





Our participation in Auto Expo-India, Asia's largest auto parts exhibition held at New Delhi in February 2016.



Our participation in Automechanika - Dubai, largest automotive aftermarket trade exhibition in the wider Middle East, held in June 2015.



**BOARD OF DIRECTORS**

Raghu Mody  
P. K. Choudhary  
Varunn Mody

A. B. Vaidya  
Deepak Sethi  
K. M. Robinson  
Lt. Gen. (Retd.) K. S. Brar  
Sakshi Mody

Amit Goenka  
Sunil Jindal

Executive Chairman  
Managing Director  
Executive Director -Treasury & Strategy  
(upto 31<sup>st</sup> March, 2016)  
Independent Director  
Independent Director  
Independent Director  
Independent Director  
Non - Executive Director

V. P. Finance and Company Secretary  
Chief Financial Officer

**STATUTORY AUDITORS**

Lodha & Co., Chartered Accountants

**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 400013  
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 – 400076  
Phone : (022) 25963838  
Fax : (022) 2594 6969  
Email rnt.helpdesk@linkintime.co.in

**WORKS**

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

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

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<b>Annual General Meeting</b>	
<b>Date :</b> 8 <sup>th</sup> September, 2016	
<b>Time :</b> 11.30 A.M.	
<b>Venue:</b> Hall of Harmony, 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 400013

Tel.:(022) 6688 0100, FAX: (022) 6688 0105, E-mail: hcl@hindcompo.com, Website: www.hindcompo.com

### NOTICE

Notice is hereby given that the Fifty Second Annual General Meeting of the Members of Hindustan Composites Limited will be held at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 at 11:30 a.m. on Thursday, 8<sup>th</sup> September, 2016 to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a) The Standalone Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016 together with the reports of the Directors' and Auditors' thereon; and
  - b) The Consolidated Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016 together with report of the Auditors' thereon.
2. To declare dividend on Equity Shares for the financial year ended on 31<sup>st</sup> March, 2016.
3. To appoint a Director in place of Mrs. Sakshi Mody (DIN: 06518139), who retires by rotation and being eligible, offers herself 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 52<sup>nd</sup> Annual General Meeting until the conclusion of the 53<sup>rd</sup> 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** pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel)

Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by Nomination and Remuneration Committee and approved by the Audit Committee, the re-appointment of Mr. Varunn Mody as Executive Director – Treasury & Strategy of the Company for a period from 17<sup>th</sup> January, 2016 to 31<sup>st</sup> March 2016 upon the terms and conditions as detailed in the explanatory statement annexed to the notice be and is hereby approved.”

6. 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 Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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, 2016 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 and approval of Audit 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.”

7. To consider and if thought fit, to pass, the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including an statutory modification(s) or re-enactment thereof for the time being in force), Article 206 of Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee, the re-appointment of Mr. P.K. Choudhary as Managing Director of the Company for a further period of 3 years w.e.f 1<sup>st</sup> July, 2016 till 30<sup>th</sup> June, 2019 be and is hereby approved upon the terms and conditions as detailed in explanatory statement annexed to the notice, with the authority to the Board of Directors of the Company to revise the terms on recommendation of Nomination and Remuneration Committee and approval of Audit 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.”

**By Order of the Board of Directors**

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

**Place: Mumbai**

**Date: 22<sup>nd</sup> July, 2016**

**Regd. 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 Regulations 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Notice.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 2<sup>nd</sup> September, 2016 to Thursday, 8<sup>th</sup> September, 2016 (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 2016-17 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. The shareholders whose dividend remained unclaimed for the financial year ended on 31<sup>st</sup> March 2010 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, 2016, 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 8<sup>th</sup> September, 2016; 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 52<sup>nd</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 email addresses, physical copies of the aforesaid documents are being sent by courier.
22. Information and other instructions relating to the 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 Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide

members facility to exercise their right to vote on resolutions proposed to be passed in the 52<sup>nd</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 Monday, 5<sup>th</sup> September, 2016 (9.00 a.m.) and ends on Wednesday, 7<sup>th</sup>, September, 2016 (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. Thursday, 1<sup>st</sup> September, 2016, 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 a shareholder, the shareholder 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. Thursday, 1<sup>st</sup> September, 2016.
- (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. Thursday, 1<sup>st</sup> September, 2016 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, Proprietor M/s Baldeva Associates, Company Secretaries, Thane (Membership No. FCS 6180) as Scrutinizer to scrutinize the voting through ballot papers 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. Thursday, 1<sup>st</sup> September, 2016, may obtain the 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 you forgot 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 48 hours 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 [www.hindcompo.com](http://www.hindcompo.com) and on the website of the NSDL [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 have been passed on the date of the Meeting i.e. 8<sup>th</sup> September, 2016.

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

- A. In case a Member receives an email from NSDL [for members whose email 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 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)

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:**

Mr. Varunn Mody, Executive Director – Treasury and Strategy of the Company is a young entrepreneur having good knowledge of Business. He has good knowledge and experience in the field of Finance, Business Administration and Treasury functions. His tenure as Executive Director – Treasury and Strategy expired on 17<sup>th</sup> January, 2016. Considering his experience, knowledge and contribution made in growth of the Company and as recommended by Nomination and Remuneration Committee and approved by Audit Committee of the Company, the Board of Directors re-appointed him as Executive Director – Treasury and Strategy for further period of five years commencing from 17<sup>th</sup> January, 2016 to 16<sup>th</sup> January, 2021 on the following terms and conditions:

Sr. No.	Particulars	Details of Remuneration
1.	Salary	Rs. 900,000/- per month and special allowance of Rs. 240,000/- 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 to the Companies Act, 2013.
2.	Accommodation/ Gas /Electricity	Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises etc. not exceeding Rs. 25,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of the salary.
3.	Medical Allowance	For self, spouse and dependent children not exceeding Rs. 204,000/- per annum
4.	Servant Allowance	Provision for Servant Allowance Rs. 25,000/- p.m.
5.	Leave Travel Allowance	As per the Company's Scheme, not exceeding Rs. 240,000/- per annum.
6.	Provident and other funds including	As per rules of the Company's Scheme.

Sr. No.	Particulars	Details of Remuneration
	superannuation and gratuity	
7.	Personal accidental Insurance	As per rules of the Company's Scheme.
8.	Conveyance/ Motorcar	Provision of Motor Car with Driver
9.	Club Subscription	Reimbursement of Club Subscription of two Clubs
10.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.
11.	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.

Mr. Varunn Mody resigned from directorship of the Company w.e.f. 31<sup>st</sup> March 2016 due to his other engagements.

