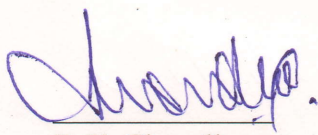
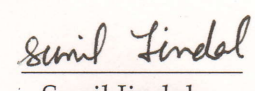
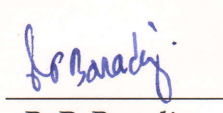
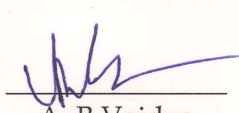


**FORM A**
**FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE  
FILED WITH THE STOCK EXCHANGE**

1.	Name of the Company	M/s. Hindustan Composites Limited
2.	Annual financial statement for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit Observation	Unqualified
4.	Frequency of Observation	Not Applicable
5.	To be Signed by -	
	<ul style="list-style-type: none"> <li>CEO/Managing Director</li> </ul>	 P. K. Choudhary
	<ul style="list-style-type: none"> <li>CFO</li> </ul>	 Sunil Jindal
	<ul style="list-style-type: none"> <li>Auditor of the Company</li> </ul>	 R. P. Baradiya
	<ul style="list-style-type: none"> <li>Audit Committee Chairman</li> </ul>	 A. B Vaidya


**Regional Sales Offices**



Annual Report 2014-15

**COMPO In Control. Always.**





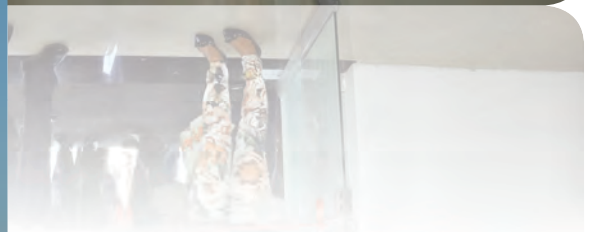
# Inauguration of plant at Aurangabad of Compo Advics (India) Pvt. Ltd. (JV Company)



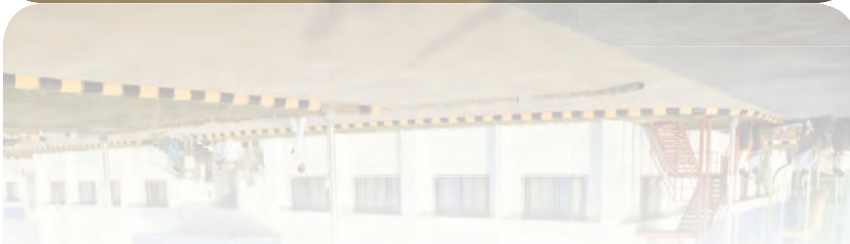
Lighting of Lamp and  
Inauguration Function



New Plant  
Inauguration.



New Manufacturing  
Facility.



**BOARD OF DIRECTORS**

Raghu Mody  
 P. K. Choudhary  
 Varunn Mody  
 K. M. Robinson  
 A. B. Vaidya  
 Lt. Gen. (Retd.) K. S. Brar  
 B. R. Bahl  
 Deepak Sethi  
 Sakshi Mody

Amit Goenka  
 Sunil Jindal

Executive Chairman  
 Managing Director  
 Executive Director -Treasury & Strategy  
 Independent Director  
 Independent Director  
 Independent Director  
 Independent Director (upto 23<sup>rd</sup> January, 2015)  
 Independent Additional Director (w.e.f 23<sup>rd</sup> April, 2015)  
 Additional Director (w.e.f 2<sup>nd</sup> September 2014)

V. P. Finance and Company Secretary  
 Chief Financial Officer

**AUDITORS**

Lodha & Co.

**SOLICITORS**

Khaitan & Co.

**BANKERS**

Bank of Baroda

ICICI Bank

**REGISTERED OFFICE**

Peninsula Business Park, 'A' Tower,  
 8<sup>th</sup> Floor, Senapati Bapat Marg,  
 Lower Parel, Mumbai 400-013  
 Phone : (022) 6688 0100  
 Fax : (022) 6688 0105  
 E-mail : investor @hindcompo.com

**REGISTRAR & TRANSFER AGENTS**

Link Intime India Private Limited  
 C-13, Pannalal Silk Mills Compound,  
 LBS Marg, Bhandup (West), Mumbai – 400-076  
 Phone : (022) 25963838  
 Fax : (022) 66880105  
 Email : rnt.helpdesk@linkintime.co.in

**WORKS**

Paithan : D-2/1, MIDC Industrial area,  
 Paithan, Dist. Aurangabad - 431107

Bhandara : C-10/1, Bhandara Indl. Area, Gadegaon  
 Dist. Bhandara - 441904

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<b>Annual General Meeting</b>	
<b>Date :</b> 18 <sup>th</sup> September, 2015	
<b>Time :</b> 11.30 a.m.	
<b>Venue:</b> Hall of Culture, Nehru, Centre, Dr. Annie Besant Road Worli, Mumbai – 400 018	

**Hindustan Composites Limited**

CIN: L29120MH1964PLC012955

Peninsula Business Park, "A" Tower, 8<sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.Tel.: (022) 6688 0100, Fax: (022) 6688 0105, E-mail: [hcl@hindcompo.com](mailto:hcl@hindcompo.com), Website: [www.hindcompo.com](http://www.hindcompo.com)**NOTICE**

Notice is hereby given that the Fifty First Annual General Meeting of the Members of Hindustan Composites Limited will be held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 at 11.30 a.m. on Friday, 18<sup>th</sup> September, 2015 to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2015 together with the reports of the Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares for the financial year ended on 31<sup>st</sup> March, 2015.
3. To appoint a Director in place of Mr. Raghu Mody (DIN: 00053329), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** M/s. Lodha & Company, Chartered Accountants, Mumbai (having Firm Registration Number: 301051E), be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company."

**SPECIAL BUSINESS:**

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

**"RESOLVED THAT** Mrs. Sakshi Mody (DIN: 06518139), who was appointed as an Additional (Non-executive) Director of the Company with effect from 2<sup>nd</sup> September, 2014 pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and in accordance with the provisions of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing along with requisite deposit from a member as required under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby

appointed as a Director of the Company, who shall be liable to retire by rotation."

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

**"RESOLVED THAT** Mr. Deepak Sethi (DIN: 07165462), who was appointed as an Additional Independent Director of the Company with effect from 23<sup>rd</sup> April, 2015 pursuant to the provisions of Section 149 and 161 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and in accordance with the provisions of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing along with requisite deposit from a member as required under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company pursuant to the provisions of Section 149, 150 and 152 read with schedule IV of the Companies Act, 2013 to hold office for a term up to five consecutive years i.e. upto 22<sup>nd</sup> April, 2020."

7. To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 197 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the revision in remuneration payable to Mr. Raghu Mody (DIN: 00053329), Executive Chairman of the Company w.e.f. 1<sup>st</sup> October, 2014 for the remaining period of his tenure, as detailed in the Explanatory Statement attached to this Notice be and is hereby approved, with the authority to the Board of Directors of the Company to revise the terms on recommendation of Nomination and Remuneration Committee with regards to remuneration from time to time within the limits provided in the said Schedule V or any amendment thereto for the time being in force.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Raghu Mody as Executive Chairman of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution.”

8. To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 197 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013 read with Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and all other necessary permissions, sanctions and approvals as may be required, the revision in remuneration payable to Mr. Varunn Mody (DIN: 00090569), Executive Director, Treasury and Strategy of the Company w.e.f 1<sup>st</sup> April, 2015 for the remaining period of his tenure as detailed in the Explanatory Statement attached to this Notice be and is hereby approved, with the authority to the Board of Directors of the Company to revise the terms on recommendation of Nomination and Remuneration Committee with regards to remuneration from time to time within the limits provided for in the said Schedule V or any amendment thereto for the time being in force.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Varunn Mody as Executive Director, Treasury & Strategy of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 197 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013 read with Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the revision in remuneration payable to Mr. P. K. Choudhary (DIN: 00535670), Managing Director of the Company w.e.f. 1<sup>st</sup> April, 2015 for the remaining period of his tenure as detailed in the Explanatory Statement attached to this Notice be and is hereby

approved, with the authority to the Board of Directors of the Company to revise the terms on recommendation of Nomination and Remuneration Committee with regard to remuneration from time to time within the limits provided in the said Schedule V or any amendment thereto for the time being in force.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. P. K. Choudhary as Managing Director of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution.”

10. To consider and, if thought fit to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the applicable provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred as “**SBEB Regulations**”) (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force), the Companies Act, 2013, the provisions of the Memorandum and Articles of Association of the Company, Listing Agreement entered into with the stock exchanges, where the Equity Shares of the Company are listed and any other applicable laws, rules and regulations for the time being in force and subject to such approvals, consents, permissions and sanctions as may be necessary including such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (which term shall be deemed to include any committee including the Nomination and Remuneration Committee) which the Board may, at its discretion authorize to exercise certain or all of its powers, including the powers conferred by this resolution the creation of ‘Carnation Welfare Trust’ vide Indenture of Trust dated 20<sup>th</sup> June 2011 for the benefit of employees of the Company be and is hereby approved.

**RESOLVED FURTHER THAT** Objects of the said Carnation Welfare Trust as specified in Clause 8 of Trust Deed dated 20<sup>th</sup> June, 2011 be and is hereby approved.

**RESOLVED FURTHER THAT** the purchase of 2,34,899 Equity Shares of the Company by the said Trust



from Secondary Market for a total consideration of ₹ 112,956,669/- which was funded by the Company giving loan to the Trust, be and is hereby approved.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary or expedient in this regard.”

**By Order of the Board of Directors**

**Place : Mumbai**

**Amit Goenka**

**Date : 7<sup>th</sup> May, 2015**

**VP - Finance and  
Company Secretary**

**Registered Office:**

Peninsula Business Park, 'A' Tower,  
8<sup>th</sup> Floor, Senapati Bapat Marg,  
Lower Parel, Mumbai 400013

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** Further a person can act as Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights provided that 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 proxy for any other member.
2. The Statement pursuant to Section 102 of the Companies Act, 2013 in respect of special business is annexed hereto and forms part of this notice.
3. Members are requested to bring their Attendance slip along with their copy of Annual Report to the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Corporate members are requested to send duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the Annual General Meeting (including through e-voting).
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
7. Brief resume of Directors proposed to be appointed/re-appointed at the ensuing Annual General Meeting in terms of Clause 49 of the Listing Agreement is annexed to the Notice.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 12<sup>th</sup> September, 2015 to Friday, 18<sup>th</sup> September, 2015 (both days inclusive) for determining the name of members eligible for dividend on Equity Shares, if approved by the members at the ensuing Annual General Meeting.
9. The shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. Listing fees for the financial year 2015-16 has been paid to both the stock exchanges.
10. Members who hold shares in dematerialized form are requested to bring their client ID and DP-ID for easier identification of attendance at the meeting.
11. Members holding shares in identical order of names in more than one folio are requested to write to the Company / Registrar and Share Transfer Agents (RTA) enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio for better services.
12. Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates to the Company / RTA quoting their Folio Number. Members holding shares in the Demat form may update such details with their respective Depository Participants.
13. As required under Section 205A and 205C of the Companies Act 1956, unclaimed dividend up to financial years ended 31<sup>st</sup> March, 2007 has been transferred to the Investor Education and Protection Fund (IEPF). The shareholders whose dividend remained unclaimed for the financial year ended on 31<sup>st</sup> March, 2008 or / and for subsequent financial years are requested to claim it immediately from the Company.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / RTA.

15. Queries on accounts and operations of the Company, if any, may please be sent to the Company, seven days in advance of the meeting so that the answers can be made available at the Meeting.
16. Members are requested to forward all Share Transfers and other communications to the (RTA) of the Company and are further requested to always quote their Folio Number in all correspondences with the Company.
17. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
18. The dividend on Equity shares as recommended by the Board of Directors for the year ended 31<sup>st</sup> March, 2015, if approved by the members at the Annual General Meeting, will be paid to those members whose names stand registered in the Register of Members as on Friday, 18<sup>th</sup> September, 2015; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
19. To comply with the provision of Section 88 of the Companies Act, 2013 read with Rule 3 of the Companies (Management and Administration) Rule 2014, the Company is required to update its database by incorporating some additional details of its members.
- You are thus requested to submit your e-mail ID and other details vide the e-mail updation form attached in this Annual Report. The same could be done by filling up and signing at the appropriate place in the said form and by returning the same by post.
- The e-mail ID provided shall be updated subject to successful verification of your signatures as per record available with the RTA of the Company.
20. The Register of Directors' and Key Managerial Personnels' Shareholdings maintained under Section 170 and Register of Contracts or arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 are open for inspection at the Registered Office of the Company during the office hours on all working days, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting and will be open for inspection during the Annual General Meeting also.
21. The Notice of the 51<sup>st</sup> Annual General Meeting and instructions for e-voting Attendance Slip and Proxy Form are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant(s) unless member has requested for hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the aforesaid documents are being sent by courier.
22. Information and other instructions relating to e-voting:
- (a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide in members facility to exercise their right to vote on resolutions proposed to be passed in the 51<sup>st</sup> Annual General Meeting (AGM) by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-voting').
- (b) The Company has engaged the services of National Securities Depository Limited (NSDL) as agency to provide e-voting facility.
- (c) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through ballot paper.
- (d) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- (e) The remote e-voting shall commence on Tuesday, 15<sup>th</sup> September, 2015 (10.00 a.m.) and ends on Thursday, 17<sup>th</sup> September, 2015 (5.00 p.m.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 11<sup>th</sup> September, 2015, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, he/she shall not be allowed to change it subsequently.
- (f) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. 11<sup>th</sup> September, 2015.
- (g) A person, whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 11<sup>th</sup> September, 2015 only shall be entitled to avail the facility of remote e-voting and voting at Meeting through ballot paper.
- (h) The Board of Directors of the Company has appointed CS Manish Baldeva, Practicing Company Secretary, (Membership No. F6180) as Scrutinizer to conduct and scrutinize the voting through ballot paper and remote e-voting process in a fair and transparent manner.



- (i) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 11<sup>th</sup> September, 2015, may obtain user ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). However, if the member is already registered with NSDL for remote e-voting then he can use his existing user ID and password for casting the vote through e-voting. If have forgotten your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- (j) The Scrutinizer, after scrutinizing the votes cast at the meeting through ballot paper and through remote e-voting, will, not later than 3 days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company i.e. [www.hindcompo.com](http://www.hindcompo.com) and on the website of the NSDL i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- The results shall simultaneously be communicated to the stock exchanges.
- (k) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. 18<sup>th</sup> September, 2015.
- your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Hindustan Composites Limited.
- (viii) Now you are ready for 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 shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [secretarial@hindcompo.com](mailto:secretarial@hindcompo.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**The instructions for remote e-voting are as under:**

- A. In case a Member receives an email from NSDL [for members whose e-mail IDs' are registered with the Company/Depository Participants(s)]:
- (i) Open email and open PDF file viz; "HCL e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
- a) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM : EVEN (E Voting Event Number) USER ID, PASSWORD/PIN.
- b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- (i) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- (ii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- (iii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item No. 5:**

Mrs. Sakshi Mody, aged 30 years, was appointed as an Additional Director (Non- Executive) pursuant to the provisions of Section 161 of the Companies Act, 2013 and Articles of the Association of the Company with effect from 2<sup>nd</sup> September, 2014 and holds office as such till the date of ensuing Annual General Meeting.

The matter regarding the appointment of Mrs. Sakshi Mody as Director was placed before the Nomination & Remuneration Committee, which has recommended her appointment as Director of the Company.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail services of Mrs. Sakshi Mody as a Director of the Company. Accordingly, the Board recommends an Ordinary Resolution in relation to appointment of Mrs. Sakshi Mody as Director, for the approval by the shareholders of the Company.

The Company has received a notice along with requisite deposit from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director. Further, she is not disqualified from being appointed as director in terms of Section 164 of the Act and has given her consent to act as a Director of the Company, if appointed.

The letter of appointment is available for inspection by members at the registered office of the Company between 11 a.m. to 1 p.m. on any working day of the Company.

Except Mrs. Sakshi Mody, Director (Non- Executive) being an appointee and Mr. Varunn Mody, Executive Director, Treasury and Strategy being her relative, none of the Directors and / or Key Managerial Personnel of the Company or their relatives are concerned or interested in the said resolution.

**Item No. 6**

Mr. Deepak Sethi was appointed as an Additional Independent Director for a period of five years with effect from 23<sup>rd</sup> April, 2015 till 22<sup>nd</sup> April, 2020, subject to approval of shareholders at the ensuing Annual General Meeting. He is an alumnus of IIT-Kanpur and IIM-Ahmedabad. His corporate career began in sales & marketing at Philips, followed by decade long stints with Hindustan Lever & Cadbury and he has held leadership responsibilities at the Director & CXO levels at Cadbury, Dabur, Apollo Tyres, LML and Mayar India.

In recent years, he has provided business consulting & CXO-level guidance to mid-sized organizations - SRF, IGNOU, Simbhaoli Sugar Mills, Kris Flexipacks, Biostadt India Ltd and Rabyte Electronic. He leverages his extensive knowledge of the Indian marketplace, his expertise in sales & marketing and a

'constraint centric approach' in his consulting projects.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of Independent Directors requires approval of shareholders.

Mr. Deepak Sethi has given the requisite declaration pursuant to Section 149(7) of the Companies Act, 2013, to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Clause 49 of the listing agreement. The Company has also received notice along with requisite deposit from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director. Further, he is not disqualified from being appointed as director in terms of Section 164 of the Act and has given his consent to act as a director of the Company. The Nomination & Remuneration Committee has also approved his appointment as Independent Director for a term of five years.

In the opinion of the Board, Mr. Deepak Sethi fulfils the conditions as specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management.

The letter of appointment is available for inspection by members at the registered office of the Company between 11 a.m. to 1 p.m. on any working day of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Deepak Sethi as an Independent Director. Accordingly, the Board recommends an Ordinary Resolution in relation to appointment of Mr. Deepak Sethi as an Independent Director, for the approval by the shareholders of the Company.

Brief resume of the Directors proposed to be appointed as stipulated under the Clause 49 of the Listing Agreement is given in the annexure to the Notice.

Mr. Deepak Sethi is not holding any shares in the Company. Except Mr. Deepak Sethi, being an appointee, none of the Directors and / or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 6

**Item No. 7:**

Mr. Raghu Mody, Executive Chairman of the Company is a promoter of the Company and is associated with the Company since 1987. He is a leading industrialist with several decades of extensive and varied experience in setting up businesses in different kinds of industrial products.

Considering his experience, knowledge and contribution made in the growth of the Company and as recommended by the Nomination and Remuneration Committee, the Board of

Directors of the Company has revised the remuneration payable to Mr. Raghu Mody, Executive Chairman of the Company w.e.f. 1<sup>st</sup> October, 2014 for remaining period of his tenure as follows:

Sr. No.	Particulars	Details of Remuneration
1.	Salary	₹ 600,000/- per month and special allowance of ₹ 210,000/- per month with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule V of the Companies Act, 2013.
2.	Commission	Subject to limit prescribed under Companies Act, 2013.
3.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas, telephone and maintenance in the premises etc.
4.	Conveyance/ Motor Car	Provision of motor car with driver.
5.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding ₹ 100,000/- per annum.
6.	Servant Allowance	Provision for Servant Allowance ₹ 15,000/- p.m.
7.	Gratuity	As per rules of the Company's Scheme.
8.	Personal accident insurance	As per rules of the Company's Scheme.
9.	Club subscription	Reimbursement of club subscription fees of two clubs.
10.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provisions of Schedule V of the Companies Act, 2013.

The Board of Directors recommends the Special Resolution as set out at item no. 7 of the notice for approval of the Members.

Except Mr. Raghu Mody, Executive Chairman none of the Directors and / or Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.

**Item 8:**

Mr. Varunn Mody, Executive Director, Treasury and Strategy of the Company is actively involved in formulation and implementation of strategies for Treasury and other activities of the Company. He is a Commerce Graduate and has knowledge and experience in the field of Finance, Treasury and Business Administration.

Considering his experience, knowledge and contribution made in growth of the Company and as recommended by Nomination and Remuneration Committee, the Board of Directors has

revised remuneration payable to him w.e.f. 1<sup>st</sup> April, 2015 for remaining period of his tenure as follows:

Sr. No.	Particulars	Details of Remuneration
1.	Salary	₹ 750,000/- per month and special allowance of ₹ 204,000/- per month with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule V of the Companies Act, 2013.
2.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises etc. not exceeding ₹ 24,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of the salary.
3.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding ₹ 180,000/- per annum.
4.	Servant Allowance	Provision for Servant Allowance ₹ 24,000/- p.m.
5.	Leave Travel Concession	As per rules of the Company, not exceeding ₹ 216,000/- per annum.
6.	Provident and other funds including superannuation and gratuity	As per rules of the Company's Scheme.
7.	Personal accident insurance	As per rules of the Company's Scheme.
8.	Conveyance Motorcar with Driver/Club Bills	Free Conveyance, Motor Car with Driver, Club Bills etc.
9.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.
10.	Commission	Such amount as may be decided by the Board of Directors of the Company from time to time, subject to limit prescribed under Companies Act, 2013.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provisions of Schedule V of the Companies Act, 2013.

Accordingly, the Directors recommend the Special Resolution as set out at item no. 8 of the notice for approval of the Members.

Except Mr. Varunn Mody, Executive Director, Treasury and Strategy and Mrs. Sakshi Mody, Director (Non- Executive) none of the Directors and / or Key Managerial Personnel of the Company or their relatives are concerned or interested in the said resolution.



**Item No. 9:**

Mr. P. K. Choudhary, Managing Director of the Company has been associated with the Company since last 24 years. He is a Chartered Accountant and Company Secretary and has vast knowledge and experience in the field of Finance, Commercial Activities and General Management.

Considering his experience, knowledge and contribution made in growth of the Company and as recommended by Nomination and Remuneration Committee of the Company, the Board of Directors has revised the remuneration payable to him w.e.f. 1<sup>st</sup> April, 2015 for remaining period of his tenure as follows:

Sr. No.	Particulars	Details of Remuneration
1.	Salary	₹ 220,000/- per month and special allowance of ₹ 111,600/- per month with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule V of the Companies Act, 2013.
2.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises etc. not exceeding ₹ 14,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of the salary.
3.	Conveyance/ Motor Car	Provision of motor car with driver or ₹ 60,000/- per month.
4.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding ₹ 96,000/- per annum.
5.	Servant Allowance	Provision for Servant Allowance ₹ 12,000/- p.m.
6.	Leave Travel Concession	As per rules of the Company, not exceeding ₹ 180,000/- per annum.
7.	Provident and other funds including superannuation and gratuity	As per rules of the Company's Scheme.
8.	Personal accident insurance	As per rules of the Company's Scheme.
9.	Club subscription	Reimbursement of club subscription fees of one club.
10.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provisions of Schedule V of the Companies Act, 2013.

Accordingly, the Directors recommend the Ordinary Resolution as set out at item no. 9 of the notice for approval of the Members.

Except Mr. P. K. Choudhary, Managing Director none of the Directors and / or Key Managerial Personnel of the Company or their relatives are concerned or interested in the said resolution.

**Item No. 10:**

The Company has formed an employee benefit trust, namely "Carnation Welfare Trust" on 20<sup>th</sup> June, 2011 for the benefit of the existing and future employees who at the relevant time are in full time employment of the Company including their relatives.

The Securities and Exchange Board of India (SEBI) vide Circular bearing number CIR/CFD/DIL/3/2013 dated 17<sup>th</sup> January, 2013 (hereinafter referred as "SEBI Circular"), amended the provisions of Equity Listing Agreement and SEBI (Employee Stock Option Schemes and Employee Stock Purchase Schemes) Guidelines, 1999 (hereinafter referred as "ESOP Guidelines"). By the said SEBI Circular, Clause 35C was inserted in the Listing Agreement whereby all the employee benefit schemes involving the securities of the company has to be compulsorily in compliance with the SEBI ESOP Guidelines. Further, all the employee benefit schemes already framed and implemented by the companies involving dealing in the securities of the company, before the insertion of the said Clause 35C, were to be aligned with and made to conform to ESOP Guidelines by 30<sup>th</sup> June, 2013. By a subsequent SEBI Circular bearing number CIR/CFD/DIL/7/2013 dated 13<sup>th</sup> May, 2013 the period for alignment of existing employee benefit schemes so as to conform to ESOP Guidelines was extended till 31<sup>st</sup> December, 2013. To comply with these requirements, the said Scheme was aligned as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 by passing a Special Resolution by way of Postal Ballot on 18<sup>th</sup> December, 2013.

