,258	1,350,152

Notes to Accounts

NOTE 6 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.2016	Additions	Deductions	As At 31.03.2017	As At 01.04.2016	For The period	Deductions	Upto 31.03.2017	As At 31.03.2017	As At 31.03.2016
Tangible Assets (At Cost):										
Lease Hold Rights in Land & Building (*)	225,700	-	-	225,700	50,085	3,684	-	53,769	171,931	175,615
Total	225,700	-	-	225,700	50,085	3,684	-	53,769	171,931	175,615

(*) 1 : The Mumbai High Court vide its order dated 1st July 1999 sanctioned a scheme of arrangement (for demerger) between Walchand Capital Ltd (WC) and the Company & Others. As a result the Company was entitled to leasehold rights in the land/premises which was built on the land leased to WC by the Mumbai Port Trust (MPT) together with undivided 32.19% of the share, right, title and interest in the said leasehold land. However, the matter relating to the vesting of the aforesaid leasehold rights in favour of the Company is subject to the decision in a suit filed by WC against MPT in the City Civil Court, Mumbai.

	As at 31st March, 2017	As at 31 st March, 2016
	₹	₹

NOTE 7 NON CURRENT INVESTMENTS (At Cost)

a) Investment Properties	36,360,000	36,360,000
b) Investment in Equity instruments		
Hindustan Construction Company Ltd	-	-
Hincon Finance Limited	19,205,831	12,904,596
Lavasa Corporation Limited	69,518	69,518
Total	19,275,349	12,974,114
c) Investments in Preference shares		
Lavasa Corporation Limited	2,800	2,800
Total	55,638,149	49,336,914

	As at 31 st March, 2017		As at 31 st March, 2016	
	Cost	Market Value	Cost	Market Value
	₹	₹	₹	₹
(i) Aggregate of Investments				
i. Quoted	-	8,53,29,32,200	-	4,234,062,560
ii. UnQuoted	12,904,596	-	12,976,914	-
iii. Others	36,360,000	-	36,360,000	-
Total	49,264,596	8,532,932,200	49,336,914	4,234,062,560

	As at 31st March, 2017	As at 31 st March, 2016
	₹	₹
(ii) Equity accounted associates		
Cost of investment	278,757,183	278,757,183
[including Rs 17,48,46,365 of goodwill (net of capital reserve) arising on consolidation]		
Add: Share of profits/(losses)	(259,551,352)	(265,852,587)
	19,205,831	12,904,596

Notes to Accounts

(iii)	Name of the Company	Original Cost of investment	Goodwill/ Capital reserve	Accumulated Profit/(loss) as at 31.03.2017	Carrying amount of investment as at 31.03.2017
	Hindustan Construction Company Ltd	271,257,183	174,846,365	(271,257,183)	-
	Hincon Finance Limited (Refer point (iv))	7,500,000	-	11,705,831	19,205,831
	Total	278,757,183	174,846,365	(259,551,352)	19,205,831

- (iv) In case of Hincan Finance Limited (HFL), which has become an associate of the company from 1st July, 1999, as the accounts of the associate are not available with the company from 1999 to 2015, impact for those years is not taken for the purpose of consolidation.
- (v) The company has prepared consolidated accounts taking into account standalone audited accounts of an associate till the year 2002 and consolidated accounts thereafter in terms of AS 21
- (vi) Hindustan Construction Company Limited ("HCC"), an Associate company whose accounts prepared as per IND AS and not as per Indian GAAP as required, has been considered for consolidation with the Company which is a Non Banking Financial Company and whose accounts are required to be prepared only under Indian GAAP as per the companies (Indian Accounting Standards) (Amendment) Rules, 2016. However, as per Accounting Standard 23, since the company has reported its investment in the associate at nil value under equity method, the share of further losses will not have any impact on the value of the said investment.