The Directors recommend the Ordinary Resolution as set out at item no. 5 of the notice for approval of the Members.

Except Mrs. Sakshi Mody and her relatives, none of the Directors and / or Key Managerial Personnel of the Company or their relatives is concerned or interested in the said resolution.

#### Item Nos. 6 & 7

Mr. P. K. Choudhary, Managing Director of the Company has been associated with the Company since last 25 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 and approved by Audit Committee of the Company, the Board of Directors revised the remuneration payable to him w.e.f. 1<sup>st</sup> April 2016 for remaining period of his tenure.

Further, the current tenure of Mr. P. K. Choudhary as Managing Director expired on 30<sup>th</sup> June, 2016. Considering his experience, knowledge and contribution made in growth of the Company and as recommended by Nomination and Remuneration Committee and approved by Audit Committee of the Company, the Board of Directors of the Company has re-appointed him for a further

period from 1<sup>st</sup> July, 2016 to 30<sup>th</sup> June, 2019. The revised remuneration payable to him for his current tenure and the terms of his re-appointment are as follows:

Sr. No.	Particulars	Details of Remuneration
1	Salary	Rs. 2,75,000/- per month and special allowance of Rs. 1,50,000/- 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 to 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 Rs. 17,500/- 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 Rs. 66,000/- per month.
4	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding Rs. 1,28,000/- per annum.
5	Servant Allowance	Provision for Servant Allowance Rs. 14,500/- p.m.
6	Leave/Travel Concession	As per rules of the Company, not exceeding Rs. 2,00,000/- 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.

Sr. No.	Particulars	Details of Remuneration
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 nos. 6 & 7 of the notice for approval of the Members.

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

**INFORMATION OF DIRECTORS BEING PROPOSED FOR APPOINTMENT/RE-APPOINTMENT AS PER REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, ARE GIVEN BELOW:**

- Mrs. Sakshi Mody**, aged 31 years, has done bachelors from the University of Virginia, USA, and has wide range of experience, working in different types of media like print, television, online and Public Relations.

She is grand-daughter-in-law of Mr. Raghu Mody. She is a director in J.L.Morison (India) Ltd. and also a member of its

Corporate Social Responsibility Committee. She does not hold any shares in the Company.

- Mr. Varunn Mody**, aged 31 years, is a young entrepreneur having good knowledge of business. He is grandson of Mr. Raghu Mody and husband of Mrs. Sakshi Mody.

He is not director of any other listed company. He does not hold any shares in the Company.

- Mr. P. K. Choudhary**, aged 61 years, is a Chartered Accountant and Company Secretary. He is associates with Company since last 25 years and has rich experience in the field of finance, manufacturing and administration.

He is not director of any other listed 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**

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

**Place: Mumbai**  
**Date: 22<sup>nd</sup> July, 2016**

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

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

To the Members,  
Hindustan Composites Limited

Your Directors are pleased to present the Fifty Second Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2016.

### 1. FINANCIAL RESULTS

The Company's financial performance for the year ended 31<sup>st</sup> March, 2016 is summarized below : (Rs. in Crores)

	2015-16	2014-15
<b>Revenue from Operations</b>	<b>188.40</b>	<b>152.06</b>
Other Income	0.49	0.27
Pro t before Interest, Depreciation and Taxes	53.25	36.20
Interest	0.22	0.16
Depreciation (Net)	6.53	6.46
<b>Pro t Before Tax</b>	<b>46.50</b>	<b>29.58</b>
<b>Provision for Tax</b>	<b>7.40</b>	<b>3.78</b>
<b>Pro t After Tax</b>	<b>39.10</b>	<b>25.80</b>

### 2. DIVIDEND

Your Directors have recommended a dividend of Re. 1 per share, being 10% of the paid-up equity capital of the Company for the year ended 31<sup>st</sup> March, 2016. The Corporate Dividend Tax of Rs. 0.10 crore will be payable on the total dividend amount of Rs. 0.49 crore. The Dividend, if approved, will be paid to those members whose names appear on the Register of Members / list of Beneficiaries as on 8<sup>th</sup> September, 2016.

### 3. RESERVES

During the year under review Rs. 35 Crores was transferred to the General Reserve.

### 4. OVERVIEW OF ECONOMY & PERFORMANCE OPERATIONS

Indian economy gave mixed signals during 2015-16, whilst GDP growth improved to about 7.5%, industrial growth remained sluggish. Some of the sectors, closely related to our Company's business, such as the Commercial Vehicle segment witnessed robust growth. However, the Farm Tractors segment showed negative trend. Unfavorable

developments in rural markets reflected in the demand of 2 Wheeler segment. Infrastructure growth remained at a moderate level. Indian exports declined by about 13% during the year owing to the global slow-down. On a positive note, the Indian Government announced implementation of several key projects related to Rail and Road Infrastructure. With decline in prices of Crude Oil and some other commodities, inflation in the country remained under control. The overall market environment for our Company's business was moderately positive.

The Company posted a total revenue of Rs. 188.40 Crores, representing a growth of 24% over the previous year. The manufacturing turnover increased by 7.2% to Rs. 118.20 Crores from Rs. 110.25 Crores in the previous year. This was achieved despite challenging market conditions, with a focused approach on OE & Domestic Aftermarket business.

Investment income during the year was substantially higher at Rs. 65.16 Crores, as against Rs. 40.01 Crores in the previous year. This was achieved with judicious deployment of funds in equity and other high yielding assets.

The gross profit of the Company increased by 47% from Rs. 36.20 Crores to Rs. 53.25 Crores. After considering interest of Rs. 0.22 Crores, depreciation of Rs. 6.53 Crores, the Profit Before Tax was Rs. 46.50 Crores and Net Profit after providing Tax of Rs. 7.40 Crores was Rs. 39.10 Crores.

Looking ahead, the Government's current thrust on infrastructure projects and rural development should bring back a positive investment cycle in the year 2016-17 and push the economy on a fast track growth. The Long term outlook for Indian economy is positive, although, the short-term scenario appears cautiously optimistic.

Our Company will strive to improve profitability and growth through a strategy of continued investment in capacity expansion and introduction of new products in its manufacturing business. In the Investment segment there may be pressure on account of declining interest rates and NPA challenges. The Company will continue to deploy its funds judiciously in high yielding assets, keeping capital protection in focus.

The Company participated at the Auto Expo 2016 at Pragati Maidan, New Delhi in February 2016. This is the largest exhibition for Automobile Show in Asia. The response from Domestic as well as International customers was encouraging.