However, the changes as approved by the shareholders were not given effect in view of extension of timeline by the SEBI from time to time and finally on October 28, 2014, SEBI promulgated the SEBI (Share Based Employee Benefits) Regulations, 2014 (the SBEB Regulations). Under the SBEB Regulations, companies are now explicitly permitted to acquire its own shares from secondary market through a trust for the purpose of implementation of its General Employee Benefit Scheme (hereinafter referred as "GEBS"). Such acquisition of shares is subject to compliance of conditions of the SBEB Regulations and approval of the members by way of Special Resolution.

The Company proposes to continue the 'GEBS' implemented through the Carnation Welfare Trust. The Company believes that the implementation of the said Scheme is in the best interests of its employees. Also it will not cause any loss to the existing shareholders from dilution in their shareholding besides being easier and efficient in implementation and therefore less cumbersome.

As on date, the Carnation Welfare Trust holds 234,899 equity shares of the Company. Under the provisions of the Companies

Act, 2013 and the SBEB Regulations, approval of the members by way of Special Resolution is required for acquisition by a Company of its own shares from the secondary market and for making any provision of money towards acquisition of such shares.

Relevant disclosures under Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 are as follows:

1. The class of employees for whose benefit the scheme is being implemented and money is being provided for purchase of or subscription to shares:

Such person who is in permanent employment of the company and his/her spouse, parents and children, who for the time being is nominated to be a beneficiary, as may be determined by the Nomination and Remuneration

Name and address of the Trustees:

Sr. No.	Name	Address	Occupation	Nationality
1.	Mr. Chakrapani B. Misra (Trustee)	402, Martins House, 4 <sup>th</sup> Floor, Plot No. 5, St. Antony's Road, Near OLPS Church, Chembur (East), Mumbai - 400071	Practicing Advocate	Indian
2.	Mr. Snehal N. Muzoomdar (Trustee)	52, Walchand Terraces, Tardeo Air Conditioned Market, Mumbai - 400034	Practicing Chartered Accountant	Indian
3.	IDBI Trusteeship Services Ltd. (Managing Trustee)	Asian Building, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001.	Company	Indian

The trustees are not related to the promoters, directors or key managerial personnel of the Company.

4. Any interest of key managerial personnel, directors or promoters in such scheme or trust and effect thereof.

The key managerial personnel and directors are not interested in the Scheme.

5. The detailed particulars of benefits which will accrue to the employees from the implementation of the scheme.

Providing assistance to meet medical expenses to employees for illness including the cost of medicines, boarding and lodging expenses while the beneficiaries is admitted in hospitals, maternity homes, clinic, nursing homes and such other benefits as more particularly described in object clause of the Trust Deed.

6. The details about who would exercise and how the voting rights in respect of the shares to be purchased or subscribed under the scheme would be exercised:

Committee from time to time, but shall not include directors or promoters of the company.

2. The particulars of the trustees in whose favour such shares are to be registered:

The equity shares so acquired are registered in the name of IDBI Trusteeship Services Ltd., Managing Trustee of the trust, who will hold the equity shares for and on behalf of the Carnation Welfare Trust.

3. The particulars of trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any.

Name of the Trust : Carnation Welfare Trust

As per Regulation 3(5) of SEBI (Share Based Employee Benefits) Regulations, 2014, the Trustees of a trust, which is governed under these regulations, shall not vote in respect of the shares held by such trust, so as to avoid any misuse arising out of exercising such voting rights.

The Special Resolution set out under item No. 10 seeks approval from members for approval of object clause of Carnation Welfare Trust and ratification of equity shares already purchased from open market.

Copy of the Trust Deed of Carnation Welfare Trust will be available for inspection on any working day between 11.00 a.m. and 1.00 p.m. at the registered office of the Company upto the date of Annual General Meeting and during the Annual General Meeting

The Board recommends the resolution as set out under item No. 10 of the notice for your approval.

None of the directors or key managerial personnel of the Company or their relatives are concerned or interested in the said resolution.

**ADDITIONAL INFORMATION FOR ITEM NOS. 7 & 8.**

The details as required under proviso (iv) to Clause B of Section II of Part II of Schedule V to the Companies Act, 2013, are given below:

**I. General Information :**

1.	Nature of Industry	The Company is engaged in the business of manufacturing of Auto Component and Industrial products.
2.	Date or expected date of commencement of commercial production	The Company is an existing Company and is in operation since 1964.
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4.	Financial performance based on given indicators	EPS : ₹ 52.41 Return on Networth : 4.70%
5.	Foreign investments or collaborations, if any.	Nil

**II. Information about the appointees:**
**A. Mr. Raghu Mody**

1.	Background details	Mr. Raghu Mody is a leading industrialist with several decades of extensive and varied experience in setting up an operating business in different kinds of industrial products. He is associated with the Company since 1987.
2.	Past Remuneration	₹ 0.60 crore per annum
3.	Recognition or awards	Mr. Raghu Mody is having good experience in the industry in which the company operates.
4.	Job profile and his suitability	He is Executive Chairman of the Company. He supervises overall management of the Company. Taking into consideration his expertise, he is best suited for the responsibilities currently assigned to him by the Board of Directors.
5.	Remuneration proposed	₹ 1 crore per annum
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	At par with the industry standards in which the Company operates.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Raghu Mody is a part of the promoter group of the Company and is also grandfather of Mr. Varunn Mody - Executive Director, Treasury and Strategy.

**B. Mr. Varunn Mody**

1.	Background details	Mr. Varunn Mody is a young entrepreneur having good knowledge of business.
2.	Past Remuneration	₹ 1.10 crores per annum (plus 0.25 crore Commission as may be decided by the Board)
3.	Recognition or awards	Mr. Varunn Mody is having good experience in the industry in which the Company operates.



4.	Job profile and his suitability	He is actively involved in the business of the Company and manages day to day treasury business activities and also provides guidance in different areas of business of the Company. Taking into consideration his expertise, he is well suited for the responsibilities currently assigned to him by the Board of Directors of the Company.
5.	Remuneration proposed	₹ 1.35 crores per annum (plus commission as may be decided by the Board)
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	At par with the industry standards in which the Company operates.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Varunn Mody is a part of the promoter group of the Company and is also grandson of Mr. Raghu Mody Executive Chairman and husband of Mrs. Sakshi Mody, Non-Executive Director of the Company.

**III. Other information:**

1.	Reasons of loss or inadequate profits	N.A.
2.	Steps taken or proposed to be taken for improvement	N.A.
3.	Expected increase in productivity and profits in measurable terms	N.A.

**Information of Directors being proposed for appointment / re-appointment** [as required under Clause 49 (VIII) (E) of the Listing Agreement]

1. **Mr. Raghu Mody**, aged 76 years, is a graduate from Cambridge University. He has over 52 years of experience as a leading industrialist with several decades of extensive and varied experience in setting up businesses in different kinds of industrial products and is associated the Company since 1987. He is an Executive Chairman and promoter of the Company and is a member of Audit Committee and Stakeholders Relationship Committee of the Company.

He is also a Director in Rasoi Express Pvt. Ltd., Rasoi Ltd, J. L. Morison (India) Limited, Prabhukripa Overseas Limited. He is also a member of Nomination and Remuneration Committee in J. L. Morison (India) Limited. He is not related inter-se to any other directors on the Board within the meaning of Section 2(77) of the Companies Act, 2013. He does not hold any shares in the Company.

2. **Mrs. Sakshi Mody**, aged 30 years, has done bachelors from the university of Virginia, USA, and wide range of experience, working in different types of media like print, television, online and Public Relations. She had joined as an Additional Director on 2<sup>nd</sup> September, 2014.

She is a director in Alipore Consultants Ltd. and J. L. Morison (India) Limited. She does not hold any position as

Member/Chairman in any committees in the companies where she is a director. She does not hold any shares in the Company. Mrs. Sakshi Mody, Director (Non- Executive) is a wife of Mr. Varunn Mody, Executive Director, Treasury and Strategy of the Company.

3. **Mr. Deepak Sethi**, aged 62 years is an alumnus of IIT-Kanpur and IIM-Ahmedabad. His corporate career began in sales & marketing at Philips, followed by decade long stints with Hindustan Lever & Cadbury. He has held leadership responsibilities as a Director & CXO levels at Cadbury, Dabur, Apollo Tyres, LML and Mayar India.

He is not on the Board of any other Company. He is not related inter-se to any other directors on the Board and does not hold any shares in the Company.

**By Order of the Board of Directors**

**Place : Mumbai**  
**Date : 7<sup>th</sup> May, 2015**

**Amit Goenka**  
**VP - Finance and**  
**Company Secretary**

**Registered Office:**  
Peninsula Business Park, 'A' Tower,  
8<sup>th</sup> Floor, Senapati Bapat Marg,  
Lower Parel, Mumbai 400013

**DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS**

Your Directors are pleased to present the Fifty First Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2015.

**1. FINANCIAL RESULTS**

The Company's financial performance, for the year ended 31<sup>st</sup> March, 2015 is summarised below:

Particulars	₹ in crores	
	2014-15	2013-14
<b>Net Sales and Income from Investments</b>	<b>150.25</b>	137.75
Other Operating Income	<b>1.81</b>	0.68
Profit before Interest, Depreciation and Other Income	<b>35.93</b>	28.25
Interest	<b>0.16</b>	0.74
Depreciation (Net)	<b>6.46</b>	7.03
Profit before Other Income	<b>29.31</b>	20.48
Other Income	<b>0.27</b>	1.14
<b>Profit Before Tax</b>	<b>29.58</b>	21.62
<b>Provision for Tax</b>	<b>3.78</b>	4.42
<b>Profit After Tax</b>	<b>25.80</b>	17.20

**2. DIVIDEND**

Your Directors have recommended a dividend of ₹ 1 per share, being 10% of the paid-up equity capital of the Company for the year ended 31<sup>st</sup> March, 2015. The Corporate Dividend Tax of ₹ 0.10 crore will be payable on the total dividend amount of ₹ 0.49 crore. The Dividend, if approved will be paid to those members whose names appears on the Register of Members / list of Beneficiaries as on 18<sup>th</sup> September, 2015.

**3. RESERVES**

During the year under review, ₹ 25 crore was transferred to the General Reserve.

**4. OVERVIEW OF ECONOMY & PERFORMANCE OPERATIONS**

After witnessing a low GDP growth in 2013-14, the year 2014-15 saw a moderate improvement in the economic climate. A new majority government at the Centre was formed after the historic general elections in May, 2014. There were high expectations that a strong Government, not constrained, by coalition politics, will usher in significant reforms that can accelerate the growth in the medium terms. However, despite positive sentiments, the year 2014-15 saw lackluster momentum in the investment cycle. The economy continued to battle with severe

challenges from subdued demand and contraction of industrial production.

Against the above back-drop growth in demand for our products in Automotive, Railway and Industrial segment remained sluggish throughout the year.

Despite these constraints and a challenging environment, the Company posted improved results with higher sales and increased investment income. The turnover of the company increased by 4% to ₹ 110.25 crores from ₹ 106.26 crores in the previous year. It was achieved with a focused approach on its Export & Domestic aftermarket business.

Investment income during the year was substantially higher at ₹ 40.01 crores, as against ₹ 31.49 crores for the previous year. This was achieved with judicious deployment of funds in high yielding assets.

The gross profit of the Company increased by 27% from ₹ 28.25 crores to ₹ 35.93 crores. After considering interest of ₹ 0.16 crores, depreciation of ₹ 6.46 crores and Other Income of ₹ 0.27 crores, the Profit Before Tax was ₹ 29.58 crores and net Profit after providing Tax of ₹ 3.78 crores was ₹ 25.80 crores.

Looking ahead, an effective implementation of the economic agenda will hold the key to the nation's progress. The Government's new initiative of 'Make in India' should bring back the investment cycle and the year 2015-16 may prove to be a year in transition before the economy accelerates on a fast track growth. Our Company is capable of meeting the growing customer demands with capacity expansion and the introduction of new products.

In the Investment segment, there will be some pressure mainly because of declining interest rates and NPA challenges. The Company will continue to deploy its funds judiciously in high yielding assets but capital protection will be high on our agenda.

The Company participated at the Automechanika Fair at Frankfurt, Germany in September, 2014, thus improving its exposure to new products and global markets.

The Company entered into a Long Term Settlement with the workmen at its Bhandara plant for a period of 3 years, effective from August, 2014.

The Company's Joint Venture "Compo ADVICS India Pvt. Ltd." has commenced commercial production of disc brake pads for Passenger Vehicles effective from 22<sup>nd</sup> September, 2014 at Bhalgaon, Aurangabad. There were a few teething problems related to manufacturing, which are being appropriately handled.

There were no changes in the nature of business of the Company during the year also there were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate, up to the date of this report.

## 5. SHARE CAPITAL OF THE COMPANY

The paid-up equity share capital of your Company is ₹ 4,92,30,000/- (Rupees Four crore Ninety Two Lakhs Thirty Thousand only) divided into 49,23,000 Equity Shares having face value of ₹ 10 (Rupee Ten) each.

## 6. PRODUCTION RANGE

Your Company is engaged in the manufacture & marketing of fiber based Friction Materials, consisting of Brake Liners, Roll Linings, Clutch Facings, Disc Brake Pads used in Heavy and Light Trucks, Passenger Cars, 2 / 3 wheelers, off-road-vehicles and construction & Mining equipment. Composition Brake Blocks for the Railways are also an important part of the Company's product portfolio.

## 7. MANAGEMENT DISCUSSION AND ANALYSIS

### 7.1 OPPORTUNITIES, THREATS & BUSINESS OUTLOOK

The long term prospects for the Indian economy remains bright owing to the growth in internal consumption driven by the country's demographic division, rapid urbanization, growth of manufacturing and infrastructure development. In the short term, with the revival of business confidence coupled with positive actions on reforms, infrastructure and inclusive growth by the government, the economy is likely to develop positively.

The Company foresees an improvement in demand from the automotive sector, including the commercial vehicle segment. This should improve the order-book from both the OEM's and the aftermarket customers. The Company is gearing-up to meet this additional demand by upgrading its technology and improvement in manufacturing processes. The Company has also planned to install the necessary balancing equipment, in order to enhance its production capacity.

A scenario of falling interest rates on investments and tough business conditions are posing a challenge to the investment income of the Company. However, the Company will continue to adopt a prudent and cautious approach for its investments.

### 7.2 RISKS AND AREAS OF CONCERN

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation

process. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risk. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

Although, market conditions are likely to remain competitive, future success will depend upon offering improved products through technology innovation and productivity. The Company continues to invest in these areas.

The investment activity of the Company remains robust and is expected to continue to enhance the Company's profitability.

### 7.3 HRD/INDUSTRIAL RELATIONS

The thrust of the Company's human resource development is to create a responsive and market-driven organization with emphasis on performance. Continuous appraisal of personnel competence the personnel in line with job requirements, are carried out to provide for necessary training to personnel thereby facilitating higher levels of output and productivity. The industrial relations at Paithan & Bhandara remain satisfactory.

## 8. SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

Your Company has a Joint Venture Company namely "Compo Advics (India) Private Limited". The company had no subsidiary or associate company during the year under review.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the Joint Venture Company in Form AOC 1 is attached to the financial statements of the Company.

## 9. EXTRACT OF ANNUAL RETURN

An extract of Annual Return in Form MGT 9 is annexed herewith as "Annexure A".

## 10. DIRECTORS AND KMP

### a) Retirement by rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Articles of Association of the Company, Mr. Raghu Mody (DIN: 00053329), Executive Chairman & Whole time Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment and your Board recommends his re-appointment.



**b) Appointment**

The Board of Directors of the Company has appointed Mrs. Sakshi Mody (DIN: 06518139) as an Additional (Non-executive) Director of the Company w.e.f. 2<sup>nd</sup> September, 2014 and holds office upto the date of ensuing Annual General Meeting and Mr. Deepak Sethi (DIN: 07165462) was appointed as an Additional Independent Director of the Company w.e.f. 23<sup>rd</sup> April, 2015 for a period of 5 years, subject to approval of shareholders at the ensuing Annual General Meeting. The Company has received notices along with requisite deposit from a member of the Company under Section 160 of Companies Act, 2013 proposing their candidature for the office of Director of the Company. Your Board recommends their appointment.

**c) Cessation**

The Board records its appreciation for the valuable contribution made by Mr. Brijmohan Rai Bahl, the Independent Director of the Company, who passed away on 24<sup>th</sup> January, 2015, after a brief illness.

**d) Declaration from Independent Directors**

The Company has received declaration from all the Independent Directors of the Company confirming that they have met the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

**e) Annual Performance and Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees. The Board has devised questionnaire to evaluate the performances of each of executive and non-executive and Independent Directors. Such questions are prepared considering the business of the Company and the expectations that the Board have from each of the Directors. The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- i. Attendance of Board Meetings and Board Committee Meetings;
- ii. Quality of contribution to Board deliberations;
- iii. Strategic perspectives or inputs regarding future growth of Company and its performance;

- iv. Providing perspectives and feedback and going beyond information provided by the management.

The details of the programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://www.hindcompo.com/investor-relations/documents/familiarisation-programmes-for-independent-directors.pdf>

**f) Key Managerial Personnels (KMP)**

The details of Key Managerial Personnel of the Company are as follows:

1.	Mr. Raghu Mody	Executive Chairman
2.	Mr. Varunn Mody	Executive Director, Treasury and Strategy
3.	Mr. P. K. Choudhary	Managing Director
4.	Mr. Sunil Kumar Jindal	Chief Financial Officer
5.	Mr. Amit Goenka	V.P. Finance and Company Secretary

Mr. Sunil Kumar Jindal, was appointed as Chief Financial officer of the Company w.e.f. May 29, 2014.

**11. MANAGERIAL REMUNERATION AND OTHER DETAILS:**

The necessary details / disclosures of Ratio of Remuneration to each Director to the median employee's remuneration and other details pursuant to the Section 197(12) of the Companies Act, 2013 and as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as "Annexure B".

**12. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

**13. AUDIT COMMITTEE AND ITS COMPOSITION**

As on 31<sup>st</sup> March, 2015, the Audit Committee comprised of Mr. A. B. Vaidya, Mr. Raghu Mody and Lt. Gen. (Retd.) K. S. Brar.

Mr. A. B. Vaidya is the Chairman of Audit Committee of the Company. Mr. Amit Goenka, V. P. - Finance and Company

Secretary of the Company, acts as Secretary of the Audit Committee.

The Audit Committee of the Company reviews the reports to be submitted with the Board of Directors with respect to auditing and accounting matters. It also supervises the Company's internal control, financial reporting process and vigil mechanism.

#### 14. MEETINGS OF THE BOARD

The Board met five times during the year, the details of which are given in the Corporate Governance Report. The intervening gap between the two consecutive meetings was within the period prescribed under the Companies Act, 2013.

#### 15. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them and as required under Section 134 (5) of the Companies Act, 2013 state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 16. DEPOSITS

During the year under review, the Company has not accepted any deposits within the meaning of Section 73

and 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

#### 17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT 2013

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Hence the Company is not required to disclose details of the related party transactions in Form AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company. The web link of the same is as under: <http://www.hindcompo.com/investor-relations/documents/related-party-transaction-policy.pdf>

#### 18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The details of loans, guarantee or investment under Section 186 of the Companies Act, 2013 is given under Notes to Accounts of financial statements.

#### 19. CORPORATE SOCIAL RESPONSIBILITY INITIATIVE

Pursuant to the provisions of Section 135 read with Companies (Corporate Social Responsibility) Rules, 2014, the Company has formed Corporate Social Responsibility Committee and a Policy on Corporate Social Responsibility (CSR) has also been formulated by them. As part of its initiatives under CSR, the Company has undertaken project in the area of education. This project is in accordance with Schedule VII of the Companies Act, 2013.

The details as per the provisions of Rule 8 of Companies (Corporate Social Responsibility) Rules, 2014 is annexed herewith as "Annexure C".

#### 20. WHISTLE BLOWER/ VIGIL MECHANISM POLICY

The Company has a Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The mechanism also provides for adequate safeguards against victimization of directors and employees who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee in

the exceptional cases. The details of the Vigil Mechanism Policy is explained in the Corporate Governance Report and also posted on the website of the Company. We affirm that during the financial year 2014-15, no employee or director was denied access to the Audit Committee.

## **21. STATUTORY AUDITORS**

M/s. Lodha & Company, Chartered Accountants (Firm Registration No. 301051E), Mumbai, the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that they are willing to continue as Statutory Auditors and if re-appointed, their re-appointment would be within the limits prescribed under Section 139 of the Companies Act, 2013 and they are not disqualified from being appointed as Auditors.

Your Directors recommend the re-appointment of M/s. Lodha & Company, Chartered Accountants, Mumbai, as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting upto the conclusion of next Annual General Meeting of the Company and to audit financial statements for the financial year 2015-16.

## **22. COST AUDITORS**

The Company has appointed M/s. M. R. Pandit & Co., Cost Accountant, Aurangabad, as Cost Auditors of the Company to conduct audit of cost records for the financial year 2015-16, at a remuneration of ₹ 65,000/- p.a. subject to approval of the shareholders of the Company. However, as per the provisions of Companies (Cost Records and Audit) Rules, 2014 notified on 30<sup>th</sup> June, 2014, the Company is not required to appoint Cost Auditors any more.

## **23. SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/s. Manish Ghia & Associates, Company Secretaries to undertake Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as “Annexure D” and forming part of this report.

## **24. INTERNAL AUDIT**

The Company has appointed M/s. Malpani & Associates, Chartered Accountants, Mumbai, as its Internal Auditor. The Internal Auditor monitors and evaluates the effectiveness and adequacy of internal control system in the Company, its compliances with operating systems, accounting procedures and policies at all locations of the

Company and reports the same on quarterly basis to the Audit Committee.

## **25. REMARKS ON QUALIFICATION BY STATUTORY AUDITORS AND SECRETARIAL AUDITORS**

There was no qualification / adverse remark in both Statutory and Secretarial Audit Report.

## **26. CORPORATE GOVERNANCE REPORT**

Pursuant to Clause 49 of the Listing Agreement entered into with the stock exchange, the following have been made a part of the Annual Report and are attached to this report:

- Corporate Governance Report
- Auditors' Certificate regarding compliance of conditions of Corporate Governance

## **27. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

There was no significant or material order passed by any regulator, court or tribunal, which impacts the going concern status of the Company or will have bearing on Company's operations in future.

## **28. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has in place proper and adequate internal control systems commensurate with the nature of its business, size and complexity of its business operations. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, compliance with policies, procedures, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and are adequately protected.

## **29. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Details regarding Conservation of energy, technology absorption, foreign exchange earnings and outgo is given in “Annexure E” annexed herewith.

## **30. INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Company has constituted an internal complaint committee under Section 4 of The Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year no complaint was filed before the said committee.



**31. CAUTIONARY STATEMENT**

The statements in the Directors' Report and Management Discussion and Analysis cannot be construed as holding out any forecasts, projections, expectations, invitations, offers, etc. within the meaning of applicable securities, laws and regulations. This Report basically seeks to furnish information, as laid down within the different headings to meet the Listing Agreement requirements.

**32. APPRECIATIONS**

The Directors would also like to place on record their sincere appreciation for the continued co-operation, guidance, support and assistance extended during the year under report by our bankers, customers, suppliers

and Government agencies. The Board of Directors wishes to express its appreciation for the valuable Contribution made by the employees at all levels during the year under report.