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
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NOTE 8 LONG TERM LOANS AND ADVANCES

Unsecured, Considered Good

a) Deposits	1,040,257	1,040,256
b) Advance tax (net)	821,075	1,755,997
c) MAT Credit Entitlement	-	477,768
TOTAL	1,861,332	3,274,021

NOTE 9 INVENTORIES

Stock-in-Trade	22,793,853	2,123
	22,793,853	2,123

NOTE 10 CASH AND BANK BALANCE

a) Cash & Cash Equivalents		-
1) Cash on Hand		
2) With Scheduled Banks:	828,282	24,878,485
Current Account		
b) Other Bank Balances		
Balances with Bank for Unpaid Dividend	653,340	955,990
TOTAL	1,481,622	25,834,475

NOTE 11 SHORT TERM LOAN & ADVANCES

Unsecured, Considered Good

a) Loans and advances to related parties	11,524,868	7,397,838
b) Prepaid Expenses	9,790	3,847
	11,534,658	7,401,685

Notes to Accounts

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 12 REVENUE FROM OPERATIONS		
(a) Sale of Securities	2,200,488	27,071,703
(b) Other Operating Revenues		
Dividend from Mutual Fund	1,192,219	1,365,214
TOTAL	3,392,707	28,436,917
NOTE 13 OTHER INCOME		
a) Dividend	45	48
b) Interest Income		
Interest on Bank Deposits	-	-
c) Other non-operating Income		
Rent	3,660,612	3,570,107
Interest on I.T. Refund	26,780	-
TOTAL	3,687,437	3,570,155
NOTE 14 COST OF SECURITIES SOLD		
Opening Stock	2,123	25,202,521
Add: Purchases	24,992,218	1,865,213
	24,994,341	27,067,734
Less: Closing Stock (after diminution in value)	22,793,853	2,123
TOTAL	2,200,488	27,065,611
NOTE 15 EMPLOYEE BENEFITS EXPENSE		
a) Salaries, Wages, Bonus and Gratuity	1,062,971	904,371
b) Staff Welfare Expenses	4,129	8,887
TOTAL	1,067,100	913,258
NOTE 16 OTHER EXPENSES		
a) Rates & Taxes	30,813	17,969
b) Directors Sitting Fees	85,000	80,000
c) General Expenses	-	18,620
d) Postage, Printing and Stationery	136,641	81,930
e) Filing fees	60,856	11,400
f) Advertisement Expenses	25,200	22,680
g) Conveyance	-	-
h) Professional Charges	115,222	35,167
i) Bank charges	2,955	1,163
j) Legal Expenses	-	798,840
k) Auditors' Remuneration		
Audit Fees	190,625	65,625
Certification Charges	5,000	10,500
Tax Audit Fees	-	21,500
TOTAL	652,312	1,165,394

Notes to Accounts

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 17 EARNING PER SHARE		
a Net Profit/ Loss available for Equity Shareholders (₹)	7,709,606	7,517,221
b Number of Shares	926,610	926,610
c EPS (Weighted Average) Basic & Diluted (₹) (not annualised)	8.32	8.11

18 INCOMETAX

The Income-tax Assessments of the Company have been completed upto the Accounting year ended 31st March, 2012.

19 CONTINGENT LIABILITIES

Claims not acknowledged as debt by the Company : ₹ 59,77,217 (Previous Year ₹ 54,45,337)

Contingent Liabilities in HCC Ltd recorded below mentioned details :

Sr No	Particulars	As at 31 Mar 2017 (₹ In crores)	As at 31 Mar 2016 (₹ In crores)
(i)	Claims filed against group not acknowledged as debts	325.88	275.79
(ii)	Sales Tax/Works contract tax liability/Service tax/ Custom Liability that may arise in respect of matters in appeal	145.97	109.42
(iii)	Income tax liability that may arise in respect of appeals	80.99	67.98
(iv)	Corporate Guarantee	25.57	26.15
(v)	Counter Indemnities given to banks in respect of contracts executed by subsidiaries and Joint ventures	70.87	101.43

Its is not practicable for the Group to estimate the timings of Cash flows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respct of the above contingent liabilities except point (i) stated therein above. Further cash flows in above are determinable only on receipt of Judgements/decisions pending with various forums//Authorities. The Group does not expect any outflow in respect of the above and therefore no provision is made in respect thereof.