The Company entered into a Long Term Settlement with the workmen at its Paithan Plant for a period of 3 years, effective from January, 2016.

After initial teething problems the production at the Company's Joint Venture viz. Compo Advics (India) Pvt. Ltd. is getting stabilized. However, in view of the highly competitive market conditions, the Company was unable to reach its desired level of production.

There were no changes in the nature of business of the Company during the year. Similarly, there have been no material changes and commitments affecting the financial position of the Company between the end of the Company's financial year to which the financial statements relate and upto the date of this report.

## 5. SHARE CAPITAL OF THE COMPANY

The paid up equity share capital of your Company is Rs. 49,230,000/- (Rupees Four Crores Ninety Two Lakhs Thirty Thousand only) divided into 4,923,000 Equity shares of face value of Rs. 10/- (Rupee Ten) each.

## 6. PRODUCTION RANGE

Your Company is engaged in the manufacture and 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

Higher GDP growth, on the back of lower crude prices and stable inflation, have resulted in a boost to the Indian economy. The increase in Industrial output has benefitted the Company due to the increase in the demand of its products from the Commercial Vehicle segment.

The global scenario however remains uncertain with slowing growth rates in large economies like China, Brazil and Russia over-shadowing the signs of modest recoveries in economies like the U.S. The economic outlook in Europe remains uncertain, although India remains a bright spot in this overall scenario.

The improvement in our GDP Growth and the prospects of a

normal Monsoon in the current fiscal year is likely to benefit the Company on account of expected increase in out-put from the Automotive sector. A higher growth rate in the commercial vehicle segment, due to the expected increase in industrial activity and higher demand from the Farm Tractor segment because of increase in Agricultural out-put is likely to have a positive impact on the Company's performance.

The Company is geared-up to meet this anticipated increase in demand through investments made in the last year to increase its manufacturing capacity.

Whilst, the Company remains cautiously optimistic in its outlook for the current financial year, the possibility of higher inflation due to increase in crude & commodity prices might adversely affect its manufacturing costs.

Declining interest rates and the Company's cautious approach towards fund deployment, may affect investment income with lower yields.

### 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 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. SUBIDIARY, 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 revised statement containing salient features of the financial statements of the Joint Venture Company after consolidation 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 appended to this Report 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, Mrs. Sakshi Mody (DIN: 06518139), Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment and your Board recommends her re-appointment.

### b) Appointment

There were no appointments made on the Board of the Company since the last Annual General Meeting of the Company.

Mr. Varunn Mody have been re-appointed as Executive Director - Treasury & Strategy of the Company for a period of five years commencing from 17<sup>th</sup> January, 2016 to 16<sup>th</sup> January, 2021 in the Board Meeting held on 15<sup>th</sup> January, 2016.

Mr. P. K. Choudhary have been re-appointed as Managing Director of the Company for period from 1<sup>st</sup> July, 2016 to 30<sup>th</sup> June, 2019 in the Board meeting held on 5<sup>th</sup> May, 2016.

Re-appointment of Mr. Varunn Mody and Mr. P. K. Choudhary are subject to the approval of Shareholders of the Company.

### c) Cessation

Mr. Varunn Mody, Executive Director- Treasury and Strategy of the Company has resigned from the directorship of the Company w.e.f. closing hours of 31<sup>st</sup> March, 2016. The Board places on record its sincere appreciation for the valuable contribution made by him during his tenure as director of the Company.

### 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### e) Annual Performance and Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 has from each of the Directors. The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- i. Attendance in 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 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/investorrelations/documents/familiarisation-programmes-for-independent-directors.pdf>

**f) Key managerial Personnels (KMP)**

The Key Managerial Personnel of the Company are as follows:

1.	Mr. Raghu Mody	Executive Chairman
2.	Mr. P. K. Choudhary	Managing director
3.	Mr. Sunil Jindal	Chief Financial Officer
4.	Mr. Amit Goenka	V.P. Finance & Company Secretary

Mr. Varunn Mody, Executive Director – Treasury and Strategy resigned from the directorship of the Company w.e.f. closing hours of 31<sup>st</sup> March, 2016.

**11. MANAGERIAL REMMUNERATION 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, 2016, the Audit Committee comprised of Mr. Deepak Sethi, Mr. A. B. Vaidya, Mr. Raghu Mody and Lt. Gen. (Retd.) K. S. Brar.

Mr. Deepak Sethi is 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 to 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 six 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 or renewed 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 or guarantee given or investment made during the year, as required 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 policy). 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 instance of fraud and mismanagement, if

any. The mechanism also provides for adequate safeguards against victimization of directors and employees who avail of 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 2015-16, 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 2016-17.

#### **22. 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. M Baldeva Associates, Company Secretaries, Thane to undertake Secretarial Audit of the Company for the year 2015-16. The Secretarial Audit Report is annexed herewith as **Annexure D**.

#### **23. INTERNAL AUDITOR**

The Company has appointed M/s. Malpani & Associates, Chartered Accountants, Mumbai, as its Internal Auditor. The Internal Auditor monitors and evaluates the efficacy 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.

## 24. REMARKS ON QUALIFICATION BY STATUTORY AUDITORS AND SECRETARIAL AUDITORS

There was no qualification / adverse remark in the Statutory Audit Report.

The observations given in Secretarial Audit Report is self explanatory and do not require further comments.

## 25. CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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

## 26. 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 or court or tribunal, which impacts the going concern status of the Company or will have bearing on company's operations in future.

## 27. 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 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 adequately protected.

## 28. 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.

## 29. 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 one complaint was filed before the said Committee. A detailed enquiry was conducted by the said Committee. After completion of the enquiry, the Committee had concluded that the allegations and charges made by the complainant against the respondent did not stand proved and the complaint stands closed.

## 30. DISCLOSURES PURSUANT TO REGULATION 14 OF SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

### A. Details related to GEBS

#### a) Date of Shareholders' approval :

Approved by the shareholders of the Company in the 51<sup>st</sup> Annual General Meeting 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 are 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.114,496,720/- as per the audited Balance Sheet of the Trust as on 31<sup>st</sup> March, 2016.