**For and on behalf of the Board of Directors**

**Raghu Mody**  
**Chairman**

Place : Mumbai  
Date : 7<sup>th</sup> May, 2015

## Annexure A

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### 1 REGISTRATION AND OTHER DETAILS:

i)	CIN	L29120MH1964PLC012955
ii)	Registration Date	1 <sup>st</sup> July, 1964
iii)	Name of the Company	Hindustan Composites Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares
v)	Address of the Registered office and contact details	Peninsula Business Park,"A" Tower, 8 <sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 Tel.: (022) 66880100, Fax: (022) 66880105 E-mail: hcl@hindcompo.com Website: www.hindcompo.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078 Tel.: 25963838, Fax: 25946969 E-mail: rnt.helpdesk@linkintime.co.in Website:www.linkintime.co.in

#### 2 PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the company
1	Friction materials - Brake lining, Brake Block, Clutch facing and Button	29301	73.74
2	Investment and Treasury operation	643	26.26

#### 3 PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of the company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable Section
1	Compo Advics (India) Private Limited 8 <sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	U36100MH2013PTC250528	Associate (Joint Venture)	49.00	Section 2(6)

#### 4 SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS % OF TOTAL EQUITY)

##### (i) Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoter</b>									
(1) Indian									
(a) Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Govts.	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corp.	3691010	0	3691010	74.97	3691010	0	3691010	74.97	0.00

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Others .....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(1)</b>	<b>3691010</b>	<b>0</b>	<b>3691010</b>	<b>74.97</b>	<b>3691010</b>	<b>0</b>	<b>3691010</b>	<b>74.97</b>	<b>0</b>
<b>(2) Foreign</b>									
(a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others .....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of promoters (A)</b>	<b>3691010</b>	<b>0</b>	<b>3691010</b>	<b>74.97</b>	<b>3691010</b>	<b>0</b>	<b>3691010</b>	<b>74.97</b>	<b>0</b>
<b>B. Public</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	50	0	50	0.00	50	0	50	0.00	0.00
(b) Banks / FI	128	620	748	0.02	128	620	748	0.02	0.00
(c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govts.	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others .....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1)</b>	<b>178</b>	<b>620</b>	<b>798</b>	<b>0.02</b>	<b>178</b>	<b>620</b>	<b>798</b>	<b>0.02</b>	<b>0.00</b>
<b>(2) Non Institutions</b>									
(a) Bodies Corp.									
(i) Indian	552314	6468	558782	11.35	535398	6443	541841	11.01	-0.34
(ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Individuals*	0	0	0	0.00	0	0	0	0.00	0.00
(i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	254007	373147	627154	12.74	228280	359693	587973	11.94	-0.80
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	37500	0	37500	0.76	0	0	0	0.00	-0.76
(c) Others (Specify)									
(i) Non Resident Indian -Rep	1457	2444	3901	0.08	1502	2444	3946	0.08	0.00
(ii) Non Indian Resident - Non -Rep	2460	0	2460	0.05	2177	0	2177	0.04	-0.01
(iii) Clearing Members	1377	0	1377	0.03	1669	0	1669	0.03	0.01
(iv) Trusts	18	0	18	0.00	93586	0	93586	1.90	1.90
<b>Sub-total (B)(2)</b>	<b>849133</b>	<b>382059</b>	<b>1231192</b>	<b>25.01</b>	<b>862612</b>	<b>368580</b>	<b>1231192</b>	<b>25.01</b>	<b>0.00</b>
<b>Total Public Shareholding(B)</b>	<b>849311</b>	<b>382679</b>	<b>1231990</b>	<b>25.03</b>	<b>862790</b>	<b>369200</b>	<b>1231990</b>	<b>25.03</b>	<b>0.00</b>
<b>C. Shares held by cusodian for GDRs&amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>4540321</b>	<b>382679</b>	<b>4923000</b>	<b>100</b>	<b>4553800</b>	<b>369200</b>	<b>4923000</b>	<b>100</b>	<b>0.00</b>

**ii. Shareholding of Promoters**

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	
Rasoi Ltd.	2050574	41.65	0	2050574	41.65	0	-
Leaders Healthcare Ltd.	825194	16.76	0	825194	16.76	0	-
J L Morison (India) Ltd.	369234	7.50	0	369234	7.50	0	-
Surdas Trading & MFG. Co. Ltd.	84000	1.71	0	84000	1.71	0	-
Goodpoint Advisory Services And Investment Ltd.	66000	1.34	0	66000	1.34	0	-
Lotus Udyog Ltd.	63240	1.28	0	63240	1.28	0	-
Pallawi Resources Ltd.	60000	1.22	0	60000	1.22	0	-
Pallawi Trading & MFG. Co. Ltd.	58000	1.18	0	58000	1.18	0	-
Looklink Finance Ltd.	32000	0.65	0	32000	0.65	0	-
Silver Trading & Services Ltd.	28000	0.57	0	28000	0.57	0	-
Axon Trading & MFG. Co. Ltd.	36000	0.73		36000	0.73		
Noble Trading Co. Ltd.	18768	0.38	0	18768	0.38	0	-
<b>Total</b>	<b>3,691,010</b>	<b>74.97</b>	<b>0</b>	<b>3,691,010</b>	<b>74.97</b>	<b>0</b>	

**iii. Change in promoters' shareholding (please specify, if there is no change)**

There were no changes in the Promoter's shareholding during the Financial Year 2014-15.

**iv. Shareholding Pattern of top 10 shareholders (other than Directors, promoters and holders of GDRs and ADRs)**

For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1) AJAY GIRDHARILAL BHARTIYA</b>				
a) At the Beginning of the Year	<b>16500</b>	<b>0.34</b>		
b) Changes during the Year				
08/08/2014 - Sale	(-)16500	(-) 0.34	0	0.00
c) At the end of the Year			<b>0</b>	<b>0.00</b>
<b>2) DALMIA SEC.PVT.LTD.</b>				
a) At the Beginning of the Year	<b>38333</b>	<b>0.78</b>		
b) Changes during the Year				
4/4/2014 - Buy	796	0.02	39129	0.79
11/4/2014 - Buy	223	0.00	39352	0.80
16/05/2014 - Buy	4589	0.09	43941	0.89
23/05/2014 - Buy	4881	0.10	48822	0.99
6/6/2014 - Buy	3582	0.07	52404	1.06
13/06/2014 - Buy	1000	0.02	53404	1.08
20/06/2014 - Buy	3964	0.08	57368	1.17
30/06/2014 - Buy	266	0.01	57634	1.17
4/7/2014 - Buy	405	0.01	58039	1.18
11/7/2014 - Buy	5883	0.12	63922	1.30
18/07/2014 - Buy	1425	0.03	65347	1.33
25/07/2014 - Buy	1460	0.03	66807	1.36



For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1/8/2014 - Buy	500	0.01	67307	1.37
8/8/2014 - Buy	926	0.02	68233	1.39
29/08/2014 - Buy	1308	0.03	69541	1.41
12/9/2014 - Sale	(-)50863	(-)1.03	18678	0.38
19/09/2014 - Sale	(-)500	(-)0.01	18178	0.37
17/10/2014 - Sale	(-)17178	(-)0.35	1000	0.02
28/11/2014 - Buy	602	0.01	1602	0.03
c) At the end of the Year			<b>1602</b>	<b>0.03</b>
<b>3) HEMENDRA CHUNILAL PAREKH</b>				
a) At the Beginning of the Year	<b>2000</b>	<b>0.04</b>		
b) Changes during the Year	NO CHANGES DURING THE YEAR			
c) At the end of the Year			<b>2000</b>	<b>0.04</b>
<b>4) IDBI TRUSTEESHIP SERVICES LIMITED</b>				
a) At the Beginning of the Year	<b>234899</b>	<b>4.77</b>		
b) Changes during the Year	NO CHANGES DURING THE YEAR			
c) At the end of the Year			<b>234899</b>	<b>4.77</b>
<b>5) MANOJ KHANDERIA</b>				
a) At the Beginning of the Year	<b>5443</b>	<b>0.11</b>		
b) Changes during the Year				
06/06/2014 - Sale	(-)11	0.00	5432	0.11
18/07/2014 - Buy	15	0.00	5447	0.11
27/02/2015 - Buy	10	0.00	5457	0.11
c) At the end of the Year			<b>5457</b>	<b>0.11</b>
<b>6) PAYAL COMMERCIAL CO LTD</b>				
a) At the Beginning of the Year	<b>5914</b>	<b>0.12</b>		
b) Changes during the Year	NO CHANGES DURING THE YEAR			
c) At the end of the Year			<b>5914</b>	<b>0.12</b>
<b>7) PINKHEM INVESTMENTS CO.PVT.LTD.</b>				
a) At the Beginning of the Year	<b>15991</b>	<b>0.32</b>		
b) Changes during the Year				
13/06/2014 - Sale	(-)191	0.00	15800	0.32
11/07/2014 - sale	(-)100	0.00	15700	0.32
08/08/2014 - Sale	(-)15700	(-)0.32	0	0.00
c) At the end of the Year			<b>0</b>	<b>0.00</b>
<b>8) S MANJUNATH</b>				
a) At the Beginning of the Year	<b>3963</b>	<b>0.08</b>		
b) Changes during the Year	NO CHANGES DURING THE YEAR			
c) At the end of the Year			<b>3963</b>	<b>0.08</b>
<b>9) MEHER K PALIA</b>				
a) At the Beginning of the Year	<b>2000</b>	<b>0.04</b>		
b) Changes during the Year	NO CHANGES DURING THE YEAR			
c) At the end of the Year			<b>2000</b>	<b>0.04</b>
<b>10) SHILPA AJAY BHARTIYA</b>				
a) At the Beginning of the Year	<b>21000</b>	<b>0.43</b>		
b) Changes during the Year				
08/08/2014 - Sale	(-)21000	(-)0.43	0	0.00
c) At the end of the Year			<b>0</b>	<b>0.00</b>

For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>11) SOLAX HOLDING PTE LTD</b>				
a) At the Beginning of the Year	<b>231627</b>	<b>4.70</b>		
b) Changes during the Year				
27/03/2015 - Sale	(-)231627	4.70	0	0.00
c) At the end of the Year			<b>0</b>	<b>0.00</b>
<b>12) VEER MERCANTILE PVT LTD</b>				
a) At the Beginning of the Year	<b>13500</b>	<b>0.27</b>		
b) Changes during the Year				
08/08/2014 - Sale	(-)13500	(-)0.27	0	0.00
c) At the end of the Year			<b>0</b>	<b>0.00</b>
<b>13) BNK SECURITIES PRIVATE LIMITED</b>				
a) At the Beginning of the Year	<b>0</b>	<b>0.00</b>		
b) Changes during the Year				
23 / 01/2015 - Buy	156	0.00	156	0.00
30 / 01/2015 - Buy	1446	0.03	1602	0.03
06 / 02/ 2015 - Buy	255	0.01	1857	0.04
13 /02/ 2015 - Buy	128	0.00	1985	0.04
20 /02/ 2015 - Buy	65	0.00	2050	0.04
27/02/ 2015 - Buy	134	0.00	2184	0.04
13 / 03 / 2015 - Buy	145	0.00	2329	0.05
27 / 03 / 2015 - Buy	193	0.00	2522	0.05
31 / 03 / 2015 - Buy	152	0.00	2674	0.05
c) At the end of the Year			<b>2674</b>	<b>0.05</b>
<b>14) BONANZA TRADING COMPANY PRIVATE LIMITED</b>				
a) At the Beginning of the Year	<b>0</b>	<b>0.00</b>		
b) Changes during the Year				
06 /03/2015 - Buy	48944	0.99	48944	0.99
c) At the end of the Year			<b>48944</b>	<b>0.99</b>
<b>15) BOROSIL GLASS WORKS LTD</b>				
a) At the Beginning of the Year	<b>0</b>	<b>0.00</b>		
b) Changes during the Year				
27/03/2015 - Buy	231627	4.70	231627	4.70
c) At the end of the Year			<b>231627</b>	<b>4.70</b>
<b>16) TRIBENI CHARITABLE</b>				
a) At the Beginning of the Year	<b>0</b>	<b>0</b>		
b) Changes during the Year				
05/09/2014 - Buy	100	0.00	100	0.00
12/09/2014 - Buy	51143	1.04	51243	1.04
19/09/2014 - Buy	20925	0.43	72168	1.47
30/09/2014 - Buy	263	0.01	72431	1.47
03/10/2014 - Buy	550	0.01	72981	1.48
10/10/2014 - Buy	326	0.01	73307	1.49
17/10/2014 - Buy	10735	0.22	84042	1.71
24/10/2014 - Buy	9237	0.19	93279	1.89
07/11/2014 - Buy	289	0.01	93568	1.90
c) At the end of the Year			<b>93568</b>	<b>1.90</b>

For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>17) MINAL BHARAT PATEL</b>				
a) At the Beginning of the Year	4446	0.09		
b) Changes during the Year				
4/7/2014- Sale	(-)4446	(-)0.09	0	0.00
c) At the end of the Year			0	0.00

**v. Shareholding of Directors and KMPs**

For each of the Directors and KMPs	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
Mr. Amit Goenka				
At the beginning of the year	1	0	1	0
Datewise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.	-	-	-	-
At the end of the year	1	0	1	0

**5 INDEBTEDNESS**

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

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	23,488,164	45,635,378	0	69,123,542
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	26,997	0	0	26,997
<b>Total (i+ii+iii)</b>	23,515,161	45,635,378	0	69,150,539
<b>Changes in indebtedness during the financial year</b>				
> Addition	0	0	0	0
> Reduction	(-)10,488,955	(-)3,016,647	0	(-)13,505,602
<b>Net Change</b>	(-)10,488,955	(-)3,016,647	0	(-)13,505,602
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	12,981,192	42,618,731	0	55,599,923
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	45,014	0	0	45,014
<b>Total (i+ii+iii)</b>	13,026,206	42,618,731	0	55,644,937

**6 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to MD / WTD / Manager**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		1	2	3	
		Raghu Mody	Varunn Mody	P. K. Choudhary	
<b>1</b>	<b>Gross Salary:</b>				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7,920,000	9,768,000	3,900,000	21,588,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1,274,600	1,242,600	1,478,775	3,995,975
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profits	-	-	-	-
	- others, specify	-	-	-	-
	(As per terms of appointment)	-	2,500,000	-	2,500,000
5	Others, specify	-	-	-	-
	<b>Total</b>	<b>9,194,600</b>	<b>13,510,600</b>	<b>5,378,775</b>	<b>28,083,975</b>
	<b>Ceiling as per the Act</b>	<b>₹ 32,329,949 (10% of net profits of the Company)</b>			

**B. Remuneration to other directors**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of director				Total Amount
		1	2	3	4	
		Mr. A. B. Vaidya	Mr. B. R. Bahl	Lt. Gen. (Retd.) K. S. Brar	Mr. K. M. Robinson	
<b>1</b>	<b>Independent Directors</b>					
	Fees for attending board / committee meetings	85,000	50,000	85,000	5,000	225,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>85,000</b>	<b>50,000</b>	<b>85,000</b>	<b>5,000</b>	<b>225,000</b>
<b>2</b>	<b>Other Non-Executive Directors</b>	<b>Mrs. Sakshi Mody</b>				
	Fees for attending board / committee meetings	10,000	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000</b>
	<b>Total (1+2)</b>	<b>95,000</b>	<b>50,000</b>	<b>85,000</b>	<b>5,000</b>	<b>235,000</b>
	<b>Ceiling as per the Act</b>	<b>₹ 3,232,995 (1% of net profits of the Company)</b>				
	<b>Total Managerial Remuneration (A+B)</b>	<b>₹ 28,318,975 (including Sitting Fees)</b>				
	<b>Overall Ceiling as per the Act</b>	<b>₹ 35,562,944 (11% of net profits of the Company)</b>				



**C. Remuneration to KMPs other than MD / Manager / WTD**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	KMP		Total Amount
		CS	CFO	
		Mr. Amit Goenka	Mr. Sunil Jindal	
<b>1</b>	<b>Gross Salary:</b>			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1,764,000	1,181,760	2,945,760
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	90,000	-	90,000
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
<b>2</b>	<b>Stock Option</b>	-	-	-
<b>3</b>	<b>Sweat Equity</b>	-	-	-
<b>4</b>	<b>Commission</b>	-	-	-
	- as % of profits	-	-	-
	- others, specify	-	-	-
<b>5</b>	<b>Others, specify</b>	-	-	-

**7 PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of penalty / punishment / Compounding fees imposed	Authority [RD /NCLT/ Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

### Annexure B

**A. Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 are as under:

S r. No.	Name of the Director	Designation	Ratio of the remuneration to the median remuneration of the employees of the Company for the financial year 2014-15
1	Raghu Mody	Executive Chairman	39:1
2	Varunn Mody	Executive Director-Treasury & Strategy	53:1
3	P.K. Choudhary	Managing Director	22:1

2. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, are as under:

S r. No.	Name of Director/KMP and Designation	Designation	% increase in Remuneration in the Financial Year 2014-15
1	Raghu Mody	Executive Chairman	66.67%
2	Varunn Mody	Executive Director-Treasury & Strategy	17.43%
3	P.K. Choudhary	Managing Director	10.00%
4	Sunil Kumar Jindal	Chief Financial Officer	13.04%
5	Amit Goenka	V.P. Finance and Company Secretary	15.00%

3. The percentage increase in the median remuneration of employees in the financial year: **21.53%**
4. There were **517** permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2015;
5. Relationship between average increase in remuneration and company performance: The Profit before Tax for the financial year ended 31<sup>st</sup> March, 2015 increased by **36.81%** whereas the overall remuneration increased by **18.87%** during the year. There is no direct relationship between average increase in the remuneration and year to year financial performance of the Company.
6. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company: The total remuneration of Key Managerial Personnel increased by **20.98%** whereas the Profit Before Tax increased by **36.81%**.
7. a) Variations in the market capitalisation of the Company: The market capitalisation as on 31<sup>st</sup> March, 2015 was ₹ **531.31** crore (₹ **201.89** crore as on 31<sup>st</sup> March, 2014)
- b) Price Earnings Ratio of the Company was **20.59** as at 31<sup>st</sup> March, 2015 and was **11.74** as at 31<sup>st</sup> March, 2014
- c) Percent increase over decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer - The Company did not come out with any public offers in the last financial year.
8. Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was **18.42%** whereas the increase in the managerial remuneration for the same financial year was **20.98%**. This was based on the recommendation of the Nomination and Remuneration Committee to revise the remuneration as per the remuneration policy of the Company.

9. The comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Name of the KMP	Designation	% increase in Remuneration	% increase in PBT
Raghu Mody	Executive Chairman	66.67%	36.81%
Varunn Mody	Executive Director-Treasury & Strategy	17.47%	
P. K. Choudhary	Managing Director	10.00%	
Amit Goenka	V.P. Finance and Company Secretary	15.00%	
Sunil Kumar Jindal	Chief Financial Officer	13.04%	

10. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable
12. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**B. Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Employee name	Designation	Educational Qualification	Age (years)	Experience (in years)	Date of joining as Executive Director	Gross remuneration paid (in ₹ crore)	Previous employment and designation
Mr. Raghu Mody	Executive Chairman	Senior Cambridge	76	52 Years	1 <sup>st</sup> October, 2011	0.92	J L Morison (India ) Limited – Executive Chairman
Mr. Varunn Mody	Executive Director-Treasury & Strategy	Commerce Graduate	30	12 Years	17 <sup>th</sup> January, 2011	1.35	J L Morison (India ) Limited – Executive Director

**Notes:**

- All appointments are contractual and terminable by notice on either side.
- Remuneration includes salary, various allowances, contribution to Provident Fund and taxable value of perks.
- Mr. Varunn Mody is the Grandson of Mr. Raghu Mody.
- The Directors mentioned above do not hold, by themselves or along with their spouse and dependent children, two percent or more of the equity shares of the Company.

## Annexure C

### Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2014-15

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The Company aims at spending a defined portion of its net profit for the betterment of society through:

- Providing financial and other assistance to students who belong to socially economically weaker sections
- Supporting efforts for community health in slums and areas inhabited by weaker sections
- Supporting the programs and efforts for environment protection and enhancement
- Promoting, encouraging and supporting the social and cultural heritage and traditions of our society
- Taking proactive measures for the well-being of society, as per needs

The Company has made a Contribution to Acharaya Mahapragya Mahashraman Education and Research Foundation (AMMERF), which is actively involved in imparting education and create environment of non-violence in the society. The said Foundation is in process of building a world class auditorium and an Educational Institution of world standard with modern facilities for imparting the best education to the children of the Society. The CSR policy of the company can be viewed at: <http://www.hindcompo.com/investor-relations/documents/csr-Policy.pdf>

2. **The Composition of the CSR Committee:**

Sr. No.	Name of Members	Status
1.	Mr. Brijmohan Rai Bahl (upto 23 <sup>rd</sup> January, 2015)	Chairman
2.	Lt. Gen. (Retd.) K. S. Brar (w.e.f. 13 <sup>th</sup> February, 2015)	Chairman
3.	Mr. Varunn Mody	Member
4.	Mr. P K Choudhary	Member

3. Average net profit of the Company for last three financial years – ₹ **19.84 crore**
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) – ₹ **0.40 crore**
5. Details of CSR spent during the financial year.
- (a) Total amount to be spent for the financial year : ₹ **0.40 crore**
- (b) Amount unspent, if any : **Nil**
- (c) Manner in which the amount spent during the financial year is detailed below: The Company has given Donation to Acharaya Mahapragya Mahashraman Education and Research Foundation (AMMERF), which is engaged in carrying out Social activities and projects relating to education.

In ₹ crore

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Over heads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Construction of a building for Educational Institution	Education	Kolkata, West Bengal	0.4	0.4	0.4	Through Implementing Agency - Acharaya Mahapragya Mahashraman Education and Research Foundation
	<b>Total</b>			0.4	0.4	0.4	



6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount: **Not Applicable**
7. The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

**P. K. Choudhary**  
 Managing Director

**Lt. Gen. (Retd.) K. S. Brar**  
 Chairman of the CSR committee

Place : Mumbai

Date : 7<sup>th</sup> May, 2015

## Annexure D

### Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
 The Members,  
**Hindustan Composites Limited**  
 Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hindustan Composites Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not applicable to the company during the audit period**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the company during the audit period**);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the company during the audit period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the company during the audit period**); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the company during the audit period**);

(vi) As informed and certified by the management, there are no laws that are specifically applicable to the business activities carried on by the company based on their sector/industry.

I/we have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not applicable as Secretarial Standards were not notified during the audit period)**
- (ii) The Listing Agreements entered into by the Company with BSE Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai;

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

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

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the company has pursuant to Section 180(1)(a) the company has passed a special resolution for sale/lease/otherwise dispose/ hypothecate/create charge/mortgage in respect of its undertaking arising out of investment activities for an amount not exceeding ₹ 500 Crores.

**For Manish Ghia & Associates  
Company Secretaries**

**Manish L. Ghia**  
Partner

Place : Mumbai  
Date : 6<sup>th</sup> May 2015

M. No. FCS 6252 C.P. No. 3531

This report is to be read with our letter of even date which is annexed as Annexure-I and forms an integral part of this report.

**'Annexure I'**

To,  
The Members,  
Hindustan Composites Limited  
Mumbai

Dear Sirs,

Our report of even date is to read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Manish Ghia & Associates  
Company Secretaries**

**Manish L. Ghia  
Partner**

Place : Mumbai  
Date : 6<sup>th</sup> May 2015

M. No. FCS 6252 C.P. No. 3531

### Annexure E

1 Details of Conservation of energy, technology absorption, foreign exchange earnings and outgo

<b>A Conservation of energy</b>	
(i) the steps taken or impact on conservation of energy	1. Installation of Variable Frequency drives on machine for reduction in power consumption. 2. Higher HP Electrical Motors are replaced with Lower HP Electrical Motors. 3. Introduction of Multi-Cavity Mould in curing Presses to save energy 4. LED Lamps are introduced in new installations to save energy. 5. Ventilation is improved using Turbo Ventilator, replacing Exhaust Fans. Total 22 Nos. Turbo Ventilators were fitted.
(ii) the steps taken by the company for utilising alternative sources of energy	1. Usage of Bio-Mass, as an alternate fuel, in place of Coal. 2. Replacement of Deiso Fired Oven in place of Electrical.
(iii) the capital investment on energy conservation equipments	Total Capital Investment made at Plants for energy conservation is ₹ 0.33 crore.