20 Related Party Disclosures

(A) Names of the Related Parties & Nature of Relationship

(a) Associate Company

- 1) Hindustan Construction Company Limited (HCC)
- 2) Hincon Finance Limited (HFL)

(b) Key Management Personnel & Relative of Key Management Personnel

- 1) Ajit Gulabchand - Chairman
- 2) Shalaka Gulabchand Dhawan

(B) Transactions with Related Parties

Sr. No.	Nature of Transactions	Name of Party	(₹)	31st March 2016 (*)
1)	Renting of Property during the year	HCC	-	4,800,000
2)	Outstanding balance included in Investments	HFL	7,500,000	
	Less: share of Profit/(loss)		(259,551,352)	(252,051,352)
3)	Outstanding balance included in Current Assets	HCC		7,266,837

(*) The amounts are disclosed at full values.

Notes to Accounts

- 21** 1 In accordance with the approval of the CDR Package for Hindustan Construction Company Ltd (HCC), the Company (Promoter Company of HCC), had already pledged 20,07,03,600 equity shares of Re.1/ each held in HCC in favour of 3i Infotech Trusteeship Services Ltd (renamed as 'Universal Trusteeship Services Ltd'), the Security Trustee for the CDR Lenders (Pledgee).

During the year under review, HCC has signed S4A Framework agreement in accordance with RBI Scheme for Sustainable Structuring of Stressed Assets ("S4A Scheme") whereby as per the terms on pledge of shares agreed therein, the pledge on the aforesaid shares held by our Company i.e. 20,07,03,600 equity shares of Re.1/ each held in HCC were released by the said Pledgee in a staggered manner and recreated in favour of the same Pledgee, ie. Universal Trusteeship Services Ltd, the Security Trustee for the CDR Lenders, CLA Lenders, Working Capital Lenders and on behalf of the Debenture Trustee for OCD Lenders.

Further in terms of the said pledge requirements, on the additional 1,53,20,000 equity shares of Re.1/- each allotted by HCC on 2nd May 2014 to the Company, towards allotment of shares for Promoter Contribution, fresh pledge was created during the year, in favour of Universal Trusteeship Services Ltd, the Security Trustee for the CDR Lenders, CLA Lenders, Working Capital Lenders and held by them on behalf of the Debenture Trustee for OCD Lenders, and hence, the entire 21,60,23,600 equity shares of the Company representing 21.37% of the share capital of HCC, are pledged with Universal Trusteeship Services Ltd.

- 2 The Company had executed an undertaking in favour of CDR Lenders to meet shortfall in the cash flows; debt servicing obligation etc of HCC relation to any CDR Lender.
- 22** Lavasa Corporation Limited (LCL), a subsidiary company of HCC Ltd., has incurred losses and consolidated net-worth as at 31 March 2017 has been fully eroded. The underlying projects in such entity are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on valuation report of an independent valuer is of the view that there is no impairment in value of LCL net assets (capital employed) of ₹ 4,124.40 crore (31 March 2016: ₹ 4,157.51 crore). Similarly, no diminution in value of goodwill on consolidation amounting to ₹ 95.04 crore (31 March 2016: ₹ 95.04 crore) and non-controlling interest amounting to ₹ 208.01 crore (31 March 2016: Nil) of LCL is considered necessary.
- 23** In respect of Lavasa Corporation Limited (LCL), Ministry of Environment & Forests (MoEF), Government of India, vide its order dated 9 November 2011 accorded Environment Clearance (EC) to 2,000 hectare (5,000 acres) which are subject to the compliance of terms and conditions. The Company has filed an appeal before the National Green Tribunal, New Delhi challenging some of the conditions prescribed in the said Order which is pending before the Tribunal. The Company believes that the matter will be decided in its favour. Construction has resumed at project site from 9 November 2011.
- 24** In respect of HCC Real Estate Limited (HREL) group's, balances as at and for the year ended 31 March 2017 with respect to current and non-current borrowings including finance charges, disclosure in respect of defaults and terms of repayment of borrowings, maturity analysis of financial instruments, trade payable, trade receivable, advances to suppliers and certain balances with banks, in absence of confirmations, are based on contractual term's and condition with the respective parties. The management believes that the reconciliations/adjustments, if any, are not expected to be material.
- 25** Considering its size of operations and revenue from operations, Charosa Wineries Limited, a subsidiary company, has not ascertained expected credit loss.
- 26** In respect of year ended 31 March 2014, the HCC's request for remuneration in excess of the limit prescribed and held in trust, to the Ministry of Corporate Affairs (the 'Ministry'), to reconsider their approval of ₹ 1.92 crore against the entire remuneration of ₹ 10.66 crore paid to the Chairman and Managing Director (CMD), is pending with the Ministry.
- 27** In respect of year ended 31 March 2016, the HCC's application to the Ministry for approval of remuneration paid/ payable ₹ 10.66 crore to the CMD in excess of the limit prescribed and held in trust, is pending with the Ministry.
- 28** 'Unbilled work-in-progress (Other current financial assets)', 'Non-current trade receivables' and 'Current trade receivables' include ₹ 911.80 crore (31 March 2016: ₹ 977.57 crore), ₹ 123.39 crore (31 March 2016: ₹ 89.14 crore) and ₹ 90.30 crore (31 March 2016: ₹ 116.94 crore), respectively, outstanding as at 31 March 2017 representing various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed/suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation/discussion with the clients or under arbitration. Non-current trade receivables includes arbitration awards received in favour of the Company, which have been subsequently set aside by District Court/ High Courts against which the Company has preferred appeals at High Courts/ Supreme Court and has been legally advised that it has good case on merits. Considering the contractual tenability, progress of negotiation/ discussion with the client, the management is confident of recovery of these receivables.