**e) Quantum of holding in own shares / listed holding company shares (both absolute and in percentage):**

234,899 (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**

**i. General information of the schemes.**

Sr. No.	Particulars	Details
1	Name of the Trust	Carnation Welfare Trust
2	Details of the Trustee(s)	<p><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</p> <p><b>Mr. Snehal N. Muzoomdar</b> Practicing Chartered Accountant Address: 52, Walchand Terraces, Tardeo Air Conditioned Market, Mumbai - 400034</p> <p><b>IDBI Trusteeship Services Limited</b> Private Trust Address: Asian Building, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001.</p>
3	Amount of loan disbursed by the Company/ any company in the group,during the year	Nil

Sr. No.	Particulars	Details
4	Amount of loan outstanding (repayable to the company/any company in the group) as at the end of the year	Rs.113,000,000/-
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	234,899
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 nancial 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	234,899

**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	234,899 (4.77%)
Acquired during the year	Nil
Sold during the year	Nil

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
Transferred to the employees during the year	Nil
Held at the end of the year	234,899 (4.77%)

**31. DISCLOSURE PURSUANT TO SECTION 67 OF THE COMPANIES ACT, 2013 READ WITH RULE 16(4) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014:**

Your Company has created a 'General Employee Benefits Scheme (GEBS)' under an irrevocable Trust named as "Carnation Welfare Trust" on 20th June, 2011 for the benefit of its existing and future permanent employees, except directors and promoters. The Scheme is established for the general welfare of the beneficiaries i.e. permanent employees of the Company. Under the Scheme, 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/-. As no shares are allotted or transferred to any employee or option to purchase of these shares is given to any employee under this Scheme, no voting rights are directly exercised by employees of the Company on these shares. The trustees of the Trust are entitled to exercise vote on these shares, however as restricted under Regulation 3(5) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014,

they have not exercised any voting rights on these shares on resolutions transacted at the 51<sup>st</sup> Annual General Meeting held on 18<sup>th</sup> September 2015.

**32. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**33. 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: 5<sup>th</sup> May, 2016

## Annexure A

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31.03.2016**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the 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 / Non - Government Company
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.linkintime.co.in
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: rnhelpdesk@linkintim.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	64.76
2	Investment and Treasury operation	643	35.24

### 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	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>									
<b>(1) Indian</b>									
(a) Individual /HUF	0	0	0	0.00	100	0	100	0.01	0.01

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) 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
(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>3691110</b>	<b>0</b>	<b>3691110</b>	<b>74.98</b>	<b>0.01</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>0.00</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>3691110</b>	<b>0</b>	<b>3691110</b>	<b>74.98</b>	<b>0.01</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	535398	6443	541841	11.01	453887	6443	460330	9.35	-1.66
(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 Rs. 1 Lakh	228280	359693	587973	11.94	226475	348178	574653	11.67	-0.80
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	0	0	0	0.00	0	0	0	0	-0.76
(c) Others (Specify)									
(i) Non Resident Indian -Rep	1502	2444	3946	0.08	1387	2444	3831	0.08	0.00
(ii) Non Indian Resident - Non - Rep	2177	0	2177	0.04	80880	0	80880	1.64	1.60

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	
(iii) Clearing Members	1669	0	1669	0.03	13189	0	13189	0.27	0.23
(iv) Trusts	93586	0	93586	1.90	93585	0	93585	1.90	0.00
(v) Hindu Undivided Family	0	0	0	0.00	4624	0	4624	0.09	0.09
<b>Sub-total (B)(2)</b>	<b>862612</b>	<b>368580</b>	<b>1231192</b>	<b>25.01</b>	<b>874027</b>	<b>357065</b>	<b>1231092</b>	<b>25.01</b>	<b>0.00</b>
<b>Total Public Shareholding(B)</b>	<b>862790</b>	<b>369200</b>	<b>1231990</b>	<b>25.03</b>	<b>874205</b>	<b>357685</b>	<b>1231890</b>	<b>25.02</b>	<b>-0.01</b>
<b>C. Shares held by custodian 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>4553800</b>	<b>369200</b>	<b>4923000</b>	<b>100</b>	<b>4565315</b>	<b>357685</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	0.00
Leaders Healthcare Ltd.	825194	16.76	0	825194	16.76	0	0.00
J L Morison (india) Ltd.	369234	7.50	0	369234	7.50	0	0.00
Surdas Trading & Mfg. Co. Ltd.	84000	1.71	0	84000	1.71	0	0.00
Goodpoint Advisory Services And Investment Ltd.	66000	1.34	0	66000	1.34	0	0.00
Lotus Udyog Ltd.	63240	1.28	0	63240	1.28	0	0.00
Pallawi Resources Ltd.	60000	1.22	0	60000	1.22	0	0.00
Pallawi Trading & Mfg. Co. Ltd.	58000	1.18	0	58000	1.18	0	0.00
Looklink Finance Ltd.	32000	0.65	0	32000	0.65	0	0.00
Silver Trading & Services Ltd.	28000	0.57	0	28000	0.57	0	0.00
Axon Trading & Mfg. Co. Ltd.	36000	0.73	0	36000	0.73	0	0.00
Noble Trading Co. Ltd.	18768	0.38	0	18768	0.38	0	0.00
Mrs. Shashi Mody	0	0	0	100	0.00	0	0.00
<b>Total</b>	<b>3691010</b>	<b>74.97</b>	<b>0</b>	<b>3691110</b>	<b>74.98</b>	<b>0</b>	<b>0.00</b>

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

Shareholding at the	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) Mrs. Shashi Mody</b>				
a) At the Beginning of the Year	0	0		
b) Changes during the Year				
30/10/2015 Buy	100	0.00	100	0.00
c) At the end of the Year			100	0.00

(Apart from the changes in the promoters shareholding mentioned above there were no other changes in the remaining Promoters Shareholding)

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) 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>2) Borosil Glass Works Ltd</b>				
a) At the Beginning of the Year	<b>231627</b>	<b>4.70</b>		
b) Changes during the Year				
23/10/2015 - Sale	-152975	-3.11	78652	1.60
18/03/2016 - Sale	-78652	-1.60	0	0.00
c) At the end of the Year			<b>0</b>	<b>0.00</b>
<b>3) Tribeni Charitable</b>				
a) At the Beginning of the Year	<b>93568</b>	<b>1.90</b>		
b) Changes during the Year				
08/05/2016 - Sale	-1	0.00	93567	1.90
c) At the end of the Year			<b>93567</b>	<b>1.90</b>
<b>4) Bonanza Trading Company Private Limited</b>				
a) At the Beginning of the Year	<b>48944</b>	<b>0.99</b>		
b) Changes during the Year	No changes during the year			
c) At the end of the Year			<b>48944</b>	<b>0.99</b>
<b>5) 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>6) Manoj Khanderia</b>				
a) At the Beginning of the Year	<b>5457</b>	<b>0.11</b>		
b) Changes during the Year				
07/08/2015 - Buy	50	0.00	5507	0.11
c) At the end of the Year			<b>5507</b>	<b>0.11</b>
<b>7) S Manjunath</b>				
a) At the Beginning of the Year	<b>3963</b>	<b>0.08</b>		
b) Changes during the Year				
05/06/2015 - Buy	1	0.00	3964	0.08
25/09/2015 - Buy	1	0.00	3965	0.08
c) At the end of the Year			<b>3965</b>	<b>0.08</b>
<b>8) BNK Securities Private Limited</b>				
a) At the Beginning of the Year	<b>2674</b>	<b>0.05</b>		
b) Changes during the Year				
01/05/2015 - Buy	648	0.01	3322	0.07
08/05/2015 - Buy	33	0.00	3355	0.07