<b>B Technology absorption</b>	
(i) the efforts made towards technology absorption	Development of Sintered Products and Disc Pad for CV Application.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	1. Sintered Products offer a large business opportunity. These are used for high-end application in Auto and Industrial segment. This is developed indigenously with cost effective formulation. 2. CV Pad is also developed in-house.
(iii) in case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):	Not Applicable
(iv) the expenditure incurred on Research and Development	₹ 1.26 crore (Previous Year ₹ 0.80 crore)

<b>C Foreign exchange earnings and outgo</b>		
(i)	The foreign exchange earned (actual inflows)	₹ 10.78 crore (Previous Year ₹ 8.59 crore)
(ii)	The foreign exchange outgo (actual outflows)	₹ 7.36 crore (Previous Year ₹ 7.34 crore)

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement)

**1. A brief statement on Company's philosophy on code of governance:**

The Company believes in transparency, professionalism and accountability, which are basic principles of corporate governance and would constantly endeavor to improve on these aspects.

**2. Corporate Ethics:**

The Company adheres to the highest standards of business ethics, transparency in all its dealings and timely compliance with statutory and legal requirements.

**2.1 Code of Conduct of Board Members and Senior Management:**

The Board of Directors of the Company has adopted Code of Conduct for its Members and Senior Management and it is reviewed and modified periodically as per changes in applicable laws. The Code highlights Corporate Governance as the cornerstone for sustained management performance and for serving all the stakeholders and for instilling pride of association. The code has been posted on the website of the Company i.e. [www.hindcompo.com](http://www.hindcompo.com).

**2.2 Code of Conduct for Prevention of Insider Trading:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading for its management, directors, employees and other connected persons. The Code lays down guidelines and procedures to be followed and disclosures to be made by directors, top level executives and employees whilst dealing in shares. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

**2.3 Vigil Mechanism :**

The Company has established a vigil mechanism for employees, officers and directors, which encourage them to report any suspected violation promptly and intend to investigate any report of violations made in good faith.

**2.4 SHE (Safety, Health & Environment) System:**

The Company has adopted Safety, Health and Environment (SHE) System with a commitment to provide a safe and healthy working environment.

**3. Secretary's Responsibility Statement:**

The Company Secretary confirms that the Company has:

- Maintained all the Statutory Registers required to be maintained under the Companies Act, 2013 ("the Act") and the rules made thereunder.

- Filed all the forms and returns and furnished necessary particulars in time with the Registrar of Companies (ROC), Maharashtra, Mumbai, Ministry of Corporate Affairs (MCA) and/or Authorities as required under the Act.
- Issued all notices as required to be given for convening the meeting of the Board of Directors and General Meetings of the shareholders within the time limit prescribed by law.
- Conducted the meetings of the Board of Directors and Annual General Meeting as per the provisions of the Act and the Listing Agreement.
- Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors and the Shareholders.
- Made due disclosures under the requirements of the Act including the requirements in pursuance to the disclosures made by the Directors.
- Obtained necessary approvals of the Directors, Shareholders, Central Government and other authorities as per the statutory requirements.
- Given loans and made investments in accordance with the requirements of the Act.
- Not exceeded the borrowing powers of the Company.
- Registered all the particulars relating to the creation, modification and satisfaction of the charges with the Registrar of Companies, (ROC), Maharashtra, Mumbai.
- Effected share transfers and dispatched the certificates within the time prescribed under the Act and the rules made thereunder.
- Complied with all the requirements of the Listing Agreement entered into with the Stock Exchanges wherever the Company's shares are listed.

The Company has also complied with the requirements prescribed by Securities and Exchange Board of India (SEBI) and other statutory authorities and also the requirements under the Act and related statutes in force.



#### 4. Board of Directors:

- Composition:

As on 31<sup>st</sup> March, 2015, the Board of Directors consisted of seven Directors. The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of directorships in other companies and Chairmanship/Membership in Committees are given below:

Name of Director	Category	No. of Board Meetings held	Attendance particulars		No. of other Directorship(s)	Committee Positions (including Company)	
			Board Meeting	Last AGM		Memberships	Chairmanships
Mr. Raghu Mody	Executive Chairman, Promoter	5	4	Yes	4	3	-
Mr. Varunn Mody	Executive Director, Promoter	5	5	No	3	1	-
Mr. A. B. Vaidya	Independent Director	5	5	Yes	-	3	1
Mr. K. M. Robinson	Independent Director	5	1	Yes	-	1	-
Lt. Gen. (Retd.) K. S. Brar	Independent Director	5	5	Yes	1	4	-
Mr. P. K. Choudhary	Managing Director	5	5	Yes	1	1	-
Mrs. Sakshi Mody*	Additional Director	5	2	No	2	1	-
Mr. Brijmohan Rai Bahl**	Independent Director	5	4	Yes	2	3	3

\* Appointed as an Additional (Non-Executive) Director w.e.f. 2<sup>nd</sup> September, 2014.

\*\*Ceased to be Director of the Company due to death w.e.f. 24<sup>th</sup> January, 2015.

- The directorship held by Directors as mentioned above does not include Directorships of Foreign Companies as on 31<sup>st</sup> March, 2015.
- Membership/Chairmanship of only the Audit Committee and Stakeholders' Relationship Committee of all public companies / subsidiary of public companies has been considered.

#### ▪ Number and date of Board Meetings held:

Five Board Meetings were held during the year 2014-2015. The dates on which the meetings were held are as follows:

Date of Board Meeting	Strength of the Board	No. of Directors present
29 <sup>th</sup> May, 2014	7	5
11 <sup>th</sup> August, 2014	7	6
2 <sup>nd</sup> September, 2014	8	8
7 <sup>th</sup> November, 2014	8	7
13 <sup>th</sup> February, 2015	7	6

#### 5. Audit Committee:

- Composition:

As on 31<sup>st</sup> March 2015, the Audit Committee comprised of Mr. A. B. Vaidya, Mr. Raghu Mody, and Lt. Gen. (Retd.) K. S. Brar as its members. Mr. Brijmohan Rai Bahl, Chairman

of the Committee ceased to be so due to his death on 24<sup>th</sup> January, 2015.

The Company Secretary acts as the Secretary to the Committee.

#### • Brief description of terms of reference:

The Broad terms and reference of Audit Committee are to review the financial statements before submission to Board, to review reports of the Internal Auditors and to review the weakness in internal controls reported by Internal and Statutory Auditors and to review the remuneration of Internal and Statutory Auditors. In addition, the powers and role of the Audit Committee are as laid down under clause 49(III)(C) and 49(III)(D) of the Listing Agreement read with Section 177 of the Companies Act, 2013.

#### • Meetings and attendance during the year:

During the year 2014-2015 the Audit Committee met four times on 29<sup>th</sup> May, 2014, 11<sup>th</sup> August, 2014, 7<sup>th</sup> November, 2014 and 13<sup>th</sup> February, 2015. The attendance at the Committee meetings was as follows:

Sl. No.	Name of Directors	Status	No. of meetings attended
1.	Mr. Brijmohan Rai Bahl*	Chairman	3
2.	Mr. A. B. Vaidya	Member	4
3.	Mr. Raghu Mody	Member	3
4.	Lt. Gen. (Retd.) K.S. Brar	Member	4

\*Ceased to be Chairman of the Committee due to his death w.e.f. 24<sup>th</sup> January, 2015.

## 6. Nomination and Remuneration Committee:

### • Composition:

As on 31<sup>st</sup> March 2015, the Nomination and Remuneration Committee comprised of Mr. A. B. Vaidya, Mrs. Sakshi Mody and Lt. Gen. (Retd.) K. S. Brar as its members. Mr. Brijmohan Rai Bahl, Chairman of the Committee ceased to be so upon his death on 24<sup>th</sup> January, 2015.

The Company Secretary acts as the Secretary to the Committee.

### • Brief description of terms of reference:

The terms of reference of this committee are wide enough covering the matters specified for Remuneration to the Directors under Clause 49 of the Listing Agreement.

### • Meetings and attendance during the year:

During the year 2014-2015 the Nomination and Remuneration Committee met three times on 29<sup>th</sup> May, 2014, 2<sup>nd</sup> September, 2014 and 13<sup>th</sup> February, 2015. The attendance at the Committee meeting was as follows:

Sl. No.	Name of Directors	Status	No. of meetings attended
1.	Mr. Brijmohan Rai Bahl*	Chairman	2
2.	Mr. A. B. Vaidya	Member	3
3.	Lt. Gen. (Retd.) K. S. Brar	Member	3
4.	Mrs. Sakshi Mody **	Member	-

\*Ceased to be Chairman of the Committee due to his death w.e.f. 24<sup>th</sup> January, 2015

\*\* Appointed as a Member w.e.f. 13<sup>th</sup> February, 2015

### • Remuneration policy:

The Company has formulated a policy on remuneration of Directors and Senior Management Employees. The Remuneration Policy is appended as **Annexure** with this report.

### • Details of remuneration / fees paid / payable to the Directors are as under:

(Amount in ₹)

Name	Salary	Perquisites or allowances	Contribution to PF & others	Commis-sion	Sitting fees	Total
Mr. Raghu Mody	79,20,000	12,74,600	-	-	-	91,94,600
Mr. Varunn Mody	97,68,000	3,42,600	9,00,000	25,00,000	-	1,35,10,600
Mr. P. K. Choudhary	39,00,000	8,30,775	6,48,000	-	-	53,78,775
Mr. Keith M. Robinson	-	-	-	-	-	5,000
Mr. A. B. Vaidya	-	-	-	-	85,000	85,000
Lt. Gen. (Retd.) K.S. Brar	-	-	-	-	85,000	85,000
Mr. Brijmohan Rai Bahl	-	-	-	-	50,000	50,000
Mrs. Sakshi Mody	-	-	-	-	10,000	10,000

The Non-Executive Directors did not draw any remuneration from the Company. Sitting fees to Non-executive Independent Directors is being paid at the rate of ₹ 5,000/- for each meeting of the Board and Committees attended by them.

The tenure of office of the Mr. P. K. Choudhary, Managing Director and Mr. Raghu Mody, Executive Chairman is for three years whereas for Mr. Varunn Mody, Executive Director, Treasury and Strategy is for five years, from their respective dates of appointment, and can be terminated by either party by giving one months' notice in writing. There is no separate provision for payment of severance fees.

### • Shareholding of Non-Executives Directors:

As on 31<sup>st</sup> March, 2015, no Non-Executive Director held any share in the Company.

## 7. Stakeholders Relationship Committee:

As on 31<sup>st</sup> March, 2015, the Stakeholders' Relationship Committee comprised of Mr. A. B. Vaidya, Mr. Raghu Mody, Mr. K. M. Robinson and Lt. Gen. (Retd.) K. S. Brar. Mr. A. B. Vaidya, Non-Executive Independent Director is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

Mr. Amit Goenka – V. P. Finance and Company Secretary is the Compliance Officer of the Company. His address and contact details are given below:

Address : Peninsula Business Park, 'A' Tower, 8<sup>th</sup> Floor,  
Senapati Bapat Marg, Lower Parel, Mumbai  
400013

Phone : 022 66880100

Fax : 022 66880105

Email : amitgoenka@hindcompo.com

During the year 2014 -2015 the Stakeholders' Relationship Committee met four times on 29<sup>th</sup> May, 2014; 11<sup>th</sup> August, 2014; 7<sup>th</sup> November, 2014 and 13<sup>th</sup> February, 2015. The attendance at the Committee meeting was as follows:

Sl. No.	Name of Directors	Status	No. of meetings attended
1.	Mr. A. B. Vaidya	Chairman	4
2.	Mr. Raghu Mody	Member	3
3.	Lt. Gen. (Retd.) K. S. Brar	Member	4
4.	Mr. K. M. Robinson*	Member	-

\* Ceased to be a member w.e.f. 13<sup>th</sup> February, 2015

Status of investors' complaints/services requests:

Opening balance at the beginning of the year	:	1
Received during the year	:	31
Disposed during the year	:	32
Closing balance at the end of the year	:	Nil

There were no share transfers pending for registration for more than 15 days as on 31<sup>st</sup> March, 2015.

#### 8. Corporate Social Responsibility (CSR) Committee:

As on 31<sup>st</sup> March, 2015, the Corporate Social Responsibility Committee comprises of Mr. Varunn Mody, Lt. Gen. (Retd.) K. S. Brar and Mr. P. K. Choudhary. Mr. Brijmohan Rai Bahl, Chairman of the Committee ceased to be so due to his death on 24<sup>th</sup> January, 2015.

The Company Secretary acts as the Secretary to the Committee.

During the year 2014 -15 the CSR Committee met twice on 11<sup>th</sup> August, 2014 and 31<sup>st</sup> October, 2014. The attendance at the Committee meeting was as follows:

Sl. No.	Name of Directors	Status	No. of meetings attended
1	Mr. Varunn Mody	Member	2
2	Mr. Brijmohan Rai Bahl*	Chairman	1
3	Mr. P. K. Choudhary	Member	2
4	Lt. Gen. (Retd.) K. S. Brar**	Member	-

\*Ceased to be a Member of the Committee due to his death w.e.f. 24<sup>th</sup> January, 2015

\*\*Appointed as a member w.e.f 13<sup>th</sup> February, 2015

#### 9. General Body Meetings:

- Location and time, where last three Annual General Meetings held:

Financial year	Time	Date	Location
2011-12	11.30 a.m.	10 <sup>th</sup> August, 2012	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2012-13	4.00 p.m.	29 <sup>th</sup> August, 2013	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2013-14	4.00 p.m.	1 <sup>st</sup> September, 2014	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

- Special resolutions at last three AGMs:

AGM	Particulars of Special Resolutions
10 <sup>th</sup> August, 2012	Nil
29 <sup>th</sup> August, 2013	1. Revision in remuneration payable to Mr. P. K. Choudhary, Managing Director of the Company for the remaining period of his tenure w.e.f. 1 <sup>st</sup> April, 2012.
	2. Re-appointment of Mr. P. K. Choudhary as Managing Director of the Company for a further period w.e.f. 18 <sup>th</sup> March, 2013 till 30 <sup>th</sup> June, 2016.
	3. Revision in remuneration payable to Mr. Varunn Mody, Executive Director of the Company for the remaining period of his tenure w.e.f. 1 <sup>st</sup> April, 2012.
	4. Revision in remuneration payable to Mr. Varunn Mody, Executive Director – Treasury (re-designated) of the Company for the remaining period of his tenure w.e.f 1 <sup>st</sup> April, 2013.
	5. Appointment of Mr. Raghu Mody as an Executive Chairman of the Company for a period of 3 (three) years w. e. f. 1 <sup>st</sup> October, 2011

	6. Appointment of Mrs. Shashi Mody as General Manager - Corporate of the Company w.e.f. 1 <sup>st</sup> September, 2012 as per the provisions of Section 314 of the Companies Act, 1956.
	7. Approval for waiver from recovery of excess remuneration already paid to Mr. Raghu Mody, Executive Chairman of the Company during the financial year 2012-2013 in excess of the limits prescribed under Section 309(3) read with Schedule XIII of the Act.
	8. Approval for waiver from recovery of excess remuneration already paid to Mr. Varunn Mody, Executive Director of the Company during the financial year 2012-2013 in excess of the limits prescribed under Section 309(3) read with Schedule XIII of the Act.
1 <sup>st</sup> September, 2014	Nil

- a. Special Resolution under Section 180(1)(a) of the Companies Act, 2013 to sale, lease or otherwise dispose of or create charge / mortgage / hypothecation on the movable / immovable assets of the Company upto an amount not exceeding ₹ 500 crores.
- b. Special Resolution under Section 14 of the Companies Act, 2013 for adoption of new set of Articles of Association of the Company.
- c. Ordinary Resolution under Section 181 of the Companies Act, 2013 to increase in the limit of donation to any charitable or other funds.
- d. Special Resolution for revision in remuneration of Mr. P. K. Choudhary, Managing Director of the Company.
- e. Special Resolution for revision in remuneration of Mr. Varunn Mody, Executive Director – Treasury and Business Development of the Company.
- f. Special Resolution for re-appointment of Mr. Raghu Mody as an Executive Chairman of the Company.

The postal ballot process was undertaken in accordance with the provisions of Section 110 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

Mr. Manish L. Ghia, Practicing Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process. The result of the Postal Ballot was announced on 4<sup>th</sup> August, 2014. The details of resolutions passed through postal ballot and the voting pattern for the same are as follows:

#### Postal Ballot:

During the year under review, the Company conducted postal ballot process one time. The details of the postal ballot process are as follows:

The Company dispatched Postal Ballot Notice to its shareholders on 1<sup>st</sup> July, 2014 to seek their consent for the following matters:

#### Resolution No. 1

<b>Particulars</b>	Special Resolution under Section 180(1)(a) of the Companies Act, 2013 to sale, lease or otherwise dispose of or create charge /mortgage / hypothecation on the movable /immovable assets of the Company upto an amount not exceeding ₹ 500 crores.					
Voting pattern	<b>Counts</b>		<b>Votes</b>		<b>Valid votes casted</b>	
	<b>Total received</b>	<b>Valid</b>	<b>Total</b>	<b>Valid</b>	<b>In favour</b>	<b>Against</b>
Ballot Form	10	10	28,02,576	28,02,576	28,02,576	0
E-voting	16	16	11,24,099	11,24,099	11,24,094	5
<b>Total</b>	<b>26</b>	<b>26</b>	<b>39,26,675</b>	<b>39,26,675</b>	<b>39,26,670</b>	<b>5</b>
				<b>(100%)</b>	<b>(9.9999%)</b>	<b>0.00%</b>
Result: Passed with requisite majority.						

**Resolution No. 2**

<b>Particulars</b>	Special Resolution under Section 14 of the Companies Act, 2013 for adoption of new set of Articles of Association of the Company.					
Voting pattern	<b>Counts</b>		<b>Votes</b>		<b>Valid votes casted</b>	
	<b>Total received</b>	<b>Valid</b>	<b>Total</b>	<b>Valid</b>	<b>In favour</b>	<b>Against</b>
Ballot Form	10	10	28,02,576	28,02,576	28,02,576	0
E-voting	16	16	11,24,099	11,24,099	11,24,094	5
<b>Total</b>	<b>26</b>	<b>26</b>	<b>39,26,675</b>	<b>39,26,675</b>	<b>39,26,670</b>	<b>5</b>
				<b>(100%)</b>	<b>(99.9999%)</b>	<b>0.00%</b>
Result: Passed with requisite majority.						

**Resolution No. 3**

<b>Particulars</b>	Ordinary Resolution under Section 181 of the Companies Act, 2013 to increase in the limit of donation to any charitable or other funds.					
Voting pattern	<b>Counts</b>		<b>Votes</b>		<b>Valid votes casted</b>	
	<b>Total received</b>	<b>Valid</b>	<b>Total</b>	<b>Valid</b>	<b>In favour</b>	<b>Against</b>
Ballot Form	10	10	28,02,576	28,02,576	28,02,576	0
E-voting	16	16	11,24,099	11,24,099	11,24,076	23
<b>Total</b>	<b>26</b>	<b>26</b>	<b>39,26,675</b>	<b>39,26,675</b>	<b>39,26,652</b>	<b>23</b>
				<b>(100%)</b>	<b>(99.9999%)</b>	<b>0.00%</b>
Result: Passed with requisite majority.						

**Resolution No. 4**

<b>Particulars</b>	Special Resolution for revision in remuneration of Mr. P. K. Choudhary, Managing Director of the Company.					
Voting pattern	<b>Counts</b>		<b>Votes</b>		<b>Valid votes casted</b>	
	<b>Total received</b>	<b>Valid</b>	<b>Total</b>	<b>Valid</b>	<b>In favour</b>	<b>Against</b>
Ballot Form	10	10	28,02,576	28,02,576	28,02,576	0
E-voting	15	15	11,23,799	11,23,799	11,23,789	10
<b>Total</b>	<b>25</b>	<b>25</b>	<b>39,26,375</b>	<b>39,26,375</b>	<b>39,26,365</b>	<b>10</b>
				<b>(100%)</b>	<b>(99.9999%)</b>	<b>0.00%</b>
Result: Passed with requisite majority.						

**Resolution No. 5**

<b>Particulars</b>	Special Resolution for revision in remuneration of Mr. Varunn Mody, Executive Director Treasury and Business Development of the Company.					
Voting pattern	<b>Counts</b>		<b>Votes</b>		<b>Valid votes casted</b>	
	<b>Total received</b>	<b>Valid</b>	<b>Total</b>	<b>Valid</b>	<b>In favour</b>	<b>Against</b>
Ballot Form	10	10	28,02,576	28,02,576	28,02,576	0
E-voting	16	16	11,24,099	11,24,099	11,24,089	10
<b>Total</b>	<b>26</b>	<b>26</b>	<b>39,26,675</b>	<b>39,26,675</b>	<b>39,26,665</b>	<b>10</b>
				<b>(100%)</b>	<b>(99.9997%)</b>	<b>0.00%</b>
Result: Passed with requisite majority.						



**Resolution No. 6**

Particulars	Special Resolution for re-appointment of Mr. Raghu Mody as an Executive Chairman of the Company.					
Voting pattern	Counts		Votes		Valid votes casted	
	Total received	Valid	Total	Valid	In favour	Against
Ballot Form	10	10	28,02,576	28,02,576	28,02,576	0
E-voting	16	16	11,24,099	11,24,099	11,24,094	5
<b>Total</b>	<b>26</b>	<b>26</b>	<b>39,26,675</b>	<b>39,26,675</b>	<b>39,26,670</b>	<b>5</b>
				<b>(100%)</b>	<b>(99.9999%)</b>	<b>0.00%</b>

Result: Passed with requisite majority.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

**10. Disclosures:**
**i. Related Party Transactions:**

None of the related party transactions was in conflict with the interests of the Company. Details on materially significant related party transactions are given in the appended financial statements under notes to the accounts. The policy on dealing with Related Party Transactions is available on Company's website at <http://www.hindcompo.com/investor-relations/documents/related-party-transaction-policy.pdf>

**ii. Code of Conduct:**

The Board of Directors has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. All Board members have affirmed their compliance with the Code of Conduct. A declaration by the Managing Director of the Company affirming the compliance of the same in respect of the financial year ended on 31<sup>st</sup> March, 2015 by the members of the Board, as applicable to them, is also annexed separately in this Annual Report. The code of conduct for Board of Directors and senior management is disclosed in details on the Company's website <http://www.hindcompo.com/investor-relations/default.htm>

**iii. Compliance by the Company:**

The Company has complied with all the requirements of the Listing Agreements entered into with the Stock Exchange, as well as the regulations and guidelines of SEBI. Consequently there were no strictures or penalties imposed by either SEBI or the Stock Exchange or any other statutory authorities for non-compliance of any matters related to the capital markets during the last three years.

**iv. Disclosure of accounting treatment:**

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

**v. Whistle Blower policy /Vigil Mechanism and affirmation that no personnel have been denied access to the Audit Committee:**

The Company has established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of code of conduct or ethics policy. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the audit committee in the exceptional cases. We affirm that during the financial year 2014-15, no employee was denied access to the Audit Committee.

**vi. Risk Management:**

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Company has framed the risk assessment and minimization procedure, which is periodically reviewed by the Board.

**vii. CEO / CFO Certification:**

A certificate from Mr. P. K. Choudhary, Managing Director and Mr. Sunil Jindal, CFO of the Company on the financial statements of the Company was placed before the Board.