Notes to Accounts

- 29** The Group, as at 31 March 2017, has a non-current investment amounting to ₹ 315.39 crore (31 March 2016: ₹ 403.23 crore) and other current financial assets amounting to ₹ 4.97 crore (31 March 2016: ₹ 7.99 crore) in HCC Concessions Limited (HCL), a joint venture Company of HCC Infrastructure Company Limited (HICL) (85.45% holding) having various Build, Operate and Transfer (BOT) SPVs under its fold. While HCL has incurred losses during its initial years and consolidated net-worth as at 31 March 2017 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this entity does not represent its true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of the entity is higher than the carrying value of the investments, non-current loans, other non-current financial assets and other current financial assets due to which these are considered as good and recoverable.
- 30** On 31 March 2017, National Highway Authority of India (NHAI) has served notice of termination of contract to Raiganj Dalkhola Highway Limited (RDHL), a joint venture entity of HICL, due to delay in re-start of the project. The work has stopped on account of non-provision of land to carry out desired work, some portion of land thereafter has since been provided by NHAI. As the delay was on account of default from NHAI, RDHL has taken up matter with NHAI for re-consideration as well as issued notice of Arbitration to NHAI as per terms of the contract. RDHL is hopeful of termination notice being called off. Further, as per terms of the contract, Article 37.1.3, senior lenders, who have funded the contract, have a right of substitution of concessionaire or curing the defect, after receipt of notice from NHAI within period of 180 days. The said curing period of 180 days is yet to expire. Thus RDHL's management is of the view that it will be premature to consider the contract as terminated without providing an option to the senior lenders to exercise their rights available as per the terms of the contract. In view of the above, RDHL is not required to recognize any provision on account of this notice of termination. Without prejudice to the above, in case termination happens at later date, RDHL is confident of being entitled for claims from Arbitration or termination benefits as per terms of contract, hence no provision is required to be made.
- 31** Badarpur Faridabad Tollways Limited (BFTL), a jointly controlled entity of HICL has issued notice vide letter dated 31 March 2017 to NHAI of its intention to issue termination notice pursuant to the Article 34.8 of the Concession Agreement (CA) due to imposition of environmental compensation charges and other restrictions on commercial vehicles entering into Delhi, in accordance with the Supreme Court orders and vehicular traffic reducing significantly, causing substantial loss to the revenue of BFTL. Due to this Force Majeure event, BFTL had issued this notice and granted 15 days' time to NHAI to make a representation, if any, pursuant to the aforesaid Article. Subsequently, the NHAI, vide letter dated 12 April 2017, has refuted the contents of BFTL notice. The next course of action will be decided by BFTL at appropriate time.
- 32** The management of HICL in the financial statements of HICL, group have also stated that diminution in the net worth of HICL is temporary in nature given significantly higher fair market value of its investments in Joint Venture, namely HICL and ongoing incubation of other infrastructure businesses (referred in 33.1 above) which will create further value for HICL. During the year ended 31 March 2017, based on valuation done by the Independent valuer HICL has been valued at ₹ 1,909.61 crore. Group owns 85.45% equity stake in HICL. In view of this, the financial statements of HICL group have been prepared on a going concern basis.
- 33** The management of HREL in the financial statements of HREL group have also stated that, considering the positivity in the business sentiments in general, the HREL group looks forward to an early business recovery. The major business is expected from institutional sales which are directly related to general uptrend in the economy and investment decisions to be made by various corporate/business houses. The HREL group is planning to take various measures in terms of arranging financial resources till the business recovers. These steps include replacing the existing debt with long tenure debt and additional infusion of funds through structured debt and equity. As a result, the HREL group is considered as a going concern.
- 34** Trade receivable includes ₹ 3,317.74 crore (31 March 2016: ₹ 2,668.90 crore) on account of claims awarded in arbitration in favour of the Company which have been challenged by the client in High Courts/ Supreme Court.