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
15/05/2015 - Buy	136	0.00	3491	0.07
22/05/2015 - Buy	258	0.01	3749	0.08
29/05/2015 - Buy	301	0.01	4050	0.08
05/06/2015 - Buy	145	0.00	4195	0.09
12/06/2015 - Buy	77	0.00	4272	0.09
19/06/2015 - Sale	-500	-0.01	3772	0.08
24/07/2015 - Sale	-15	0.00	3757	0.08
07/08/2015 - Sale	-200	0.00	3557	0.07
18/03/2016 - Sale	-848	-0.02	2709	0.06
25/03/2016 - Sale	-742	-0.02	1967	0.04
31/03/2016 - Sale	-429	-0.01	1538	0.03
c) At the end of the Year			<b>1538</b>	<b>0.03</b>
<b>9) 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>10) Meher K Palia</b>				
a) At the Beginning of the Year	<b>2000</b>	<b>0.04</b>		
b) Changes during the Year				
05/06/2015 - Buy	90	0.00	2090	0.04
c) At the end of the Year			<b>2090</b>	<b>0.04</b>
<b>11) Angel Broking Private Limited</b>				
a) At the Beginning of the Year	<b>367</b>	<b>0</b>		
b) Changes during the Year				
10/04/2015 - Buy	19	0.00	386	0.01
17/04/2015 - Sale	-59	0.00	327	0.01
24/04/2015 - Sale	-15	0.00	312	0.01
01/05/2015 - Sale	-136	0.00	176	0.00
08/05/2015 - Buy	92	0.00	268	0.01
15/05/2015 - Sale	-3	0.00	265	0.01
22/05/2015 - Sale	-88	0.00	177	0.00
29/05/2015 - Buy	41	0.00	218	0.00
05/06/2015 - Buy	27	0.00	245	0.00
12/06/2015 - Sale	-5	0.00	240	0.00
26/06/2015 - Sale	-7	0.00	233	0.00
30/06/2015 - Sale	-14	0.00	219	0.00
03/07/2015 - Buy	92	0.00	311	0.01
10/07/2015 - Buy	3	0.00	314	0.01
17/07/2015 - Sale	-10	0.00	304	0.01
24/07/2015 - Sale	-138	0.00	166	0.00
31/07/2015 - Sale	-22	0.00	144	0.00
07/08/2015 - Buy	24	0.00	168	0.00
14/08/2015 - Buy	119	0.00	287	0.01
21/08/2015 - Buy	8	0.00	295	0.01
28/08/2015 - Sale	-112	0.00	183	0.00
04/09/2015 - Buy	159	0.00	342	0.01
11/09/2015 - Sale	-94	0.00	248	0.01
25/09/2015 - Sale	-20	0.00	228	0.00
30/09/2015 - Buy	2	0.00	230	0.00

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
09/10/2015 - Buy	19	0.00	249	0.01
16/10/2015 - Sale	-111	0.00	138	0.00
23/10/2015 - Buy	296	0.01	434	0.01
30/10/2015 - Buy	20	0.00	454	0.01
06/11/2015 - Sale	-17	0.00	437	0.01
13/11/2015 - Buy	440	0.01	877	0.02
20/11/2015 - Sale	-106	0.00	771	0.02
27/11/2015 - Sale	-174	0.00	597	0.01
04/12/2015 - Buy	63	0.00	660	0.01
11/12/2015 - Buy	204	0.00	864	0.02
18/12/2015 - Buy	11	0.00	875	0.02
25/12/2015 - Buy	206	0.00	1081	0.02
31/12/2015 - Buy	21	0.00	1102	0.02
01/01/2016 - Sale	-5	0.00	1097	0.02
08/01/2016 - Sale	-45	0.00	1052	0.02
15/01/2016 - Buy	1662	0.03	2714	0.06
22/01/2016 - Buy	453	0.01	3167	0.06
29/01/2016 - Buy	74	0.00	3241	0.07
05/02/2016 - Sale	-102	0.00	3139	0.06
12/02/2016 - Buy	1079	0.02	4218	0.09
19/02/2016 - Buy	99	0.00	4317	0.09
26/02/2016 - Sale	-2	0.00	4315	0.09
04/03/2016 - Buy	276	0.01	4591	0.09
11/03/2016 - Sale	-274	-0.01	4317	0.09
18/03/2016 - Buy	7130	0.14	11447	0.23
25/03/2016 - Buy	373	0.01	11820	0.24
31/03/2016 - Buy	580	0.01	12400	0.25
c) At the end of the Year			<b>12400</b>	<b>0.25</b>
<b>12) Gujarat Fusion Glass LLP</b>				
a) At the Beginning of the Year	<b>0</b>	<b>0</b>		
b) Changes during the Year				
30/10/2015 - Buy	33470	0.68	33470	0.68
c) At the end of the Year			<b>33470</b>	<b>0.68</b>
<b>13) Pradeep Kumar Kheruka</b>				
a) At the Beginning of the Year	<b>0</b>	<b>0</b>		
b) Changes during the Year				
18/03/2016 - Buy	78652	1.60	78652	1.60
c) At the end of the Year			<b>78652</b>	<b>1.60</b>
<b>14) Topgrain Corporate Services Pvt. Ltd.</b>				
a) At the Beginning of the Year	<b>0</b>	<b>0</b>		
b) Changes during the Year				
30/10/2015 - Buy	119505	2.43	119505	2.43
c) At the end of the Year			<b>119505</b>	<b>2.43</b>

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
<b>Mr. Amit Goenka</b>				
At the beginning of the year	1	0.00		
Changes during the Year	No changes during the year			
<b>At the end of the year</b>			1	0.00

5 INDEBTEDNESS

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

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning 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>	<b>13,026,206</b>	<b>42,618,731</b>	<b>0</b>	<b>55,644,937</b>
<b>Changes in indebtedness during the financial year</b>				
> Addition	0	0	0	0
> Reduction	(1,394,201)	(3,986,127)	0	(5,380,328)
<b>Net Change</b>	<b>(1,394,201)</b>	<b>(3,986,127)</b>	<b>0</b>	<b>(5,380,328)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	11,626,756	38,632,604	0	50,259,360
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	5,249	0	0	5,249
<b>Total (i+ii+iii)</b>	<b>11,632,005</b>	<b>38,632,604</b>	<b>0</b>	<b>50,264,609</b>

6 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to MD / WTD / Manager

(Amount in Rs.)