**viii. Review of Directors' Responsibility Statement:**

The Board in its report has confirmed that the annual accounts for the year ended 31<sup>st</sup> March, 2015 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

### 11. Means of communication:

- The Company has published its Quarterly Results in 'The Free Press Journal' (English) and 'Navshakti' (Marathi) as per the details mentioned below:

News Papers	Date of Board Meeting	Date of Publication
Free Press Journal and Navshakti	29 <sup>th</sup> May, 2014	30 <sup>th</sup> May, 2014
	11 <sup>th</sup> August, 2014	12 <sup>th</sup> August, 2014
	7 <sup>th</sup> November, 2014	8 <sup>th</sup> November, 2014
	13 <sup>th</sup> February, 2015	14 <sup>th</sup> February, 2015

**News releases, presentations, among others:** Official news releases and official media releases are sent to Stock Exchanges, if any.

**Website:** The Company's website viz. [www.hindcompo.com](http://www.hindcompo.com) contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

### 12. General Shareholder information:

- Annual General Meeting:** Friday, 18<sup>th</sup> September, 2015 at 11.30 a.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
- Financial Year:** April 1 to March 31
- Financial Calendar 2015-16:**

Result for the quarter ending June, 2015	– by 14 <sup>th</sup> August, 2015
Result for the quarter ending September, 2015	– by 14 <sup>th</sup> November, 2015
Result for the quarter ending December, 2015	– by 14 <sup>th</sup> February, 2016
Audited Result for the year ending March, 2016	– by 30 <sup>th</sup> May, 2016.

- Date of Book closure:** 12<sup>th</sup> September, 2015 to 18<sup>th</sup> September, 2015 (both days inclusive)
- Dividend Payment Date:** Credit / Dispatch between 28<sup>th</sup> September, 2015 to 30<sup>th</sup> September, 2015
- Cut-off date:** The cut-off date for remote e-voting is 11<sup>th</sup> September, 2015.
- Listing on Stock Exchanges:**  
**Equity Shares**
  - BSE Limited
  - National Stock Exchange of India Limited

### h) Stock Code:

BSE : 509635  
NSE : HINDCOMPOS  
ISIN : INE310C01011

### i) Listing Fees:

The Company has paid the listing fees for the year 2015-16 to all the stock exchanges where the shares are listed.

### j) Stock Market Price Data:

The monthly high / low quotations of shares traded on the BSE Limited during each month in last financial year are as follows:

Month	Share price of the Company on BSE (₹)*		BSE Sensex (Points)*	
	High	Low	High	Low
April, 2014	467.85	410.05	22,939.31	22,197.51
May, 2014	527	415.55	25,375.63	22,277.04
June, 2014	559.65	475.55	25,725.12	24,270.20
July, 2014	579.9	515.05	26,300.17	24,892.00
August, 2014	720	545	26,674.38	25,232.82
September, 2014	800	570	27,354.99	26,220.49
October, 2014	744.9	645	27,894.32	25,910.77
November, 2014	859.95	668	28,822.37	27,739.56
December, 2014	1,288.00	785	28,809.64	26,469.42
January, 2015	1,424.00	1,093.70	29,844.16	26,776.12
February, 2015	1,448.00	1,057.25	29,560.32	28,044.49
March, 2015	1,350.00	1,030.25	30,024.74	27,248.45

\*Source: [www.bseindia.com](http://www.bseindia.com)

- Registrar and Transfer Agents:** Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai-400 078 Phone: (022)-25946970 Fax: (022)-2594 6969 e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### l) Share Transfer System:

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agent (RTA) within 15 days of the lodgment, if documents, are found to be in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 21 days.

**m) Distribution of Shareholding as on 31<sup>st</sup> March, 2015:**

Shares having nominal value of ₹ From To	No. of holders	%	No. of shares	%
1 – 5000	11474	99.13	527945	10.72
5001 – 10000	56	0.48	42052	0.85
10001 – 20000	24	0.21	32787	0.67
20001 – 30000	2	0.02	4834	0.1
30001 – 40000	1	0.01	3963	0.08
40001 – 50000	0	0	0	0
50001 – 100000	2	0.02	11371	0.23
100001 and above	16	0.13	4300048	87.35
<b>TOTAL</b>	<b>11575</b>	<b>100</b>	<b>49230000</b>	<b>100</b>

**n) Categories of Shareholders on 31<sup>st</sup> March, 2015:**

Category	No. of shares of ₹ 10 each	%
Promoters		
- Indian	3691010	74.97
- Persons acting in concert	0	0
Public		
Indian Institutional Investors / Mutual Funds	798	0.02
Bodies Corporate	541841	11.01
Indian Public	681559	13.85
NRIs	6123	0.12
Clearing Members	1669	0.03
Directors / Relatives	0	0
<b>Total</b>	<b>4923000</b>	<b>100</b>

**o) Dematerialization of Shares:**

As on 31<sup>st</sup> March, 2015, 92.50% of the total shares of the Company were in dematerialized form.

**p) Convertible instruments:**

The Company has not issued any Global Depository Receipts (GDRs)/American Depository Receipts (ADRs)/warrants or any convertible instrument, which is likely to have impact on the Company's Equity.

**q) Plant Locations:**

Paithan: D-2/1, MIDC Industrial Area, Paithan, Dist. Aurangabad-431107

Bhandara: C-10/1, Bhandara Industrial Area, Gadegaon, Dist. Bhandara-441904

**r) Regd. Office & Address for Correspondence:**

Hindustan Composites Limited, Peninsula Business Park, 'A' Tower, 8<sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel, Mumbai 400013

Telephone: 022 66880100; Fax: 022 66880105

E-mail: investor@hindcompo.com

**s) Compliance Certificate by Auditors:**

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49, which is annexed herewith and forming part of Annual Report.

**t) Compliance Certificate for Code of Conduct:**

The declaration by Managing Director affirming compliance of Board and Senior Management Personnel to the Code of Conduct is also annexed herewith and forms part of Annual Report.

**u) Adoption of mandatory and non-mandatory requirements of Clause 49:**

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement:

- Audit Qualification - The Company is in the regime of unqualified financial statements.
- Separate posts of Chairman and CEO – The Company has separate Chairman and Managing Director.
- Reporting of Internal Auditor – The Internal Auditor directly reports to the Audit Committee.

## Declaration – Code of Conduct

As provided under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct during the year ended 31<sup>st</sup> March, 2015.

For **Hindustan Composites Limited**

**Place: Mumbai**  
**Date: 7<sup>th</sup> May, 2015**

**P. K. Choudhary**  
**Managing Director**

## AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

### To the Members of Hindustan Composites Limited

We have examined the compliance of the conditions of Corporate Governance by Hindustan Composites Limited for the year ended 31<sup>st</sup> March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **LODHA & COMPANY**

Chartered Accountants  
ICAI Firm Registration No – 301051E

**(R. P. Baradiya)**  
Partner  
Member No: 44101

**Place: Mumbai**  
**Date: 7<sup>th</sup> May, 2015**

## REMUNERATION POLICY OF HINDUSTAN COMPOSITES LIMITED

### 1. PREFACE

This Remuneration policy of the Hindustan Composites Ltd. is formulated to determine the appointment of and remuneration payable to Directors, Key Managerial Personnel ('KMPs') and the Senior Management Personnel ('SMPs') of the Company.

The Board of Directors of the Company has adopted this Remuneration Policy, on the recommendation of the Remuneration Committee, in its meeting held on 29<sup>th</sup> May 2014.

### 2. COMMENCEMENT

This remuneration policy governs Policy relating to directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013.

### 3. DEFINITIONS

For the purpose of this policy all terms shall have same meaning as defined under Companies Act, 2013.

### 4. PURPOSE

This policy is framed to attain following objectives:

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b. Formulation of criteria for evaluation of Independent Directors and the Board;
- c. Devising a policy on Board diversity;
- d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

### 5. PRINCIPLES OF REMUNERATION

The objective of the remuneration policy is to enable the Company to attract, motivate, and retain qualified industry professionals for the Board of Management and other

executive level in order to achieve the Company strategic goals. The remuneration policy acknowledges the internal and external context as well as the business needs and long term strategy. The policy is designed to encourage behavior that is focused on long-term value creation, while adopting the highest standards of good corporate governance. The policy is built on the following principles:

- i. **Vision and Strategy-** Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- ii. **Transparent** –The policy and its execution are clear and practical.
- iii. **Aligned within the company's objectives** – The remuneration policy is aligned with the company's short term and long term objectives, compatible with those of management and other employees.
- iv. **Long-term orientated** – The incentives focus on long-term value creation.
- v. **Compliant** – Company adopts the highest standards of good corporate governance.
- vi. **Simple** – The policy and its execution are as simple as possible and easily understandable to all stakeholders.
- vii. **Internal equity** - The Company shall remunerate the board members, KMP and senior management in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- viii. **External equity** - The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- ix. **Flexibility** - Remuneration and reward offerings shall be sufficiently flexible to meet both the needs



of individuals and those of the Company whilst complying with relevant tax and other legislation.

- x. **Performance-Driven Remuneration-** The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- xi. **Affordability and Sustainability-** The Company shall ensure that remuneration is affordable on a sustainable basis.

## 6. NOMINATION AND REMUNERATION COMMITTEE

- a. **Composition-** The Remuneration Committee of the Board of Directors is re-named as Nomination and Remuneration Committee. Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.
- b. **Responsibility & Duties-** The responsibility and duties of Nomination and Remuneration Committee are as follows:
  - i. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
  - ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.
  - iii. Formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc for Executives and reviewing it on a periodic basis;
  - iv. Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
  - v. **Formulating the policy to ensure that:**
    - 1. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.

- 2. relationship of remuneration to performance is clear and meets appropriate performance benchmark; and
- 3. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

## 7. SELECTION AND APPOINTMENT OF THE BOARD MEMBERS

Nomination & Remuneration Committee shall evaluate the Board's Performance, ascertain their availability and make suitable recommendations to the Board. The Committee shall identify suitable candidates in the event of any vacancy being created on the Board on account of retirement, resignation or demise of any existing Board member. Based on the recommendations of the Committee, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.

The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director will be appointed by the Board.

In the evaluation of Board Members, the Nominations Committee will have regard to normally accepted nomination criteria, including:

- (a) honesty and integrity;
- (b) the ability to exercise sound business judgment;
- (c) appropriate experience and professional qualifications;
- (d) absence of conflicts of interest or other legal impediments to serving on the Board;
- (e) willingness to devote the required time; and
- (f) availability to attend Board and Committee meetings

## 8. PROCESS FOR EVALUATION

The Nomination & Remuneration Committee of the Board will be responsible for the evaluation of Board's and individual directors' performance.

## 9. PUBLICATION

The policy shall form part of Director's report to be issued by the Board of Directors in terms of Companies Act, 2013.

## INDEPENDENT AUDITOR'S REPORT

**To The Members of  
Hindustan Composites Limited  
Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Hindustan Composites Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, 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 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 thereunder.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

- (i) As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of Section 143 (11) of the Companies Act, 2013 (hereinafter referred to as "the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order.

- (ii) 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 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Company

For **LODHA & COMPANY**  
Chartered Accountants  
Firm Registration No – 301051E

**(R. P. Baradiya)**  
Partner  
Membership No: 44101

**Place: Mumbai**  
**Date: 7<sup>th</sup> May, 2015**

**ANNEXURE REFERRED TO IN PARAGRAPH “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 OF HINDUSTAN COMPOSITES LIMITED:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the management in a phased manner over a period of three years which is reasonable considering the size and nature of its business. No material discrepancies were noticed on such verification.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in-transit have been verified by the management with reference to the confirmations received from them and/or subsequent receipt of goods.
- (b) The procedures for physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material considering the operations of the Company and have been properly dealt with in the books of accounts.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items of fixed assets are of special nature and suitable alternative source may not always exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) No deposits within the meaning of directives issued by the Reserve Bank of India and Sections 73 to 76 or any other provisions of the Companies Act, 2013 and rules framed thereunder have been accepted by the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the order of the Central Government under sub section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed records have been made and maintained. We are, however, not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues, including Provident Fund, employee’s state insurance, income tax, sales tax, wealth tax, sales tax, service tax, Duty of customs, Duty of excise, value added tax, Cess and other material statutory dues applicable to the Company with the appropriate authorities during the year. There were no undisputed amount payable on account of the above dues, outstanding as on 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.
- (b) According to information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, Duty of customs or Duty of Excise or value added tax or Cess, during the year which have not been deposited on account of any disputes except the following:
 

Assessment year	Nature of Dues	Amount in Rs.	Forum where dispute is pending
2012-13	Income Tax	10,54,323	CIT Appeals, Mumbai
2003-04	Sales Tax	4,11,763	Sales tax Tribunal, Mumbai
2004-05	Sales Tax	2,37,112	Sales tax Tribunal, Kolkata
2010-11	Sales Tax	6,98,863	Sales tax Appeals, Mumbai
- (c) There are no amounts required to be transferred, to the investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **LODHA & COMPANY**  
Chartered Accountants  
Firm Registration No – 301051E

**(R. P. Baradiya)**  
Partner  
Membership No: 44101

**Place: Mumbai**  
**Date: 7<sup>th</sup> May, 2015**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2015**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2015 ₹	As at 31 <sup>st</sup> March, 2014 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	49,230,000	49,230,000
(b) Reserves and surplus	2	5,442,814,145	5,190,737,070
		5,492,044,145	5,239,967,070
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	3	39,496,881	44,567,429
(b) Deferred tax liabilities (Net)	4	96,913,823	91,663,968
		136,410,704	136,231,397
<b>(3) CURRENT LIABILITIES</b>			
(a) Short-term borrowings	5	10,013,765	18,358,444
(b) Trade payables		104,406,838	119,676,699
(c) Other current liabilities	6	92,332,904	92,372,915
(d) Short-term provisions	7	5,925,225	11,519,328
		212,678,732	241,927,385
<b>Total</b>		5,841,133,581	5,618,125,853
<b>II ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed assets	8		
Tangible assets		1,151,119,530	1,138,614,498
Intangible assets		747,500	1,922,224
Capital work-in progress		-	410,711
(b) Non-current investments	9	3,448,791,381	3,331,489,295
(c) Long-term loans and advances	10	214,656,482	204,295,747
(d) Other Non Current Asssets	11	-	17,850,585
		4,815,314,893	4,694,583,060
<b>(2) CURRENT ASSETS</b>			
(a) Current investments	12	409,754,474	298,180,000
(b) Inventories	13	60,480,891	75,853,791
(c) Trade receivables	14	232,066,712	267,645,900
(d) Cash and Cash Equivalents	15	24,669,008	19,277,206
(e) Short-term loans and advances	16	196,170,225	160,576,367
(f) Other current assets	17	102,677,379	102,009,529
		1,025,818,688	923,542,793
<b>Total</b>		5,841,133,581	5,618,125,853

**SIGNIFICANT ACCOUNTING POLICIES**  
**ACCOMPANYING NOTES FORMING INTEGRAL PART OF**  
**THE FINANCIAL STATEMENTS**

A  
B(1 - 43)

As per our attached report of even date  
For **Lodha & Co.**  
Chartered Accountants

For and on behalf of the Board of Directors

**Raghu Mody**  
Chairman

**P. K. Choudhary**  
Managing Director

**R. P. Baradiya**  
Partner

Place : Mumbai  
Date: 07<sup>th</sup> May 2015

**Amit Goenka**  
V.P. Finance and Company Secretary

**Sunil Jindal**  
Chief Financial Officer



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

Particulars	Note No.	Year ended 31 <sup>st</sup> March, 2015 (₹)	Year ended 31 <sup>st</sup> March, 2014 (₹)
<b>I Revenue from Operations</b>			
(a) Sale of Composite Materials	18	1,102,462,327	1,062,487,100
(b) Income from Investments	19	400,085,720	314,915,007
(c) Other Operating Income		18,052,306	6,878,431
<b>Total Revenue from Operations</b>		<b>1,520,600,354</b>	<b>1,384,280,538</b>
<b>II Other Income</b>	20	2,668,091	11,395,773
<b>III Total Revenue ( I + II )</b>		<b>1,523,268,444</b>	<b>1,395,676,311</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	21	514,463,457	510,587,090
(b) Purchases of Stock-in-Trade		-	456,166
(c) Decrease / (Increase) in inventories	22	8,652,198	4,456,740
(d) Employee benefits expense	23	189,551,934	166,524,729
(e) Finance Cost	24	1,587,416	7,415,485
(f) Depreciation and Amortization expense	8	64,606,869	70,329,078
(g) Other expenses	25	448,654,415	419,724,602
<b>Total Expenses</b>		<b>1,227,516,290</b>	<b>1,179,493,890</b>
<b>V Profit Before Exceptional Items And Taxation (III-IV)</b>		<b>295,752,155</b>	<b>216,182,421</b>
<b>VI Exceptional Items</b>		-	-
<b>VII Profit Before Taxation (V+VI)</b>		<b>295,752,155</b>	<b>216,182,421</b>
<b>VIII Tax Expenses</b>			
Current Tax		32,500,000	43,030,000
Deferred Tax		5,249,855	1,162,516
<b>IX Profit After Taxation (VI-VIII)</b>		<b>258,002,300</b>	<b>171,989,905</b>
<b>X Earnings per equity share:</b>			
Basic		52.41	34.94
Diluted		52.41	34.94
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	A		
<b>ACCOMPANYING NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS</b>	B(1-43)		

As per our attached report of even date  
 For **Lodha & Co.**  
 Chartered Accountants

For and on behalf of the Board of Directors

**Raghu Mody**  
 Chairman

**P. K. Choudhary**  
 Managing Director

**R. P. Baradiya**  
 Partner

Place : Mumbai  
 Date: 07<sup>th</sup> May 2015

**Amit Goenka**  
 V.P. Finance and Company Secretary

**Sunil Jindal**  
 Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

	2014-2015 (₹)	2013-2014 (₹)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	295,752,155	216,182,421
Adjustment for		
Depreciation	64,606,869	70,329,078
Income from Investment (Net)	(257,611,045)	(177,904,727)
(Profit)/Loss on Sale of Fixed Assets (Net)	(536,639)	(9,075,342)
Excess Provision & Unclaimed Balance W/Back	(1,501,466)	(836,276)
Interest expenditure	1,587,416	7,415,485
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>102,297,290</b>	<b>106,110,639</b>
Adjustment for		
(Increase)Decrease in Trade and other receivable	41,621,342	(55,367,558)
(Increase)Decrease in Inventories	15,372,900	2,315,725
(Decrease)Increase in Trade and other payables	(15,309,871)	20,127,767
<b>CASH INFLOW FROM OPERATIONS ACTIVITIES</b>	<b>143,981,660</b>	<b>73,186,573</b>
Add/(Deduct) :		
Direct Tax Paid	(32,212,500)	(37,404,867)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>111,769,160</b>	<b>35,781,706</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(85,195,077)	(66,608,227)
Proceeds from Sale of Fixed Assets	11,229,643	26,069,600
Purchase of Investments (Net)	(228,876,561)	(216,687,561)
(Increase)/Decrease in Inter- Corporate Deposits	(34,250,000)	70,120,000
Income from Investment (Net)	257,611,045	177,904,727
<b>NET CASH FLOW (USED IN)/ FROM INVESTING ACTIVITIES (B)</b>	<b>(79,480,951)</b>	<b>(9,201,462)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings ( Net)		
Proceeds/(Repayment) from long-term borrowings (Net)	(5,070,548)	(3,037,926)
Proceeds/(Repayment) from short-term borrowings (Net)	(8,344,679)	(10,792,629)
Dividend Paid ( including Corporate Dividend Tax)	(11,519,328)	(5,759,664)
Interest paid	(1,587,416)	(7,415,485)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(26,521,971)</b>	<b>(27,005,704)</b>
<b>D Net Increase/ Decrease in cash and cash equivalent</b>	<b>5,766,239</b>	<b>(425,459)</b>
<b>( A+B+C)</b>		
Cash and Cash equivalents		
Opening Balance	13,466,819	13,892,278
Closing Balance	19,233,058	13,466,819

**Notes:-**

- The above cash flow statement has been prepared by using indirect method as per Accounting Standards 3- Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents exclude balance in margin money deposit, dividend accounts and fixed deposits pledge for temporary over draft aggregating to ₹ 54,35,950 (previous year ₹ 58,10,388).
- Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification.

As per our attached report of even date

For **Lodha & Co.**

Chartered Accountants

**For and on behalf of the Board of Directors**

**Raghu Mody**  
Chairman

**P. K. Choudhary**  
Managing Director

**R. P. Baradiya**

Partner

Place : Mumbai

Date: 07<sup>th</sup> May 2015

**Amit Goenka**

V.P. Finance and Company Secretary

**Sunil Jindal**

Chief Financial Officer

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**a) General:**

- i) The financial statements are prepared on the basis of historical cost convention, in accordance with the applicable accounting standards and on the accounting principals of a going concern. All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis.
- ii) Export benefit in terms of duty free imports of raw materials is accounted for in the year of exports.

**b) Uses of estimates:**

The preparation of financial statements to be in conformity with generally accepted accounting principals (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

**c) Revenue recognition:**

- i) Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the customers and their logistics. Sales are net of sales returns and trade discounts.
- ii) Interest is accrued over period of loans /Investments.
- iii) Dividend is accrued in the year in which it is declared, whereby right to receive is established.

**d) Fixed Assets:**

- i) Fixed assets are stated at cost less accumulated depreciation. Costs comprise the purchase price, related pre operational expenses, borrowing cost and any attributable cost of bringing the assets to its working conditions for its intended use.
- ii) The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any, such indication exists, the carrying value of such asset is reduced to its recoverable amount and the impairment loss is charged to profit and loss account. If at the balance Sheet date there is any deduction that a previously assessed impairment loss no longer exists, then

such loss is reversed and the asset is restated to that effect.

**e) Depreciation:**

- i) Depreciation on fixed assets is provided on Straight Line Method at the useful life specified in Schedule II to the Companies Act, 2013.

Depreciation on the fixed assets added/dropped off/ discarded during year is provided on pro-rata basis with reference to the month of addition/ disposal/discarding.

Depreciation on spares purchased for specific machinery and having irregular use is provided prospectively over the residual life of the specific machinery.

- ii) Leasehold land premium is amortised over the period of lease.

**f) Investments:**

- i) Long term investments are stated at cost less amortised premium. No adjustment is made in the carrying cost for temporary decline in the value of long term investments.
- ii) Current investments are carried at lower of the cost and fair value.

**g) Inventories:**

Inventories are valued at the lower of the cost (computed on weighted average basis) and estimated net realisable value after providing for obsolescence and other anticipated losses, if any. Finished goods and work in progress include costs of conversion and other costs incurred in bringing the inventory to their present locations and condition.

**h) Employee Benefits:**

- i) **Provident Fund and Superannuation Fund:**

Retirement benefits in the form of provident fund/ superannuation fund are a defined contribution scheme and the contributions are charged to profit and loss account for the year when the contributions to the respective funds are due.

- ii) **Gratuity:**

Gratuity liability is defined benefit obligations. The Company has taken an insurance policy under the

Group Gratuity Scheme with the Life Insurance Corporation of India to cover the gratuity liability of all its employees up to the Sixty years of age and the amount paid /payable in respect of present value of liability of past services is provided for, on the actuarial valuation at the year end.

**iii) Leave Entitlement:**

Liability for leave entitlement is provided on the basis of the actuarial valuation at the year end.

**i) Research and Development Expenditure:**

Revenue expenditure is charged to profit and loss account and capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

**j) Foreign Currency Transaction:**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Current assets and current liabilities are stated at the rate of exchange prevailing at the year end and resultant gains/loss is recognized in the profit and loss account.

In case of forward contracts, the exchange differences are dealt with in the profit and loss account over period of the contracts.

**k) Borrowing Costs:**

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as part of the costs of such assets up to the date when such asset is ready for its intended use. Other borrowing costs are charged to the profit and loss account.

**l) Accounting for Taxes on Income:**

Income Tax expenses comprise current tax (amount of tax for the period determined in accordance with the Income Tax laws) and deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the year).

Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain as the case may be to be realised.

Credit entitlement in respect of Minimum Alternate Tax (MAT) is considered on management estimation of regular taxation in future.