Notes to Accounts

- 35 (i) During the year, HCC Group had SBNs/ other denomination notes (other notes) as defined in the MCA notification G.S.R. 308 (E) dated 31 March 2017. The denomination wise details of the SBNs and other notes held and transacted during the period from 8 November 2016 to 30 December 2016 is given below:

Particulars	SBNs ₹ crore	Other notes ₹ crore	Total ₹ crore
Closing cash on hand as at 8 November 2016	1.28	0.53	1.81
(+) Permitted receipts	-	2.19	2.19
(-) Permitted payments	-	1.08	1.08
(-) Amount deposited in banks	1.28	1.19	2.47
Closing cash on hand as at 30 December 2016	-	0.45	0.45

- (ii) Following are the consolidated details [including coventurer(s) share] of the SBNs and other notes held and transacted in respect of jointly controlled entities of HCC.

Particulars	SBNs ₹ crore	Other notes ₹ crore	Total ₹ crore
Closing cash on hand as at 8 November 2016	0.02	0.01	0.03
(+) Permitted receipts	-	0.03	0.03
(-) Permitted payments	0.01	0.03	0.04
(-) Amount deposited in banks	0.01	-	0.01
Closing cash on hand as at 30 December 2016	-	0.01	0.01

For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the Government of India notification S.O. 3407 (E), dated 8 November 2016.

As per our report of even date attached.

For K. S. AIYAR & CO.

Chartered Accountants

Firm Registration No. 100186W

Satish Kelkar

Partner

Membership No. 38934

Place : Mumbai

Date : May 4, 2017

Ajit Gulabchand

(DIN : 00010827)

Chairman

Shalaka Gulabchand Dhawan

(DIN : 00011094)

Vice Chairperson

Ram P. Gandhi

(DIN : 00050625)

Director

FORM AOC-I

Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statements of Associates:

Sr. No.	Name of Associates	Hindustan Construction Company Limited	Hincon Finance Limited
1	Latest Audited Balance Sheet	31-Mar-17	31-Mar-17
2	Shares of the Associates held by the Company		
	Number of Equity shares	216,023,600	390,000
	Amount of Investment in Associates	₹ 2,713 lacs	₹ 75 lacs
	Extent of Holding	21.37%	48.75%
3	Description of how there is significant influence	Significant influence over Share Capital	Significant influence over Share Capital
4	Reason why the associate is not consolidated	Consolidated	Consolidated
5	Total Profit/Loss for the year		
	i. Considered in consolidation (₹ in lacs)	-92,248	129
	ii. Not Considered in consolidation	-	-

Disclosure as per Schedule III by way of additional information as per general instruction 2:

The share of associates in the consolidated profit & loss account is as follows :

Sr. No.	Name of Entity	Share in profit or loss	
		As % of consolidated Profit or Loss	Amount (₹ In lacs)
1	Hindustan Construction Company Limited	21.37%	-19713
2	Hincon Finance Limited	48.75%	63

[illegible]

[illegible]

[illegible]

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