SI. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		1	2	3	
		<b>Raghu Mody</b>	<b>Varunn Mody</b>	<b>P. K. Choudhary</b>	
1	<b>Gross Salary:</b>				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	10,000,000	16,718,000	5,181,000	31,899,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	28,796	28,800	984,353	1,041,949

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		1	2	3	
		Raghu Mody	Varunn Mody	P. K. Choudhary	
	(c) Pro ts in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	3,500,000	2,500,000	-	6,000,000
	- as % of profits	-	-	-	-
	'- others, specify	-	-	-	-
	(As per terms of appointment)	-	-	-	-
5	Others, specify	-	-	-	-
	<b>Total (A)</b>	<b>13,528,796</b>	<b>19,246,800</b>	<b>6,165,353</b>	<b>38,940,949</b>
	<b>Ceiling as per the Act</b>	<b>Rs. 50,526, 613 (10% of net pro ts of the Company)</b>			

**B. Remuneration to other directors** (Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		1	2	3	4	
1	Independent Directors	<b>Mr. A. B. Vaidya</b>	<b>Lt.Gen. (Retd.) K. S. Brar</b>	<b>Mr. Deepak Sethi</b>	<b>Mr. K. M. Robinson</b>	
	Fees for attending board / committee meetings	90,000	95,000	40,000	5,000	230,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>90,000</b>	<b>95,000</b>	<b>40,000</b>	<b>5,000</b>	<b>230,000</b>
2	Other Non-Executive Directors	<b>Mrs. Sakshi Mody</b>	-	-	-	-
	Fees for attending board / committee meetings	45,000	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>45,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,000</b>
	<b>Total B (1+2)</b>	<b>135,000</b>	<b>95,000</b>	<b>40,000</b>	<b>5,000</b>	<b>275,000</b>
	<b>Ceiling as per the Act</b>	<b>Rs. 5,052,661 (1% of net pro ts of the Company)</b>				
	<b>Total Managerial Remuneration (A+B)</b>	<b>Rs. 39,215,949 (including Sitting Fees)</b>				
	<b>Overall Ceiling as per the Act</b>	<b>Rs. 55,579,275 (11% of net pro ts of the Company)</b>				

**C. Remuneration to KMPs other than MD / Manager / WTD** (Amount in Rs.)

Sl. No.	Particulars of Remuneration	KMP		Total Amount
		CS	CFO	
1	<b>Gross Salary:</b>	<b>Mr. Amit Goenka</b>	<b>Mr. Sunil Jindal</b>	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,184,000	1,431,000	3,615,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Pro ts in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
2	<b>Stock Option</b>	-	-	-
3	<b>Sweat Equity</b>	-	-	-
4	<b>Commission</b>	-	-	-
	- as % of profits	-	-	-
	- others, specify	-	-	-
5	<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 2015-16 are as under:

Sr. No.	Name of the Director	Designation	Ratio of the remuneration to the median remuneration of the employees of the Company for the financial year 2015-16
1	Raghu Mody	Executive Chairman	50:1
2	Varunn Mody	Executive Director-Treasury and Strategy	69:1
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 2015-16, are as under:

S r. No.	Name of Director/KMP and Designation	Designation	% increase in Remuneration in the Financial Year 2015-16
1	Raghu Mody	Executive Chairman	35.00%
2	Varunn Mody	Executive Director-Treasury & Strategy	37.14%
3	P. K. Choudhary	Managing Director	9.09%
4	Sunil Kumar Jindal	Chief Financial Officer	15.40%
5	Amit Goenka	V.P. Finance & Company Secretary	17.39%

3. The percentage increase in the median remuneration of employees in the financial year: **10.39%**
4. There were **501** permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2016;
5. Relationship between average increase in remuneration and company performance: The Profit Before Tax for the financial year ended 31<sup>st</sup> March, 2016 increased by **57.23%** whereas the overall remuneration increased by **11.55%** 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 **29.49%** whereas the Profit Before Tax increased by **57.23%**.
7. a) Variations in the market capitalisation of the Company: The market capitalisation as on 31<sup>st</sup> March, 2016 was **Rs. 420.05** crores (**Rs. 531.31** crores as on 31<sup>st</sup> March, 2015).
- b) Price Earnings Ratio of the Company was **10.74** as at 31<sup>st</sup> March, 2016 and was **20.59** as at 31<sup>st</sup> March, 2015.
- 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. 2015-16 was **7.69%** whereas the increase in the managerial remuneration for the same financial year was **29.49%**. 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	35.00%	<b>57.23%</b>
Varunn Mody	Executive Director-Treasury & Strategy	37.14%	
P. K. Choudhary	Managing Director	9.09%	
Sunil Kumar Jindal	Chief Financial Officer	15.40%	
Amit Goenka	V.P. Finance & Company Secretary	17.39%	

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 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 Rs. crore)	Previous employment and designation
Raghu Mody	Executive Chairman	Senior Cambridge	77	53 Years	1 <sup>st</sup> October, 2011	1.35	J L Morison (India) Limited – Executive Chairman
Varunn Mody	Executive Director-Treasury & Strategy	Commerce Graduate	31	13 Years	17 <sup>th</sup> January, 2011	1.85	J L Morison (India) Limited – Executive Director
P. K. Choudhary	Managing Director	Chartered Accountant & Company Secretary	61	25 Years	1 <sup>st</sup> July, 2000	0.60	None

**Notes:**

1. All appointments are contractual and terminable by notice on either side.
2. Remuneration includes salary, various allowances, contribution to Provident Fund and taxable value of perks.
3. Mr. Varunn Mody is the Grandson of Mr. Raghu Mody.
4. 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 2015-16

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:

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

The Company has made a Contribution to Nirmal Society for Education Promotion which is actively involved in Education Promotion by imparting education and creating environment of non violence in the society. The Society is in process of constructing 3<sup>rd</sup> phase of School building for a plan to construct one additional floor of approx. 15,600 Sft. with a provision of Lift at an estimated cost of Rs.5.50 Crores. 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.	Lt. Gen. (Retd.) K. S. Brar	Chairman
2.	Mr. P K Choudhary	Member
3.	Mr. Varunn Mody*	Member

\*Ceased to be the member of the Committee upon resignation from directorship of the Company w.e.f. closing hours of 31<sup>st</sup> March, 2016.