**m) Provisions, Contingent liabilities and Contingent assets:**

Provisions are recognized only when there is present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligation arising from past events where it is not possible that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realised.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**
**B. NOTES ON ACCOUNTS :**

Particulars	As at 31 <sup>st</sup> March, 2015 (₹)	As at 31 <sup>st</sup> March, 2014 (₹)
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
5,500,000 Equity Shares of ₹ 10 each (Previous Year : 5,500,000 Equity Shares of ₹ 10 each)	<b>55,000,000</b>	55,000,000
500,000 Unclassified Shares of ₹10 each (Previous Year: 500,000 Unclassified Shares of ₹10 each)	<b>5,000,000</b>	5,000,000
	<b>60,000,000</b>	60,000,000
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
4,923,000 Equity Shares of ₹10 each, fully paid-up (Previous Year: 4,923,000 Equity Shares of ₹10 each, fully paid-up)	<b>49,230,000</b>	49,230,000

**1.1 Details of Shareholding More than 5%**

Particulars	No. of Shares	Percentage of holding	No. of Shares	Percentage of holding
Rasoi Ltd.	2,050,574	41.65%	2,050,574	41.65%
Leaders Healthcare Ltd.	825,194	16.76%	825,194	16.76%
J L Morison (India) Ltd.	369,234	7.50%	369,234	7.50%

**1.2 Rights attached to equity shares:**

The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after payments to secured and unsecured creditors, in proportion to their shareholding. Company has not issued any aggregate No. and class of share as fully paid-up pursuant to contract(s) without payment being received in cash, bonus shares for the period of 5 years immediately preceding the Balance Sheet date.

**1.3 The reconciliation of the number of shares outstanding at the beginning and at the end for the period of 5 years immediately preceding the Balance Sheet date:**

Particulars	Aggregate number of shares				
	2014-15	2013-14	2012-13	2011-12	2010-11
<u>Equity shares fully paid up</u>					
Balance as at the beginning of the year	<b>4,923,000</b>	4,923,000	4,923,000	4,923,000	5,500,000
Shares issued during the year	-	-	-	-	-
Shares bought back during the year	-	-	-	-	(577,000)
Balance as at the end of the year	<b>4,923,000</b>	4,923,000	4,923,000	4,923,000	4,923,000



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	As at 31 <sup>st</sup> March, 2015 (₹)	As at 31 <sup>st</sup> March, 2014 (₹)
<b>2. <u>RESERVES AND SURPLUS</u></b>		
<b>CAPITAL REDEMPTION RESERVE</b>		
As per last Balance Sheet	5,770,000	5,770,000
	<u>5,770,000</u>	<u>5,770,000</u>
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	5,129,627,933	4,929,627,933
Add : Transferred from Profit & Loss Account	250,000,000	200,000,000
	<u>5,379,627,933</u>	<u>5,129,627,933</u>
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Balance as at the beginning of the year	55,339,137	94,868,560
Add: Profit during the year	258,002,300	171,989,905
Less : Transferred to General Reserve	250,000,000	200,000,000
Less : Proposed Dividend	4,923,000	9,846,000
Less : Corporate Dividend Tax	1,002,225	1,673,328
Balance as at the end of the year	<u>57,416,212</u>	<u>55,339,137</u>
	<u>5,442,814,145</u>	<u>5,190,737,070</u>
<b>3. <u>LONG TERM BORROWINGS</u></b>		
<b>Term Loans</b>		
(For Terms & Conditions Refer Note No. 30)		
<b>Secured</b>		
From Bank - Vehicle Loans	864,153	1,948,580
<b>Unsecured</b>		
From SICOM Ltd. by way of deferral of sales tax liability	38,632,728	42,618,849
	<u>39,496,881</u>	<u>44,567,429</u>
<b>4. <u>DEFERRED TAX LIABILITIES (NET)</u></b>		
<b>Deferred Tax Liabilities</b>		
Depreciation	105,798,466	97,668,755
Others	-	2,022,471
<b>Total Deferred Tax Liabilities</b>	<u>105,798,466</u>	<u>99,691,226</u>
<b>Deferred Tax Assets</b>		
Provision for Diminution in value of Investments and Other Employee Benefits	8,884,643	8,027,258
<b>Net Deferred Tax Liability</b>	<u>96,913,823</u>	<u>91,663,968</u>
<b>5. <u>SHORT TERM BORROWINGS</u></b>		
<b>Secured</b>		
(For Terms & Conditions Refer Note No. 28)		
<b>From Bank</b>		
Working Capital Loans	10,013,765	18,358,444
	<u>10,013,765</u>	<u>18,358,444</u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**

Particulars	As at	As at
	31 <sup>st</sup> March, 2015 (₹)	31 <sup>st</sup> March, 2014 (₹)
<b>6. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (For Terms & Conditions Refer Note No. 28)	<b>6,089,277</b>	6,197,669
Interest accrued but not due on borrowings	<b>45,014</b>	26,997
Unpaid dividends	<b>2,343,058</b>	2,345,736
Statutory Dues	<b>9,693,210</b>	6,767,642
Security Deposits	<b>9,219,350</b>	9,171,655
Employee Benefit Expenses	<b>17,374,596</b>	25,079,372
Other Expenses payables	<b>47,568,399</b>	42,783,843
	<b>92,332,904</b>	92,372,915
<b>7. SHORT TERM PROVISIONS</b>		
Proposed Dividend	<b>4,923,000</b>	9,846,000
Provision for Corporate Dividend Tax	<b>1,002,225</b>	1,673,328
	<b>5,925,225</b>	11,519,328

**8. FIXED ASSETS**

(Amount in ₹)

Fixed Assets	Balance as at 1 April, 2014	Gross Block			Accumulated Depreciation				Net Block	
		Additions	Adjustments / Deductions \$	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 1 <sup>st</sup> April 2014	Depreciation charge for the year	Adjustments / Deductions \$	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 31 <sup>st</sup> March, 2014
<b>(a) Tangible Assets</b>										
Land										
- Freehold	29,040,527	-	-	29,040,527	-	-	-	-	29,040,527	29,040,527
- Leasehold-long term <sup>^</sup>	443,153	-	-	443,153	285,057	1,697	-	286,754	156,399	158,096
Buildings @	931,156,113	34,034,447	1,127,947	964,062,613	90,327,594	16,088,467	286,180	106,129,881	857,932,732	840,828,519
Plant & Equipment's	481,705,321	38,274,282	9,220,239	510,759,364	300,376,080	29,979,301	502,481	329,852,900	180,906,464	181,329,241
Furniture and Fixtures	61,728,222	3,694,323	176,199	65,246,346	10,586,482	6,908,532	167,387	17,327,627	47,918,719	51,141,740
Motor Vehicles #	34,984,986	8,165,180	1,189,921	41,960,245	11,081,401	5,199,680	1,130,424	15,150,657	26,809,588	23,903,585
Office equipment	19,905,828	1,437,556	468,498	20,874,886	7,693,038	5,254,469	427,721	12,519,786	8,355,100	12,212,790
<b>Total (a)</b>	<b>1,558,964,150</b>	<b>85,605,788</b>	<b>12,182,804</b>	<b>1,632,387,134</b>	<b>420,349,652</b>	<b>63,432,146</b>	<b>2,514,193</b>	<b>481,267,604</b>	<b>1,151,119,530</b>	<b>1,138,614,498</b>
<b>(b) Intangible Assets</b>										
Computer software	3,698,574	-	-	3,698,574	2,704,589	278,563	-	2,983,153	715,421	993,985
Technical Know-How	5,304,212	-	-	5,304,212	4,375,973	896,160	-	5,272,133	32,079	928,239
<b>Total (b)</b>	<b>9,002,786</b>	<b>-</b>	<b>-</b>	<b>9,002,786</b>	<b>7,080,562</b>	<b>1,174,723</b>	<b>-</b>	<b>8,255,286</b>	<b>747,500</b>	<b>1,922,224</b>
<b>(c) Capital work-in-progress</b>										
Plant & equipment's	410,711	-	410,711	-	-	-	-	-	-	410,711
	410,711	-	410,711	-	-	-	-	-	-	410,711
<b>Total (a) + (b) + (c)</b>	<b>1,568,377,647</b>	<b>85,605,788</b>	<b>12,593,515</b>	<b>1,641,389,920</b>	<b>427,430,214</b>	<b>64,606,869</b>	<b>2,514,193</b>	<b>489,522,890</b>	<b>1,151,867,030</b>	<b>1,140,947,433</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**

(Amount in ₹)

Fixed Assets	Balance as at 1 April, 2013	Gross Block			Accumulated Depreciation			Net Block		
		Additions	Adjustments / Deductions \$	Balance as at 31 <sup>st</sup> March, 2014	Balance as at 1 <sup>st</sup> April, 2013	Depreciation charge for the year	Adjustments / Deductions	Balance as at 31 <sup>st</sup> March, 2014	Balance as at 31 <sup>st</sup> March, 2014	Balance as at 31 <sup>st</sup> March, 2013
<b>(a) Tangible Assets</b>										
Land										
- Freehold	45,909,902	-	16,869,375	29,040,527	-	-	-	-	29,040,527	45,909,902
- Leasehold-long term <sup>^</sup>	443,153	-	-	443,153	273,978	11,079	-	285,057	158,096	169,175
Buildings @	908,005,100	23,151,013	-	931,156,113	62,355,296	27,972,298	-	90,327,594	840,828,519	845,649,804
Plant & Equipment	447,043,725	34,661,596	-	481,705,321	266,745,518	33,630,562	-	300,376,080	181,329,241	180,298,207
Furniture and Fixtures	49,157,053	12,571,169	-	61,728,222	7,252,646	3,333,836	-	10,586,482	51,141,740	41,904,407
Motor Vehicles #	28,776,458	6,706,181	497,653	34,984,986	8,381,378	3,172,793	472,770	11,081,401	23,903,585	20,395,080
Office Equipment	16,686,022	3,219,806	-	19,905,828	6,335,035	1,358,003	-	7,693,038	12,212,790	10,350,987
<b>Total (a)</b>	<b>1,496,021,413</b>	<b>80,309,765</b>	<b>17,367,028</b>	<b>1,558,964,150</b>	<b>351,343,851</b>	<b>69,478,571</b>	<b>472,770</b>	<b>420,349,652</b>	<b>1,138,614,498</b>	<b>1,144,677,562</b>
<b>(b) Intangible Assets</b>										
Computer software	3,312,952	385,622	-	3,698,574	2,384,503	320,086	-	2,704,589	993,985	928,449
Technical Know-How	5,304,212	-	-	5,304,212	3,845,552	530,421	-	4,375,973	928,239	1,458,660
<b>Total (b)</b>	<b>8,617,164</b>	<b>385,622</b>	<b>-</b>	<b>9,002,786</b>	<b>6,230,055</b>	<b>850,507</b>	<b>-</b>	<b>7,080,562</b>	<b>1,922,224</b>	<b>2,387,109</b>
<b>(c) Capital work-in-progress</b>										
Buildings	14,087,160	-	14,087,160	-	-	-	-	-	-	14,087,160
Plant & Equipment	216,000	410,711	216,000	410,711	-	-	-	-	410,711	216,000
<b>Total (a) + (b) + (c)</b>	<b>1,518,941,737</b>	<b>81,106,098</b>	<b>31,670,188</b>	<b>1,568,377,647</b>	<b>357,573,906</b>	<b>70,329,078</b>	<b>472,770</b>	<b>427,430,214</b>	<b>1,140,947,433</b>	<b>1,161,367,831</b>

<sup>^</sup> Leasehold Land for ₹ 200,290 is valid till 31/01/2079 and for ₹ 242,863 is valid till 30/04/2081.

@ Building includes three flats, the titles of which are evidenced by fully paid shares in respective Co-operative Housing Societies.

\$ Deductions include Gross Block & Net Block of ₹ 988,241 & ₹ 49,412, respectively (Previous Year ₹ Nil & Nil) being unserviceable assets discarded during the year.

# Motor Vehicles include ₹ 2,967,428 (previous year ₹ 5,256,408) being assets acquired on hire purchase basis.

**Particulars**

**As at 31<sup>st</sup> March, 2015**      **As at 31<sup>st</sup> March, 2014**  
(₹)      (₹)

**9. NON CURRENT INVESTMENTS**

(Refer Note No. 36)

Equity instruments	<b>671,066,432</b>	562,057,851
Preference Shares	<b>250,000,000</b>	351,678,500
Government securities	<b>327,892,436</b>	-
Debentures and bonds	<b>2,145,622,537</b>	2,389,863,015
Mutual Funds	<b>50,000,000</b>	20,000,000
Bullion	<b>4,209,976</b>	7,889,929
	<b>3,448,791,381</b>	<b>3,331,489,295</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**

Particulars	As at	As at
	31 <sup>st</sup> March, 2015 (₹)	31 <sup>st</sup> March, 2014 (₹)
<b>10. LONG TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Capital Advances	63,718,332	19,135,683
Electricity Deposits	1,945,208	1,934,848
Rent Deposits		
Associates	-	50,000,000
Others	966,180	356,180
Other Deposits	15,781,914	2,769,550
<b>Other loans and advances</b>		
Balances with Central Excise and Service Tax	4,444,576	3,838,654
Interest Free Loan to Employee Welfare Trust	113,000,000	113,000,000
Advance for Income Tax (Net)	8,894,113	9,181,266
Others	5,906,159	4,079,566
	<u>214,656,482</u>	<u>204,295,747</u>
<b>11. OTHER NON-CURRENT ASSETS</b>		
Interest accrued on Investments	-	17,850,585
	<u>-</u>	<u>17,850,585</u>
<b>12. CURRENT INVESTMENTS</b>		
(Refer Note No. 37)		
Equity instruments	44,321,358	-
Preference Shares	101,678,500	-
Debentures and bonds	122,854,616	37,000,000
Mutual Funds	140,900,000	242,900,000
	<u>409,754,474</u>	<u>279,900,000</u>
<b>13. INVENTORIES</b>		
(As taken, valued and certified by the management)		
Raw Materials and components	34,959,039	39,253,712
Goods-in transit (Raw Materials)	-	1,241,892
Work-in-progress	15,208,773	17,305,197
Finished goods	5,534,195	12,089,969
Stores and spares	4,778,884	5,963,021
	<u>60,480,891</u>	<u>75,853,791</u>
<b>14. TRADE RECEIVABLES</b>		
Unsecured, considered good		
Outstanding over six months from the due date	2,361,876	2,051,056
Others	229,704,836	265,594,844
	<u>232,066,712</u>	<u>267,645,900</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	As at 31 <sup>st</sup> March, 2015 (₹)	As at 31 <sup>st</sup> March, 2014 (₹)
<b>15. CASH AND CASH EQUIVALENTS</b>		
<b>Balances with Banks</b>		
In Current Accounts	18,613,951	11,785,117
Cheques in hand	117,660	1,329,345
Cash in hand	501,447	352,357
	<b>19,233,058</b>	<b>13,466,819</b>
<b>Others</b>		
In Dividend Accounts	2,343,058	2,345,736
In Margin money (in fixed deposits with bank)	3,092,892	3,464,651
	<b>24,669,008</b>	<b>19,277,206</b>
<b>16. SHORT-TERM LOANS AND ADVANCES</b>		
<b>Secured, considered good</b>		
Inter Corporate Deposit (Refer Note No. 41 (b))*	-	72,750,000
<b>Unsecured, considered good</b>		
Inter Corporate Deposit (Refer Note No. 41 (b))	190,000,000	83,000,000
Loans and Advances to Employees	2,623,292	1,615,140
Prepaid Expenses	3,546,933	3,211,227
	<b>196,170,225</b>	<b>160,576,367</b>
* Net of Provision of ₹ Nil (₹38,500,000)		
<b>17. OTHER CURRENT ASSETS</b>		
Interest accrued on Investments	65,717,802	54,727,449
Interest accrued on Inter Corporate / Other Deposits	92,998	3,745,339
Receivable on sale of current investments	388,163	43,536,742
Insurance Claim Receivable (since received)	36,478,416	-
	<b>102,677,379</b>	<b>102,009,530</b>
Particulars	Year Ended 31 <sup>st</sup> March, 2015 ₹	Year Ended 31 <sup>st</sup> March, 2014 ₹
<b>18. SALE OF COMPOSITE MATERIALS</b>		
Manufactured	1,242,658,334	1,192,392,279
Traded	-	1,845,641
	<b>1,242,658,334</b>	<b>1,194,237,920</b>
Less: Excise duty	140,196,007	131,750,820
	<b>1,102,462,327</b>	<b>1,062,487,100</b>



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**

Particulars	Year Ended 31 <sup>st</sup> March, 2015 (₹)	Year Ended 31 <sup>st</sup> March, 2014 (₹)
<b>19. <u>INCOME FROM INVESTMENT INCOME</u></b>		
<b>Income from Long Term Investments</b>		
Dividend	35,340,909	12,949,040
Interest	248,834,200	210,255,495
Profit/(Loss) on sale	71,308,041	26,984,506
<b>Income from Current Investments</b>		
Dividend	1,702,513	35,585,548
Interest	28,168,328	26,298,969
Profit/(Loss) on sale	14,731,729	2,841,449
	<u>400,085,720</u>	<u>314,915,007</u>
<b>20. <u>OTHER INCOME</u></b>		
Gain on Variation in Foreign Exchange Rates (Net)	349,420	1,804,430
Profit on Sale of Fixed Assets (Net)	586,051	9,075,343
Rent	1,732,620	516,000
	<u>2,668,091</u>	<u>11,395,773</u>
<b>21. <u>COST OF MATERIALS CONSUMED</u></b>		
Consumption of Raw Materials and Components	497,393,313	489,270,364
Stores and Spare parts consumed	17,070,144	21,316,726
	<u>514,463,457</u>	<u>510,587,090</u>
<b>22. <u>DECREASE / (INCREASE) IN INVENTORIES</u></b>		
<b>Opening Stock :-</b>		
Work-in-progress	17,305,197	18,331,355
Finished goods	12,089,969	14,131,076
Stock in Trade	-	1,389,475
	<u>29,395,166</u>	<u>33,851,906</u>
<b>Closing Stock :-</b>		
Work-in-progress	15,208,773	17,305,197
Finished goods	5,534,195	12,089,969
Stock in Trade	-	-
	<u>20,742,968</u>	<u>29,395,166</u>
<b>Decrease / (Increase) in Inventories</b>	<u>8,652,198</u>	<u>4,456,740</u>
<b>23. <u>EMPLOYEE BENEFITS EXPENSE</u></b>		
<b>Salaries and incentives</b>	169,285,302	149,165,316
Contributions to: -		
Provident fund	8,254,609	7,165,453
Superannuation scheme	501,750	449,370
Gratuity fund	3,306,739	1,500,012
Staff welfare expenses	8,203,535	8,244,579
	<u>189,551,935</u>	<u>166,524,730</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	Year Ended 31 <sup>st</sup> March, 2015 (₹)	Year Ended 31 <sup>st</sup> March, 2014 (₹)
<b>24. FINANCE COST</b>		
Interest expense	1,363,363	6,856,725
Other borrowing costs	224,053	558,760
	1,587,416	7,415,485
<b>25. OTHER EXPENSES</b>		
Packing materials consumed	20,072,691	18,181,877
Power and Fuel	70,741,543	68,571,062
Rent	11,557,003	11,847,424
Rates and taxes	2,572,691	2,716,646
Insurance (including transit insurance)	2,669,758	2,231,900
Freight and Forwarding	41,358,867	41,841,649
Repairs & Maintenance:		
Plant & Equipments	11,382,149	8,998,991
Buildings	6,735,074	8,281,083
Job charges	56,830,473	52,991,152
Increase / (Decrease) in Excise Duty on Closing Stock	(728,467)	129,670
Travelling & Conveyance	44,583,316	38,470,539
Postage, Printing, Stationery & Telephones	8,398,729	7,884,158
Rebates, Discounts & Sales Promotion Expenses	90,243,406	82,260,304
Loss on sale/discarding of Fixed Assets (net)	49,412	-
Provision for Diminution in value of Investments (net)	17,269,919	17,500,000
Inter Corporate Deposit written off (Net of provision of ₹37,489,919)	-	-
Investment Advisory Related Expenses	16,720,406	6,840,590
Legal & Professional Expenses	15,782,836	13,572,893
Contribution towards Corporate Social Responsibility (CSR)	4,000,000	-
Miscellaneous Expenses	28,414,610	37,404,665
	448,654,416	419,724,603
<b>26. (a)</b> The Company's pending litigations comprise mainly claims related to property disputes, proceedings pending with Tax and other Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not reasonably expect the outcome of these proceedings to have a material impact on its financial statements. (Also Refer Note 26(b)).		
<b>(b)</b> Contingent Liabilities not provided for in respect of :		
- Disputed Sales Tax matters ₹1,347,738 (net of provisions of ₹ 6,45,000); Previous Year ₹ 648,875 (net of provisions of ₹ 6,45,000).		
- Disputed Income Tax matters ₹10,54,323 (Previous Year ₹10,35,491).		
- Disputed labour matter related to ex-workmen - amount unascertainable.		
- Disputed Claims ₹32,868,420 (net of provisions of ₹ 13,088,090) Previous Year ₹ 13,498,734 (net of provision of ₹ 6,457,776).		

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**
**27. Commitments:**

- (a) Estimated amount of contracts remaining to be executed and not provided for (net of advance, unsecured considered good), on capital account are ₹264,699,369 (net of advance of ₹ 63,718,332); Previous Year ₹17,681,198 (net of advance of ₹ 19,135,683)
- (b) In respect of long term investment made with private equity fund, the Company is further committed to invest ₹ 364,100,000 (Previous Year ₹240,300,000)

**28. Secured Loans:**

- (a) Interest Rate on Working capital loans is Base Rate plus 2.75% per annum (Previous Year Base Rate plus 2.75% per annum) and limit utilised ₹ 34,895,055 (Previous Year ₹13,845,437) are secured by hypothecation of stocks and debtors and charge on immovable properties of Bhandara unit.
- (b) Non fund based limit utilised ₹ 13,845,437 (Previous Year ₹ 24,444,291) are secured by lien over fixed maturity plan (FMP) valued of ₹ 20,000,000 (Previous Year ₹ 40,000,000).
- (c) Vehicle loans (repayable over a period of 1 to 4 years) are secured by way of hypothecation of vehicles purchase their against and carry Interest in the range of 9.80 % to 10.75% (Previous Year 9.80 % to 10.75%).

**Unsecured Loans:**

Interest free Sales tax Loans is repayable within 12 years.

29. (a) In the opinion of the Board, assets other than fixed assets and non-current investment have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and other known liabilities is adequate and not in excess of what is required.
- (b) The accounts of Trade receivable and payable and Loans and Advances are subject to formal confirmations / reconciliation and adjustments, if any. The management does not expect any material difference affecting the current year's financial statements due to the same.