3. Average net profit of the company for last three financial years – **Rs. 21.13 Crores**
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) – **Rs. 0.42 Crores**
5. Details of CSR spent during the financial year.
  - (a) Total amount to be spent for the financial year : **Rs. 0.42 Crores**
  - (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 Nirmal Society for Education Promotion, which is engaged in carrying out social activities and projects relating to education.

(Rs. in Crores)

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	New Delhi	0.50	0.50	0.50	Through Implementing Agency - Nirmal Society for Education Promotion

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.

Place: Mumbai  
 Date: 5<sup>th</sup> May, 2016

**P. K. Choudhary**  
 Managing Director

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

## Annexure D

Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016

[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**

I 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'). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluation of the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 ('Audit Period') 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.

I 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, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**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'):
  - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14<sup>th</sup> May 2015) and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. 15<sup>th</sup> May 2015);

- (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);
  - (iv) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the Audit Period**);
  - (vi) 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;
  - (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**); and
  - (viii) 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 its section / industry.

I have also examined compliance with the applicable clause/regulations of the following:

- (i) Secretarial Standards (SS – 1 and SS – 2) issued by The Institute of Company Secretaries of India (w.e.f 1<sup>st</sup> July 2015);
- (ii) The Listing Agreements entered into by the Company with BSE Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai; and
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (w.e.f. 1<sup>st</sup> December, 2015).

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above, *except delay in delivery of share certificates within a period of 15 days received for transfer of shares.*

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I 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.

I further report that during the audit period there was no major corporate event having a major bearing on the Company's affairs.

For **M Baldeva Associates**  
 Company Secretaries

**CS Manish Baldeva**  
 Proprietor  
 M. No. FCS 6180 C. P. No. 11062

Place : Thane  
 Date: 5<sup>th</sup> May, 2016

This report is to be read with my 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**

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provided a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Wherever required, I 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. My 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 **M Baldeva Associates**  
*Company Secretaries*

**CS Manish Baldeva**  
Proprietor  
M. No. FCS 6180 C. P. No. 11062

Place : Thane  
Date: 5<sup>th</sup> May, 2016

## Annexure E

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

#### A Conservation of energy

(i)	The steps taken or impact on conservation of energy	<ol style="list-style-type: none"> <li>1. Water cooled chiller replaced by air-cooled chiller.</li> <li>2. To maintain power factor, additional capacitor of 25 KVAR installed.</li> <li>3. CFL lighting in production area replaced with energy efficient LED Fittings.</li> <li>4. Ventillation on production area improved using turbo ventilators replacing exhaust fans.</li> <li>5. Installation of PLC timer on presses to keep motor off during machine ideling condition for more than 2 minutes.</li> </ol>
(ii)	The steps taken by the company for utilising alternative	Installation of Solar Panel under consideration.
(iii)	The capital investment on energy conservation equipments	Rs. 0.12 Crores

#### B Technology absorption

(i)	The efforts made towards technology absorption	Development of New Formulations for Brake linings and clutch facing for new generation Buses ,Trucks, Tippers and Tractors.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	Generation of additional demand of the product
(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	Revenue - Rs. 1.59 Crores (Previous year Rs. 1.26 Crores) Capital - Rs. 1.50 Crores (Previous year Rs. Nil)

#### C Foreign exchange earnings and outgo

(i)	The foreign exchange earned (actual in flows)	Rs. 9.90 Crores (Previous year 10.78 Crores)
(ii)	The foreign exchange outgo (actual out flows)	Rs. 8.49 Crores (Previous year Rs. 7.36 Crores)

## ADDENDUM TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

To the Members,  
Hindustan Composites Limited

The Board of Directors in its meeting held on 5<sup>th</sup> May 2016 approved the Standalone Financial Statements of the Company and Directors' Report for the financial year ended on 31<sup>st</sup> March 2016.

Following paras be inserted after para 32 of the Directors' Report dated 5<sup>th</sup> May 2016 as para 32A & 32B:

### 32A. CONSOLIDATED FINANCIAL STATEMENTS

The Institute of Chartered Accountants of India (ICAI) vide FAQs published on 24<sup>th</sup> June, 2016 clarified that a company, which does not have subsidiary but has associate or joint venture, is required to prepare Consolidated Financial Statements as required under the provisions of Section 129(3) of the Companies Act, 2013 for the financial year ended 31<sup>st</sup> March 2016. Accordingly, the Company has prepared the Consolidated Financial Statements consolidating financial statements of Compo Advics (India) Pvt. Ltd., a joint venture company, with its financial statements, which forms part of this Annual Report.

The Consolidated Financial Statements of your Company for the financial year 2015-16 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, applicable Accounting Standards and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations"). The consolidated financial statements have been prepared on the basis of audited financial statements of your Company and its Joint Venture Company viz. Compo Advics (India) Pvt. Ltd., as approved by the respective Board of Directors.

### 32B. CONSOLIDATED FINANCIAL RESULTS AND PERFORMANCE

Particulars	Rs. in Crores
	2015-16
<b>Revenue from Operations</b>	<b>185.87</b>
Other Income	0.51
Profit before Interest, Depreciation and Taxes	52.27
Interest	0.87
Depreciation (Net)	6.94
<b>Profit Before Tax</b>	<b>44.46</b>
<b>Provision for Tax</b>	<b>7.40</b>
<b>Profit After Tax</b>	<b>37.06</b>

On a consolidated basis, your Company achieved revenue from operations of Rs. 185.87 crores. The gross profit of the Company stood at Rs. 52.27 crores and after considering the Interest of Rs. 0.87 crores and Depreciation of Rs. 6.94 crores the Profit Before Tax was Rs. 44.46 crores and the Net Profit after providing tax of Rs. 7.40 crores was Rs. 37.06 crores.

The Directors' Report dated 5<sup>th</sup> May, 2016 shall be read in conjunction with this Addendum to the Directors' Report and shall be treated as forming part of Annual Report 2015-16.