**30. (a) Remuneration to Auditors :**

	Current Year (₹)	Previous Year (₹)
Audit fees	600,000	(600,000)
Certification fees	100,000	(44,745)
Reimbursement of out of pocket expenses Including Services Tax ₹ 11,310 (₹8,737)	102,820	(79,427)
(b) Miscellenous Expenses include:		
Inter Corporate Deposit no longer recoverable, written off	Nil	(14,754,298)

**31. Earnings Per Share:**

Net Profit as per Profit & Loss Account	258,002,300	(171,989,905)
Weighted average number of equity shares out standing	4,923,000	(4,923,000)
Basic and Diluted EPS before Exceptional Items (Net of Tax Expenses)	52.41	(34.94)
Basic and Diluted EPS after Exceptional Items (Net of Tax Expenses)	52.41	(34.94)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

32. Provision for current tax includes ₹ 4,00,000 (₹ 5,30,000) in respect of wealth tax.

	Current Year (₹)	Previous Year (₹)
Debited to respective expenses heads in the Statement of Profit & Loss	12,587,663	(8,006,401)

34. (a) Value of Imports on CIF basis			
Raw Material	73,012,808		(73,189,994)
Capital Goods	618,625		(205,227)
(b) Expenditure in foreign currency:			
Travelling & Other Expenses	5,879,372		(5,404,741)
Commission/Brokerage	NIL		(879,737)
Consultancy/Professional Charges	354,688		(634,121)
Royalty	410,262		(73,663)
(c) Earnings in foreign currency on account of			
Export on FOB Basis	107,803,745		(85,902,203)
Others (Freight, Insurance Etc)	1,713,333		(2,763,464)

(d) Foreign Exchange Currency exposures not covered by any derivative instruments:

Type of Instruments	Currency Type	As on 31 <sup>st</sup> March, 2015		As on 31 <sup>st</sup> March, 2014	
		Amount (In ₹)		Amount (In ₹)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Debtors	Dollar	187,526	11,650,985	352,362	21,744,252
Debtors	GBP	Nil	Nil	1,380	138,055
Commission Payable	Dollar	20,495	1,273,362	14,209	855,838
Creditors for Goods	Dollar	46,790	2,929,028	369,773	23,045,893

35. **Cost of Materials Consumed:**

(a) Raw Material	%	(₹)	%	(₹)
Imported Material	15.60	77,585,804	(15.59)	(76,291,519)
Indigenous Material	84.40	419,807,509	(84.41)	(412,978,844)
	100.00	497,393,313	(100.00)	(489,270,363)
(b) Spare parts and Components	%	(₹)	%	(₹)
Imported Material	Nil	Nil	(Nil)	(Nil)
Indigenous Material	100.00	5,534,195	(100.00)	(21,316,726)
	100.00	5,534,195	(100.00)	(21,316,726)

The above figures have been arrived at after adjustments for excesses / shortages ascertained on physical count, write off of unserviceable items etc.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**
**36. Non-Current Investments: (Non Trade, Long term & Fully paid up)**

	Face Value (₹)		As on 31/03/2015 Nos.	(₹)	As on 31/03/2014 Nos.	(₹)
<b>Equity Instruments (Quoted)</b>						
Borosil Glasswork Ltd.	10	135,000	94,619,081	(135,000)	(94,619,081)	
ZF Steering Gear (I) Ltd.	10	100	2,749	(100)	(2,749)	
			<u>94,621,830</u>		<u>(94,621,830)</u>	
<b>Equity Instruments (Unquoted)</b>						
Bosch Chassis System India Ltd.	10	20	1,077	(20)	(1,077)	
Daewoo Motors India Ltd.	10	10	-	-	-	
Prabhukripa Overseas Ltd.	10	231,053	3,246,899	(231,053)	(3,246,899)	
			<u>3,247,976</u>		<u>(3,247,976)</u>	
<b>Private Equity and Real Estate Funds (Unquoted) *</b>						
India Business Excellence Fund	9,750,000	55	45,007,726	(55)	(45,936,928)	
IL&FS Milestone Fund	10	2,000,000	20,000,000	(2,000,000)	(20,000,000)	
IDFC Hybrid Fund	-	-	8,176,017	-	(10,676,151)	
Multiples Private Equity Fund Scheme II	100,000	311	31,148,377	(350)	(34,970,000)	
Tikona Private Equity	-	-	19,999,280	-	(19,999,280)	
Zephyr Peacock India Fund	-	-	20,000,000	-	(20,000,000)	
Milestone Bullion Series - I	-	-	-	(1,920)	(12,985,410)	
Kotak Real Estate Yield Fund	1,000	9,173	9,741,025	(19,448)	(20,000,000)	
Aditya Birla Real Estate Fund	-	-	23,735,801	-	(14,425,364)	
IIFL Real Estate Fund	100	194,382	13,044,072	(194,382)	(19,755,180)	
IIFL Income Opportunity Fund (AIF Category II)	10	2,328,496	24,000,000	(2,328,496)	(24,000,000)	
India Business Excellence Fund - II	1,000	20,000	20,000,000	(10,000)	(10,000,000)	
Edelweiss Stressed & Troubled Assets Revival Fund - I	10,000	2,750	25,715,960	(750)	(7,500,000)	
Peninsula Bookfield India Real Estate Fund	100,000	248	24,750,000	(248)	(24,750,000)	
IIFL Income Opportunities Fund Series - Special Situations	10	2,609,050	27,500,000	(637,640)	(7,500,000)	
India Realty Excellence Fund II LLP	100,000	300	30,000,000	(100)	(10,000,000)	
IIFL Real Estate Fund - II	-	-	11,250,000	-	-	
India Asset Growth Fund Asset - 1 -Category-II	100	75,000	7,500,000	-	-	
Indiareit Apartment Strategy Fund	-	-	11,400,000	-	-	
ICICI Prudential Real Estate Fund AIF-1	-	-	14,038,638	-	-	
			<u>387,006,895</u>		<u>(302,498,313)</u>	

\* The Maturity of above funds range between 3 years to 8 years

**Investment in Group Companies**
**Equity Instruments (Quoted)**

J.L.Morison (India) Ltd.	10	272,800	51,549,275	(272,800)	(51,549,275)
Rasoi Ltd.	10	331,318	85,640,456	(331,318)	(85,640,456)
			<u>137,189,732</u>		<u>(137,189,732)</u>



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	Face Value (₹)	As on 31/03/2015 Nos.	As on 31/03/2015 (₹)	As on 31/03/2014 Nos.	As on 31/03/2014 (₹)
<b>Equity Instruments (Unquoted)</b>					
Compo Advics (India) Pvt. Ltd. *		4,900,000	49,000,000	(2,450,000)	(24,500,000)
* Joint Venture with 49% stake					
			<u>49,000,000</u>		<u>(24,500,000)</u>
<b>Total Equity Instruments</b>			<u>671,066,432</u>		<u>(562,057,851)</u>
<b>Preference Shares (Unquoted)</b>					
8.75% L&T Finance Holding Limited - Cumulative Preference Share -March, 2016	100	-	-	(1,008,753)	(101,678,500)
8.33% Tata Capital Cumulative Preference Share - Tranch G - June 2020	1,000	100,000	100,000,000	(100,000)	(100,000,000)
9.50% IL&FS Redeemable Cumulative Preference Shares - March, 2021	7,500	12,000	150,000,000	(12,000)	(150,000,000)
<b>Total Preference Shares</b>			<u>250,000,000</u>	-	<u>(351,678,500)</u>
<b>Government Securities</b>					
8.28% GOI 15 -Feb 2032	50,000,000	1	48,176,150	-	-
9.20% GOI 30 -Sep 2030	50,000,000	1	55,994,827	-	-
8.30% GOI 2 -July 2040	50,000,000	1	53,079,304	-	-
8.83% GOI 12 -Dec 2041	50,000,000	2	112,198,707	-	-
9.23% GOI 23 -Dec 2043	50,000,000	1	58,443,448	-	-
<b>Total Government securities</b>			<u>327,892,436</u>	-	-
<b>Debentures and Bonds</b>					
<b>Bonds (Quoted)</b>					
Nabard Zero Coupon Bond -Jan 2019	8,450	-	-	(5,045)	(54,015,198)
8.20% HUDCO Tax Free Bond-March, 2027	1,000	97,310	96,448,903	(97,310)	(96,459,541)
8.10% HUDCO Tax Free Bond -March, 2022	1,000	30,000	30,000,000	(30,000)	(30,000,000)
8.56% HUDCO Tax Free Bond -Sep 2028	1,000	1	1,077,617	-	-
7.93% REC-Tax Free Bond -March, 2022	1,000	30,619	30,619,000	(30,619)	(30,619,000)
9.35% REC Bonds -June 2022	1,000,000	50	52,576,408	-	-
8.30% PFC- Tax Free Bonds -Feb 2027	1,000	7,120	7,120,000	(7,120)	(7,120,000)
9.29% PFC Tax Free Bond -Aug 2022	1,000,000	50	50,029,581	(50)	(50,033,580)
11.90% IISL -Aug 2016	1,000	29,747	28,675,126	(29,747)	(28,675,126)
9.90% ING Vysya Bank Ltd Bond -Dec 2022	1,000,000	50	50,000,000	(50)	(50,000,000)
9.02% REC Tax Free Bond -Nov 2022	1,000,000	150	154,083,821	(50)	(50,598,546)
9.30% HDFC Ltd -Oct 2017	1,000,000	-	-	(50)	(50,009,615)
10.75% DPSC Ltd -Nov 2017	200,000	-	-	(250)	(50,000,000)
9.90% IFCI Ltd Bonds Sr 58 -Nov 2032	25,000	1,800	45,000,000	-	-
9.90% IFCI Ltd Bonds Sr 58 -Nov 2037	25,000	4,000	100,000,000	-	-
9.90% IFCI Ltd Bonds Sr 58 -Nov 2022	25,000	-	-	(3,200)	(80,000,000)
8.26% IIFCL Tax Free Bonds -Aug 2028	1,000,000	80	83,193,772	(30)	(30,005,758)
8.19% IIFCL Tax Free Bonds -Aug 2033	1,000,000	20	20,003,679	(20)	(20,003,879)
8.66% IIFCL Tax Free Bonds -Jan 2034	1,000	50,000	50,000,000	(50,000)	(50,000,000)
8.76% HUDCO Tax Free Bond -Jan 2034	1,000	100,000	100,000,000	(100,000)	(100,000,000)
8.51% HUDCO Tax Free Bond -Oct 2028	1,000	50,000	50,000,000	(50,000)	(50,000,000)
8.46% Rec Tax Free Bonds -Aug 2028	1,000,000	50	50,031,296	(50)	(50,033,627)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**

	Face Value	As on 31/03/2015		As on 31/03/2014	
	(₹)	Nos.	(₹)	Nos.	(₹)
8.67% PFC Tax Free Bonds -Nov 2033	1,000	161,945	161,945,000	(161,945)	(161,945,000)
8.67% NHPC Tax Free Bonds -Nov 2033	1,000	48,315	48,315,000	(48,315)	(48,315,000)
9.01% NHB Tax Free Bond -Jan 2034	5,000	50,000	253,147,894	(50,000)	(253,315,310)
8.93% NHB Tax Free Bonds -March, 2029	5,000	6,384	31,920,000	(16,384)	(31,920,000)
8.68 % NHB Tax Free Bonds Series 2A -March, 2029 #	5,000	10,000	50,281,039	(10,000)	(50,301,125)
7.40% IIFCL Tax Free Bonds -Jan 2033	1,000	50,000	44,250,000	(50,000)	(44,250,000)
10.15% Yes Bank Ltd -Sep 2027	1,000,000	-	-	(100)	(101,729,870)
12% IL&FS Transportation Networks Ltd -March, 2018	1,000,000	200	204,982,756	(200)	(206,238,769)
9.25% HDFC Ltd -Feb 2018	1,000,000	-	-	(150)	(146,427,450)
8.06% REC Tax Free Bond -May 2023	1,000,000	50	45,333,300	(50)	(45,333,300)
			<u>1,839,034,192</u>		<u>(1,967,349,693)</u>
<b>Debentures (Quoted)</b>					
<b>Secured-</b>					
13.75% Peninsula Land Ltd -July 2015	1,000,000	-	-	(25)	(18,750,000)
17.75% Marathon Realty Private Ltd -Sep 2015	10,000,000	-	-	(3)	(28,200,000)
18.00% Parsvanath Developers Ltd -Dec 2015	100,000	-	-	(300)	(30,000,000)
17.50% Rajesh Real Estate Developers Pvt Ltd. -Jul 2017	10,000,000	2	20,000,000	(2)	(20,000,000)
18.75% Raheja Developers Ltd -Aug 2017	917,000	30	25,020,000	-	-
18.50% ILD Millenium Pvt Ltd -Feb 2017	900,000	30	24,000,000	-	-
10.00% Rajesh Estates & Nirman Pvt. Ltd. -Dec 2017	10,000,000	2	20,000,000	-	-
19.10% Orris Infrastructure Pvt Ltd. - May 2017	-	34	32,000,000	-	-
11.85% ECL NCD Opt III -Jan 2019	1,000	6,800	7,088,093	-	-
ECLF-Debt Market Linked Non Convertible Debenture May 2016	100,000	300	30,000,000	-	-
EFIL-Market Linked Non Convertible Debenture -June 2018	100,000	300	30,000,000	-	-
IIFL-Index Linked Principal Protected Secured Redeemable, Non Convertible Debenture-Aug- 2016	100,000	250	25,000,000	(250)	(25,000,000)
IIFL-Index Linked Principal Protected Secured Redeemable, Non Convertible Debenture-Oct -2016	100,000	250	25,000,000	(250)	(25,000,000)
ECLF-Market Linked Non Convertible Debentures Jun-2015	100,000	-	-	(300)	(33,493,104)
ECLF-Market Linked Non Convertible Debentures Jul-2016	100,000	300	33,607,146	(300)	(33,607,146)
			<u>271,715,239</u>		<u>(214,050,250)</u>
			<u>2,110,749,430</u>		<u>(2,181,399,943)</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	Face Value (₹)	As on 31/03/2015 Nos.	(₹)	As on 31/03/2014 Nos.	(₹)
<b>Debentures (Unquoted)</b>					
<b>Secured-</b>					
12.00% Manappuram Finance Limited -Jan 2016	1,000,000	-	-	(25)	(25,000,000)
19.00% Lily Realty Pvt. Ltd. (Pasma) -June 2016	100,000	-	-	(300)	(30,593,740)
16.00% Omkar Realtors & Developers Pvt. Ltd. -Jan 2017	96,823	-	-	(300)	(27,260,548)
20.40% TDI Realcon Private Ltd (Navjyoti Overseas Pvt Ltd.) -Dec 2015	10,000,000	-	-	(2)	(20,000,000)
20.50% Prateek Infraprojects India Pvt Ltd. -Sep 2015	10,000,000	-	-	(2)	(20,421,500)
17.00% Puranik Builders Pvt Ltd -Sep 2016	100,000	-	-	(300)	(23,669,402)
21.00% Wadhwa Group Holdings Pvt Ltd -May 2016	100,000	-	-	(220)	(23,286,721)
18.00% Kumar Builders Mumbai Realty Pvt. Ltd. -Jul 2015	100,000	-	-	(200)	(20,000,000)
16.00% Supertech Ltd -Jul 2016	100	-	-	(200,000)	(18,231,161)
18.00% Foremost Realtors Pvt. Ltd. - Jan 2018	-	3	14,873,107	-	-
17.25% Akshaya Pvt. Ltd. -Mar 2018	10,000,000	2	20,000,000	-	-
			<u>34,873,107</u>		<u>(208,463,072)</u>
<b>Total Debentures and Bonds</b>			<u>2,145,622,537</u>		<u>(2,389,863,015)</u>
<b>Mutual Funds (Quoted)</b>					
L&T FMP - VII (MAR 753DA) - Growth -April, 2015	10	-	-	(2,000,000)	(20,000,000)
ICICI Prudential Fixed Maturity Plan - Series 75 - Growth -April 2018	10	5,000,000	50,000,000	-	-
			<u>50,000,000</u>		<u>(20,000,000)</u>
<b>Total Mutual Funds</b>			<u>50,000,000</u>		<u>(20,000,000)</u>
<b>Bullion</b>					
E- Silver (Quoted)	-	-	-	58 kg	(3,063,853)
Gold 24 K 99.999% (Unquoted)	-	2215.60 gm	4,209,976	2415.60 gm	(4,826,076)
<b>Total Bullion</b>			<u>4,209,976</u>		<u>(7,889,929)</u>
<b>Total Non Current Investments</b>			<u>3,448,791,382</u>		<u>(3,331,489,294)</u>
<b>Aggregate Cost of Quoted Investments</b>			<u>2,720,453,428</u>		<u>(2,436,275,357)</u>
<b>Aggregate Cost of Unquoted Investments</b>			<u>728,337,954</u>		<u>(879,434,079)</u>
<b>Aggregate Market Value of Quoted Investments</b>			<u>3,578,674,500</u>		<u>(2,571,449,994)</u>

# Lien Marked towards Margin Money for derivative transactions.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**

	Face Value (₹)	As on 31/03/2015 Nos.	(₹)	As on 31/03/2014 Nos.	(₹)
<b>37. Current Investments:</b>					
<b>Equity Instruments (Quoted)</b>					
HDFC Bank Ltd.	10	44,000	44,321,358	-	-
			<u>44,321,358</u>		
<b>Preference Shares (Unquoted)</b>					
8.75% L&T Finance Holding Limited - Cumulative Preference Share -March, 2016	100	1,008,753	101,678,500		-
<b>Total Preference Shares</b>			<u>101,678,500</u>		-
<b>Bonds (Unquoted)</b>					
6.00% REC 54 EC -Bonds -Sep 2014	10,000	-	-	(500)	(5,000,000)
					<u>(5,000,000)</u>
<b>Debentures (Quoted)</b>					
<b>Secured-</b>					
12.00% Manappuram Finance Limited -Jan 2016	1,000,000	25	25,000,000	-	-
13.75% Peninsula Land Limited -July 2015	1,000,000	25	6,250,000	-	-
18% Parsvanath Developers Limited -Dec 2015	100,000	300	12,857,140	-	-
ECLF-Market Linked Non Convertible Debentures -June 2015	100,000	300	33,493,104	-	-
			<u>77,600,244</u>		-
<b>Debentures (Unquoted)</b>					
<b>Secured-</b>					
13.00% Peninsula Land Limited -Dec 2014	1,000,000	-	-	(17)	(17,000,000)
17.50% Neelkanth Urban Developers Pvt. Ltd -Oct 2014	10,000,000	-	-	(3)	(15,000,000)
20.40% TDI Realcon Private Ltd (Navjyoti Overseas Pvt Ltd.) -Dec 2015	10,000,000	2	17,469,274	-	-
20.50% Prateek Infraprojects India Pvt Ltd. -Sep 2015	10,000,000	2	6,847,781	-	-
18.00% Kumar Builders Mumbai Realty Pvt. Ltd. -July 2015	100,000	200	9,999,998	-	-
16.00% Supertech Ltd -July 2016	100	200,000	10,937,319	-	-
			<u>45,254,372</u>		<u>(32,000,000)</u>
<b>Unsecured-</b>					
Arch Agro Industries Pvt Ltd	10,000	-	-	(1,828)	(18,280,000)
<b>Total Debentures and Bonds</b>			<u>122,854,616</u>		<u>(37,000,000)</u>
<b>Mutual Funds (Quoted)</b>					
ICICI FMP -Series 57- 3 Year Plan B- Growth	10	-	-	(2,500,000)	(25,000,000)
DWS Fixed Term Fund-Series 91-3yrs- Growth	10	-	-	(2,000,000)	(20,000,000)
HDFC FMP 36M -Oct 2011 -Series XIX (1)-Growth	10	-	-	(3,000,000)	(30,000,000)
IDFC FMP- 3 Years -Series 5-Growth *	10	-	-	(2,000,000)	(20,000,000)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	Face Value	As on 31/03/2015		As on 31/03/2014	
	(₹)	Nos.	(₹)	Nos.	(₹)
Birla Sunlife Fixed Term Plan Series - ED-Growth	10	-	-	(3,000,000)	(30,000,000)
ICICI Prudential FMP- Series 61 Plan F -3Years -Growth	10	-	-	(3,000,000)	(30,000,000)
ICICI Prudential Fmp Series 60 3 Year Plan E" *	10	-	-	(2,000,000)	(20,000,000)
Templeton India Income Opportunities Fund - Growth	10	-	-	(1,531,370)	(20,000,000)
Tata Income Fund -Growth	10	-	-	(933,413)	(34,400,000)
L&T FMP - VII (MAR 753DA) - Growth -April, 2015 *	10	<b>2,000,000</b>	<b>20,000,000</b>	-	-
Edelweiss Arbitrage Fund - Dividend	10	<b>4,906,283</b>	<b>50,000,000</b>	-	-
			<b>70,000,000</b>		<b>(229,400,000)</b>
<b>Liquid Mutual Funds (Unquoted)</b>					
Baroda Pioneer Liquid Fund-Direct -Growth	1,000	-	-	(9,196)	(13,500,000)
LIC Nomura Mf Liquid Fund - Direct -Growth	1,000	<b>6,868</b>	<b>17,400,000</b>	-	-
UTI Liquid Cash Plan - Direct Plan -Growth	1,000	<b>23,344</b>	<b>53,500,000</b>	-	-
			<b>70,900,000</b>		<b>(13,500,000)</b>
<b>Total Mutual Funds</b>			<b>140,900,000</b>		<b>(242,900,000)</b>
<b>Total Current Investment</b>			<b>409,754,474</b>		<b>(279,900,000)</b>
<b>Aggregate Cost of Quoted Investments</b>			<b>191,921,602</b>		(229,400,000)
<b>Aggregate Cost of Unquoted Investments</b>			<b>217,832,872</b>		(50,500,000)
<b>Aggregate Market Value of Quoted Investments</b>			<b>196,710,692</b>		(341,951,743)

(Aggregate amount of provision for diminution in unquoted investment ₹ 1,82,80,000  
(Previous year ₹ Nil)

\* Units are pledged with bank to avail non fund based limit (Refer Note No. 28 (b))

### 38. Micro and small enterprises development Act, 2006 ('MSMED')

Particulars	Year ended	Year ended
	March-15	March-14
	(₹)	(₹)
Principal Amount due to suppliers under MSMED Act,2006, Beyond appointed Day	<b>547,958</b>	(633,508)
Interest accrued and due to suppliers under MSMED Act, on the above amount	<b>12,329</b>	(24,828)
Payment made to suppliers ( other than interest ) beyond the appointed day, during the year	-	(Nil)
Interest paid to suppliers under MSMED Act ( Other than section 16 )	-	(Nil)
Interest paid to suppliers under MSMED Act ( Section 16 )	<b>24,828</b>	(Nil)
Interest due and payable to suppliers under MSMED Act, for the payment already made	-	(Nil)
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	(Nil)

Note : The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small enterprises" on the basis of information available with Company.



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**

Particulars	Year ended March-15 (₹)	Year ended March-14 (₹)
<b>39. Segment Reporting:</b>		
<b>Segment Revenue</b>		
Composite Products	1,123,182,724	1,080,761,304
Investment	400,085,720	314,915,007
	<u>1,523,268,444</u>	<u>(1,395,676,311)</u>
<b>Segment Results</b>		
Profit/(Loss) before Interest, Tax and Exceptional Items from each segment		
Composite Products	44,387,578	42,404,313
Investment	282,666,645	192,261,728
	<u>327,054,223</u>	<u>234,666,041</u>
Unallocated Expenses	32,382,744	22,463,908
Interest Expenses	1,587,416	7,415,484
Tax Expenses	37,749,854	44,192,517
Other Income	(2,668,091)	(11,395,773)
Profit after taxation	<u>258,002,300</u>	<u>171,989,905</u>
<b>Segment Assets</b>		
Composite Products	681,126,239	718,987,116
Investment	4,752,539,436	4,499,344,251
Unallocated Assets	407,467,906	399,794,485
	<u>5,841,133,581</u>	<u>5,618,125,852</u>
<b>Segment Liabilities</b>		
Composite Products	206,753,507	228,062,321
Unallocated Liabilities	102,839,048	105,529,032
	<u>309,592,555</u>	<u>333,591,354</u>
<b>Other Information:</b>		
Capital Expenditure	85,605,788	81,106,098
Depreciation & Amortisation	64,606,873	70,329,078
<b>40. Disclosures as required by Accounting Standard-18, on "Related Party Disclosure" are given below:</b>		
(i) <b>Group Companies/Associates / Joint Venture with whom transactions have been entered during the year in the ordinary course of the business:</b>		
Rasoi Ltd.		
J L Morison (India) Ltd.		
Pallawi Resources Ltd..		
Pallawi Trading & Mfg. Co. Ltd.		
Look Link Finance Ltd.		
Noble Trading Co. Ltd.		
Lotus Udyog Ltd.		
Surdas Trading & Mfg. Co. Ltd.		
Goodpoint Advisory Services and Investments Ltd.		
Axon Trading & Mfg. Co. Ltd.		
Silver Trading & Services Ltd.		
Rasoi Express Pvt. Ltd.		
Compo Advics (India) Pvt. Ltd. (Joint Venture)		

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

**(ii) Key Management Personnel (KMP):**

Mr. Raghu Mody, Executive Chairman  
 Mr. Varunn Mody, Executive Director  
 Mr. P. K. Choudhary, Managing Director

**(iii) Relatives of Key Managerial Personnel :**

Mrs. Sumitra Devi Mody (Wife of Mr. Raghu Mody, Executive Chairman)  
 Mrs. Shashi Mody (Mother of Mr. Varunn Mody, Executive Director)  
 Mrs. Sakshi Mody (Wife of Mr. Varunn Mody, Executive Director)

**(A) Related party transactions with Group Companies/Associates/ KMP/Relatives of KMP have significant influence during the year:**

Particulars	Year ended March-15 (₹)	Year ended March-14 (₹)
<b>Inter Corporate Deposits Received Back</b>		
J L Morison (India) Limited	Nil	(50,000,000)
<b>Rent Deposit Given</b>		
Mr. Varunn Mody	660,000	(Nil)
<b>Rent Deposit Received Back</b>		
Rasoi Limited	50,000,000	(50,000,000)
<b>Surdas Trading &amp; Mfg. Co. Ltd.</b>	Nil	(5,000,000)
Pallawai Resources Ltd.	Nil	(25,550,000)
<b>Rent Paid</b>		
Rasoi Limited *	539,328	(556,182)
J L Morison (India) Limited	1,320,000	(1,200,000)
Silver Trading & Services Ltd.	600,000	(600,000)
Pallawi Trading & Mfg. Co. Ltd.	600,000	(600,000)
Mr. Varunn Mody	825,000	(Nil)
Others	Nil	(780,000)
* Including Service Tax		
<b>Receipts</b>		
J L Morison (India) Limited (Interest)		(796,028)
Compo Advics (India) Pvt. Ltd. (Marketing Fees and Royalty)	1,607,000	(Nil)
<b>Others</b>		
J L Morison (India) Limited (Purchase of Assets)	(Nil)	(179,750)
Rasoi Express Pvt. Ltd. (Travelling)	12,544,280	(8,252,042)
Compo Advics (India) Pvt. Ltd.		
- Sale of Assets	11,229,644	(16,050,000)
- Sale of Raw Material(Net)	4,043,798	(Nil)
<b>Dividend Received</b>		
J L Morison (India) Limited	272,800	(272,800)
Rasoi Limited	331,318	(175,068)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**

Particulars	Year ended March-15 (₹)	Year ended March-14 (₹)
<b>Dividend Given</b>		
Rasoi Limited	4,101,148	(2,050,574)
J L Morison (India) Limited	738,468	(369,234)
Others	892,016	(446,008)
<b>(B) Nature of Transaction with Key Management Personnel:</b>		
<b>Salary and Allowances</b>		
Mr. Raghu Mody	9,194,600	(6,000,000)
Mr. Varunn Mody	11,010,600	(9,000,000)
Mr. P.K. Choudhary	5,378,775	(4,955,400)
Mr. Ramchandra Rao	Nil	(1,391,876)
Others	982,200	(982,200)
<b>Commission to Directors</b>		
Mr. Varunn Mody	2,500,000	(2,500,000)
<b>(C) Closing Balance with Associates /Relatives/ Joint Venture:</b>		
<b>Receivable:</b>		
Rasoi Ltd.	(Nil)	(50,000,000)
Compo Advics (India) Pvt. Ltd.	5,123,483	(Nil)
Mr. Varunn Mody	660,000	(Nil)
<b>Payable:</b>		
Rasoi Express Pvt. Ltd.	386,220	(700,111)
<b>Investment in</b>		
J L Morison (India) Limited	51,549,275	(51,549,275)
Rasoi Limited	85,640,456	(85,640,456)
Compo Advics (India) Pvt. Ltd.	49,000,000	(24,500,000)

Note:

- i) No amount pertaining to related parties has been provided for as doubtful debts. Also no amount has been written off/back
- ii) The related parties are as identified by the Company and relied upon by the Auditors.

	<b>31<sup>st</sup> March, 2015</b>	<b>31<sup>st</sup> March, 2014</b>
	(₹)	(₹)

**41. (a) Loans and Advances in nature of loans.**

Loans where there is no interest or at an interest rate below that specified in the Companies Act, 2013.

**Amount Outstanding end of the year**

Employees (as per general rules of the Company)	598,500	(742,000)
Employees' Welfare Trust	113,000,000	113,000,000

**Maximum amount Outstanding During the Year**

Employees (as per general rules of the Company)	792,500	(1,159,584)
Employees' Welfare Trust	113,000,000	(120,000,000)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
	(₹)	(₹)
(b) Details of Short Term Inter Corporate Deposits: #		
- Viel Insurance Services Pvt. Ltd.	-	7,500,000
- SM Sheti Seva Pvt Ltd.	-	65,250,000
- Jagatdal Jute & Industries Ltd.	-	10,000,000
- Ichamati Investments Pvt Ltd.	<b>20,000,000</b>	20,000,000
- Hikal Ltd.	<b>25,000,000</b>	20,000,000
- The Bombay Dyeing & Manufacturing Co. Ltd.	<b>50,000,000</b>	-
- Pudumjee Pulp & Paper Mills Ltd.	<b>25,000,000</b>	-
- Kashipur Holdings Ltd.	<b>70,000,000</b>	-
- Leaders Healthcare Pvt. Ltd.	-	12,000,000
- Motisons Global Pvt. Ltd.	-	15,000,000
- Subir Udyog Ltd.	-	5,000,000
- Others	-	1,000,000
	<b>190,000,000</b>	<b>155,750,000</b>

#Given for general corporate purpose of the borrowing company.

42. Pursuant to enactment of the Companies Act, 2013 (the Act), the Company has , effective 1<sup>st</sup> April, 2014, reviewed and revised the estimated useful life of certain fixed assets, in accordance with the Schedule II of the Act. Accordingly, the Company has given impact of ₹ 4,101,094 (net of deferred tax of ₹ 1,393,962) on account of assets whose useful life already exhausted on 1<sup>st</sup> April, 2014 to Statement of Profit & Loss. If the Company had continued with the previously assessed useful lives, charge for depreciation for the year would have been higher by ₹ 9,565,192.

43. Previous years' figures have been regrouped/reclassified whenever necessary to conform to current years' classification. Figures in brackets pertain to previous year.

Signatures to Notes 1 to 43 which form an integral part of the financial statements.

**For and on behalf of the Board of Directors**

**Raghu Mody**  
Chairman

**P. K. Choudhary**  
Managing Director

Place : Mumbai  
Date: 07<sup>th</sup> May 2015

**Amit Goenka**  
V.P. Finance and Company Secretary

**Sunil Jindal**  
Chief Financial Officer

**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 statement of subsidiaries/associate companies/joint ventures

**Part "A": Subsidiaries**

Not Applicable as the Company does not have any subsidiaries

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No	Name of Associates/Joint Ventures	Compo Advics (India) Private Limited
1	Latest audited Balance Sheet Date	31/03/2014
2	Shares of Associate/Joint Ventures held by the company on the year end	
	i) No. of shares held as on March 31, 2014	245,000
	ii) Amount of Investment in Associates/Joint Venture	2,450,000
	iii) Extend of Holding %	49%
3	Description of how there is significant influence	Holding 49% voting powers and as per Joint Venture Agreement
4	Reason why the associate/joint venture is not consolidated	Consolidation not required in view of Notification No. G.S.R. 723(E) dated 14 <sup>th</sup> October 2014.
5	Net Worth attributable to Shareholding as per latest audited Balance Sheet	24,136,809/-
6	Profit / Loss for the year	
	i) Considered in Consolidation	Consolidated Financial Statements not prepared, hence not applicable.
	ii) Not Considered in Consolidation (Unaudited)	

1. Names of associates or joint ventures which are yet to commence operations: **None**

2. Names of associates or joint ventures which have been liquidated or sold during the year: **None**

For and on behalf of the Board of Directors

**Raghu Mody**  
Chairman

**P.K.Choudhary**  
Managing Director

Place: Mumbai  
Date: 7<sup>th</sup> May, 2015

**Amit Goenka**                      **Sunil Jindal**  
V.P. Finance and Company Secretary      Chief Financial Officer

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**Hindustan Composites Limited**

CIN: L29120MH1964PLC012955

Peninsula Business Park, "A" Tower, 8th Floor, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

Tel.: 022 6688 0100, Fax: 0226688 0105, E-mail: hcl@hindcompo.com, Website: www.hincompo.com

**FORM NO. MGT-11****PROXY FORM**[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]**51<sup>th</sup> Annual General Meeting – 18<sup>th</sup> September, 2015**

Name of the Member (s) : \_\_\_\_\_  
Registered Address : \_\_\_\_\_  
\_\_\_\_\_

Email Id : \_\_\_\_\_  
Folio No/Client Id : \_\_\_\_\_  
DP ID : \_\_\_\_\_

I/We, being a Member (s) of \_\_\_\_\_ shares of the above named Company hereby appoint:

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him

2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on poll) for me/us on my /our behalf of at the 51<sup>st</sup> Annual General Meeting of the Company to be held on 18<sup>th</sup> day of September 2015 at 11.30 a.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution Number	Resolutions	Vote (Optional see note 3) Please mention no. of Share)	
		For	Against
<b>Ordinary Business:</b>			
1	Ordinary Resolution for adoption of Audited Financial Statements together with the reports of the Directors' and Auditors' thereon for the year ended 31st March, 2015		
2	Ordinary Resolution for declaration of Dividend on Equity Shares for the financial year ended 31st March, 2015.		
3	Ordinary Resolution for appointment of a director in place of Mr. Raghu Mody, who retires by rotation and being eligible, offers himself for re-appointment.		
4	Ordinary Resolution for re-appointment of M/s. Lodha & Company, Chartered Accountants, Mumbai (having FRN: 301051E) as Statutory Auditors of the Company.		
<b>Special Business:</b>			
5	Ordinary Resolution for appointment Mrs. Sakshi Mody as a Director (Non-executive) of the Company		
6	Ordinary Resolution for appointment Mr. Deepak Sethi as an Independent Director of the Company to hold office as such upto 22nd April, 2020.		
7	Special Resolution for revision in remuneration payable to Mr. Raghu Mody, Executive Chairman w.e.f. 1st October, 2014 for the remaining period of his tenure.		
8	Special Resolution for revision in remuneration payable to Mr. Varunn Mody, Executive Director, Treasury and Strategy w.e.f. 1st April, 2015 for the remaining period of his tenure.		
9	Ordinary Resolution for revision in remuneration payable to Mr. P. K. Choudhary, Managing Director, w.e.f. 1st April, 2015 for the remaining period of his tenure.		
10	Special Resolution for approving changes in Employee Welfare Scheme under Carnation Trust as per SEBI (Share Based Employee Benefits) Regulations, 2014.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015

Signature of Member: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

Affix  
Revenue  
Stamp

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deemed appropriate.
4. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
5. In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

**Hindustan Composites Limited**

CIN: L29120MH1964PLC012955

Peninsula Business Park, "A" Tower, 8th Floor, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

Tel.: 022 6688 0100, Fax: 0226688 0105, E-mail: hcl@hindcompo.com, Website: www.hincompo.com

**NECS MANDATE FORM****LINK INTIME INDIA PRIVATE LIMITED  
UNIT: HINDUSTAN COMPOSITES LIMITED**C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (West), Mumbai – 400 078  
Email Id: mt.helpdesk@linkintime.co.inFor **SHARES HELD IN THE PHYSICAL MODE**  
please complete the form and mail toFor **SHARES HELD IN THE  
ELECTRONIC MODE** please inform  
respective DPs

Dear Sirs,

**Sub: Payment of Dividend through NECS**I hereby consent to have the amount of dividend on my Equity Shares credited through National Electronic Clearing Service (NECS).  
The particulars are:

1. Folio No. /Client ID. No./DPID.No. \_\_\_\_\_  
(Folio No.given in equity share certificate(s)/customer ID No. given by your DP's)
2. Shareholders Name: Shri/Smt./Kum./M/s. \_\_\_\_\_  
\_\_\_\_\_
3. Shareholders Address : \_\_\_\_\_  
\_\_\_\_\_
4. Telephone No. \_\_\_\_\_ 5. Mobile No. \_\_\_\_\_
6. Particulars of the Bank:
  - Bank Name: \_\_\_\_\_
  - Branch Name and Address: \_\_\_\_\_
  - Mention the 9 digit code number issued by the bank and Branch appearing on the MICR cheque issue by the bank: \_\_\_\_\_
  - Account Type (please ✓ ) Savings
  - Current
  - Cash Credit
  - Account Number (as appearing on the cheque Book): \_\_\_\_\_
  - IFSC Code Number: \_\_\_\_\_
7. Date from which the mandate should be effective: \_\_\_\_\_

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the company /Registrars & Share Transfers Agents of the Company responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through NECS Facility.

\_\_\_\_\_  
Signature of the first/sole shareholder

- Note: 1) Please attach the photocopy of a Cheque or a cancelled bank cheque issued by your bank for verifying the accuracy of the code number.
- 2) The Form can be downloaded from the company's website: www.hindcompo.com

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**Hindustan Composites Limited**

CIN: L29120MH1964PLC012955

Peninsula Business Park, "A" Tower, 8th Floor, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

Tel.: 022 6688 0100, Fax: 0226688 0105, E-mail: hcl@hindcompo.com, Website: www.hincompo.com

**FOR KIND ATTENTION OF SHAREHOLDERS****Dear Shareholders,**

As per the provisions of Section 88 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014, the Company needs to update its 'Register of Members' to incorporate certain new details, as required under the said provisions. Further, as per the "Green Initiative in the Corporate Governance" initiated by the Ministry of Corporate Affairs (MCA), vide its Circular No. 17/2011 dated 21/04/2011, the Company proposes to send all the notices, documents including Annual Report in electronic form to its members.

We, therefore request you to furnish the following details for updation of Register of Members and enable the Company to send all communication to you through electronic mode:

Folio No.	
Name of the Member	
Father's/Mother's/Spouse's Name	
Address (Registered Office Address in case the Member is a Body Corporate)	
E-mail Id	
PAN or CIN	
UIN (Aadhar Number)	
Occupation	
Residential Status	
Nationality	
In case member is a minor, name of the guardian	
Date of birth of the Member	

Place: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
**Signature of the Member**

Kindly submit the above details duly filled in and signed at the appropriate place to the Registrar & Share Transfer Agent of the Company viz. "**LINK INTIME INDIA PRIVATE LIMITED, C-13, PANNALAL SILK MILLS COMPOUND, LBS MARG, BHANDUP (W), MUMBAI – 400 078.**"

The E-mail ID provided shall be updated subject to successful verification of your signature. The members may receive Annual Reports in physical form free of cost by post by making request for the same.

Thanking you,

**For Hindustan Composites Limited****Amit Goenka**  
**V. P. –Finance & Company Secretary**

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Our participation in Automechanika - Frankfurt, World's biggest trade fair for automotive aftermarket, held on September 16th – 20th 2014.



Distributors' meet at Aurangabad on November 19th 2014.



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8th Floor, Senapati Bapat Marg,  
Lower Parel, Mumbai - 400013.



Peninsula Business Park, 'A' Tower, 8th Floor, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.  
Tel.: (91) (22) 6688 0100 • Fax : (91) (22) 6688 0105 • E-mail : hcl@hindcompo.com • website : www.hindcompo.com  
CIN: L29120MH1964LC012955

### **Addendum to Notice of 51<sup>st</sup> Annual General Meeting**

#### **Attention of the shareholders of the Company is invited to the Notice of the 51<sup>st</sup> Annual General Meeting (AGM) of the Company dated 7<sup>th</sup> May, 2015.**

The notice of 51<sup>st</sup> Annual general meeting of the Company was approved by the Board of Directors of the Company in its meeting held on 7<sup>th</sup> May, 2015. As required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, in the said AGM Notice the Company has proposed to pass a Special Resolution under Item No. 10 to approve 'General Employee Benefits Scheme (GEBS)' implemented through Carnation Welfare Trust for benefit of the employees of the Company.

The Securities and Exchange Board of India (SEBI) vide its Circular number CIR/CFD/POLICY CELL/2/2015 dated 16<sup>th</sup> June, 2015 (hereinafter referred as "**SEBI Circular**"), has mandated that while passing Special Resolution for approval of any employees' welfare scheme, the Company should provide certain details / disclosures in the Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013. Accordingly, following details / disclosures are being made and be deemed to be part of the Explanatory Statement given for item No. 10 of said AGM Notice.

#### **Item No. 10:**

#### **Details as per regulation 6(2) of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are as follows:**

##### **a. Brief description of the scheme:**

Hindustan Composites Ltd. ("HCL") a company listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") has created an irrevocable Trust named as "Carnation Welfare Trust" on 20<sup>th</sup> June, 2011 for the benefit of its existing and future employees, who at the relevant time are in full time employment of HCL, except its Director/Promoters. The object of the Trust is to carry out activities for the general welfare of the beneficiaries and to that end apply the Trust Fund. The Scheme is 'General Employee Benefits Scheme (GEBS)'.

##### **b. The total number of options SARs, shares or benefits, as the case may be, to be granted:**

Providing assistance to meet medical expenses, providing assistance/reimbursement to meet cost of tuition and other fees and expenses in connection with providing higher education/and professional courses, providing assistance to meet marriage expenses, to sponsor holidays trips and get-togethers and such other benefits as more particularly described in object clause of the Trust Deed.

##### **c. Identification of classes of employees entitled to participate and be beneficiaries in the scheme(s):**

Such persons who are in permanent employment of the company for at least 5 years and are designated as Officers and Managers and their spouse, parents and children, who for the time being is nominated to be a beneficiary, as may be determined by the Nomination and Remuneration Committee from time to time, but shall not include directors or promoters of the company.

##### **d. Requirements of vesting and period of vesting: Not applicable**

##### **e. Maximum period (subject to regulation 18(1) and 24(1) of the regulations, as the case may be) within which the options / SARs / benefit shall be vested: Not applicable**

##### **f. Exercise price, SAR price, purchase price or pricing formula: Not applicable**

##### **g. Exercise period and process of exercise: Not applicable**



- h. **The appraisal process for determining the eligibility of employees for the scheme(s):** Not applicable
- i. **Maximum number of options, SARs, shares, as the case may be, to be issued per employee and in aggregate:** Not applicable
- j. **Maximum quantum of benefits to be provided per employee under a scheme(s):** Not applicable
- k. **Whether the scheme(s) is to be implemented and administered directly by the company or through a trust:**  
The Scheme is implemented and administered through Trust namely Carnation Welfare Trust.
- l. **Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both:**  
The Trust has purchased 2,34,899 Equity Shares of the Company from Secondary Market for a total consideration of Rs.11,29,56,669/-
- m. **The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.:**  
The Company has advanced an interest free loan of Rs. 11,30,00,000/- to the Trust to invest in fixed deposits with banks, NBFCs and other corporates, debentures, mutual funds, equity shares and or any other income instrument. The amount of loan upto Rs. 10 Crore is repayable upon happening of certain events as described in the MOU entered into between the Company and the Trust and amount of loan exceeding Rs. 10 Crore is repayable after a period of 5 years from the last disbursement.
- n. **Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s):**  
As per Regulation 3(11) of the said Regulations, the limit is 2% of Equity paid up share capital. The trust has bought 2,34,899 (4.77%) Equity shares of the Company before the introduction of the SEBI (Share Based Employee Benefits) Regulations, 2014. As per provisions of Regulation 31(2) of the Regulations, the Trust will bring down its holdings in the shares up to the permitted limits within a period of 5 years.
- o. **Statement to the effect that the company shall conform to the accounting policies specified in regulation 15:**  
The Scheme is 'General Employee Benefits Scheme (GEBS)', hence not applicable.
- p. **The method which the company shall use to value its options or SARs:** Not applicable
- q. **Statement regarding recognition of compensation cost, if applicable:** Not applicable

**By Order of the Board of Directors**

**Amit Goenka**

VP - Finance & Company Secretary

**Regd. Office:**

Peninsula Business Park, 'A' Tower,  
8<sup>th</sup> Floor, SenapatiBapatMarg,  
Lower Parel, Mumbai 400013

Place: Mumbai

Date: 10<sup>th</sup> August, 2015



Peninsula Business Park, 'A' Tower, 8th Floor, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.  
Tel.: (91) (22) 6688 0100 • Fax : (91) (22) 6688 0105 • E-mail : hcl@hindcompo.com • website : www.hindcompo.com  
CIN: L29120MH1964LC012955

**Attention of the shareholders of the Company is invited to the Directors' Report for the financial year ended 31<sup>st</sup> March 2015, dated 7<sup>th</sup> May, 2015.**

The Directors Report for the financial year ended 31<sup>st</sup> March 2015 of the Company was approved by the Board of Directors of the Company in its meeting held on 7<sup>th</sup> May, 2015. The Company has a 'General Employee Benefits Scheme (GEBS)' as per provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, which implemented through Carnation Welfare Trust for benefit of the employees of the Company.

The Securities and Exchange Board of India (SEBI) vide its Circular number CIR/CFD/POLICY CELL/2/2015 dated 16<sup>th</sup> June, 2015 (hereinafter referred as "**SEBI Circular**"), has mandated to make some disclosure by the Board of Directors of the Company in their Report as per Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. Accordingly, following disclosures are being made and be deemed to be part of the Directors' Report.

Details as per Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014:

**A. Details related to GEBS**

- i. A description of GEBS scheme that existed at any time during the year, including the general terms and conditions of each such scheme, including-
  - a) **Date of Shareholders' approval** : To be approved by the shareholders in the ensuing Annual General Meeting to be held on 18<sup>th</sup> September 2015.
  - b) **Kind of benefits to be granted under the Scheme:**

Providing assistance to meet medical expenses, providing assistance/reimbursement to meet cost of tuition and other fees and expenses in connection with providing higher education/and professional courses, providing assistance to meet marriage expenses, to sponsor holidays trips and get-togethers and such other benefits as more particularly described in object clause of the Trust Deed.
  - c) **Beneficiaries of the Scheme:**

Such persons who are in permanent employment of the company for at least 5 years and are designated as Officers and Managers and their spouse, parents and children, who for the time being is nominated to be a beneficiary, as may be determined by the Nomination and Remuneration Committee from time to time, but shall not include directors or promoters of the company.
  - d) **Total assets of the Scheme:**

Rs.11,45,44,675/- as per the audited balance sheet of the Trust as on 31<sup>st</sup> March, 2015.
  - e) **Quantum of holding in own shares / listed holding company shares (both absolute and in percentage):**

2,34,899 (4.77%) Equity Shares of Rs. 10/- each of the Company.
  - f) **Whether scheme is in compliance of regulation 26(2)/ 27(3) of the regulations, as applicable:** No.
  - g) **Variation in terms of Scheme:** Not Applicable

B. **Details related to Trust**

The following details, inter alia, in connection with transactions made by the Trust meant for the purpose of administering the schemes under the regulations are to be disclosed:

i. **General information on all schemes**

Sr. No.	Particulars	Details
1	Name of the Trust	Carnation Welfare Trust
2	Details of the Trustee(s)	<b>Mr. Chakrapani B. Mishra</b> , Practicing Advocate, Address: 402, Martins House, 4th Floor, Plot No. 5, St. Antony's Road, Near OLPS Church, Chembur (East), Mumbai – 400071 <b>Mr. Snehal N. Muzoomdar</b> Practicing Chartered Accountant Address: 52, Walchand Terraces, Tardeo Air Conditioned Market, Mumbai - 400034 <b>IDBI Trusteeship Services Limited</b> Private Trust Address: Asian Building, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001.
3	Amount of loan disbursed by the Company/ any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to the company/ any company in the group) as at the end of the year	Rs.11,30,00,000/-
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

ii. **Brief details of transaction in shares by the Trust**

Sr. No	Particulars	Details
A	Number of shares held at the beginning of the year	2,34,899
B	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	Nil
C	Number of shares transferred to the employees / sold along with the purpose thereof;	Nil
D	Number of shares held at the end of the year	2,34,899

iii. **In case of secondary acquisition of shares by the Trust**

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	2,34,899 (4.77%)
Acquired during the year	Nil
Sold during the year	Nil
Transferred to the employees during the year	Nil
Held at the end of the year	2,34,899 (4.77%)