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

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

Place: Mumbai  
Date: 22<sup>nd</sup> July, 2016

**Raghu Mody**  
Chairman

## REPORT ON CORPORATE GOVERNANCE

[Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### 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:

- Y Maintained all the Statutory Registers required to be maintained under the Companies Act, 2013 ("the Act") and the rules made thereunder.
- Y 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.
- Y 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.
- Y Conducted the meetings of the Board of Directors and Annual General Meeting as per the provisions of the Act and the Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Y Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors and the Shareholders.
- Y Made due disclosures under the requirements of the Act including the requirements in pursuance to the disclosures made by the Directors.
- Y Obtained necessary approvals of the Directors, Shareholders, Central Government and other authorities as per the statutory requirements.
- Y Given loans and made investments in accordance with the requirements of the Act.
- Y Not exceeded the borrowing powers of the Company.
- Y Registered all the particulars relating to the creation, modification and satisfaction of the charges with the Registrar of Companies, (ROC), Maharashtra, Mumbai.
- Y Effected share transfers and dispatched the certificates within the time prescribed under the Act and the rules made thereunder except in one case.

Complied with all the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/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:

##### Y Composition:

As on 31<sup>st</sup> March, 2016, 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	Chairman
Mr. Raghu Mody	Executive Chairman, Promoter	6	4	Yes	3	3	-
Mr. Varunn Mody*	Executive Director, Promoter	6	6	Yes	-	-	-
Mr. A. B. Vaidya	Independent Director	6	6	Yes	-	1	1
Mr. K. M. Robinson	Independent Director	6	1	No	-	-	-
Lt. Gen. (Retd.) K. S. Brar	Independent Director	6	6	No	-	2	-
Mr. P.K. Choudhary	Managing Director	6	6	Yes	-	-	-
Mrs. Sakshi Mody	Non-Executive Director	6	6	Yes	1	-	-
Mr. Deepak Sethi**	Independent Director	5	5	Yes	-	-	1

\*Ceased to be Director of the Company due to resignation w.e.f. closing hours of 31<sup>st</sup> March, 2016.

\*\*Appointed as an Additional (Independent) Director w.e.f. 23<sup>rd</sup> April, 2015.

1. The directorship held by Directors as mentioned above does not include Directorships of Private Companies/ Section 8 Companies/ Foreign Companies as on 31<sup>st</sup> March, 2016.

2. Membership/Chairmanship of only the Audit Committee and Stakeholders' Relationship Committee of all public companies / subsidiary of public companies has been considered.

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

Six Board Meetings were held during the year 2015-2016. The dates on which the meetings were held are as follows:

Date of Board Meeting	Strength of the Board	No. of Directors present
23 <sup>rd</sup> April, 2015	7	6
7 <sup>th</sup> May, 2015	8	7
10 <sup>th</sup> August, 2015	8	7

Date of Board Meeting	Strength of the Board	No. of Directors present
6 <sup>th</sup> November, 2015	8	7
15 <sup>th</sup> January, 2016	8	6
11 <sup>th</sup> February, 2016	8	7

##### Y Disclosure of relationship between directors inter se:

None of the directors of the Company are related with each other except Mr. Raghu Mody and Mrs. Sakshi Mody.

Mrs. Sakshi Mody, Director of the Company is grand daughter- in- law of Mr. Raghu Mody, Executive Chairman of the Company.

##### Y Number of shares and convertible instruments held by Non Executive Directors:

As on 31<sup>st</sup> March, 2016, no Non-Executive Director held any share/convertible instruments in the Company.

¶ **Weblink where details of familiarization programmes imparted to independent Directors is disclosed:**

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 are put up on the website of the Company at the link: <http://www.hindcompo.com/inverstor-relations/investors information.htm>.

**5. Audit 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 Regulation 18 and Schedule II Part C of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

¶ **Composition:**

As on 31<sup>st</sup> March 2016, the Audit Committee comprised of Mr. Deepak Sethi, Mr. A. B. Vaidya, Lt. Gen. (Retd.) K. S. Brar and Mr. Raghu Mody as its members. Mr. Deepak Sethi was appointed as the member and Chairman of the Committee w.e.f. 10<sup>th</sup> August, 2015.

The Company Secretary acts as the Secretary to the Committee.

¶ **Meetings and attendance during the year:**

During the year 2015-2016 the Audit Committee met five times on 7<sup>th</sup> May, 2015, 10<sup>th</sup> August, 2015, 6<sup>th</sup> November, 2015, 15<sup>th</sup> January, 2016 and 11<sup>th</sup> February, 2016. The attendance at the Committee meetings was as follows:

Sl. No.	Name of Directors	Status	No. of meetings attended
1.	Mr. Deepak Sethi*	Chairman	3
2.	Mr. A. B. Vaidya	Member	5
3.	Mr. Raghu Mody	Member	3
4.	Lt. Gen. (Retd.) K.S. Brar	Member	5

\*Appointed as a Member and Chairman of the Committee w.e.f. 10<sup>th</sup> August, 2015.

**6. Nomination and Remuneration 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 Regulation 19 and Schedule II Part D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

¶ **Composition:**

As on 31<sup>st</sup> March 2016, the Nomination and Remuneration Committee comprised of Mr. A. B. Vaidya, Lt. Gen. (Retd.) K. S. Brar and Mrs. Sakshi Mody as its members. Mr. A. B. Vaidya was appointed as the Chairman of the Committee for all the meetings held during the year.

The Company Secretary acts as the Secretary to the Committee.

¶ **Meetings and attendance during the year:**

During the year 2015-2016 the Nomination and Remuneration Committee met three times on 23<sup>rd</sup> April, 2015, 7<sup>th</sup> May, 2015 and 15<sup>th</sup> January, 2016. 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	3
2.	Lt. Gen. (Retd.) K. S. Brar	Member	3
3.	Mrs. Sakshi Mody	Member	3

\*Mr. A. B. Vaidya was appointed as the Chairman for all the Meetings held during the year.

¶ **Performance evaluation criteria for Independent Directors:**

Pursuant to the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has evaluated the performances of each Independent Directors. The questionnaires are prepared considering the business of the Company. The evaluation framework for assessing the performance of Independent Directors comprises of the following key areas:

1. Attendance of Board and Committee Meetings;
2. Quality of contribution to Board deliberations;
3. Strategic perspectives or inputs regarding future growth of the Company and its performances;

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

**7. Remuneration to Directors:**

- a) The Non-Executive Directors had no pecuniary relationship or transactions with the Company during the year 2015-2016.
- b) Non-Executive Directors did not draw any remuneration from the Company. Sitting fees to Non-executive and Independent Directors is being paid at the rate of Rs. 5,000/- for each meeting of the Board and Committees attended by them.

**c) Details of remuneration / fees paid / payable to the Directors are as under:**

(Amount in Rs.)

Name	Salary	Perquisites or Allowances	Contribution to PF & others	Commission	Sitting fees	Total
Mr. Raghu Mody	10,000,000	28,796	-	3,500,000	-	1,35,28,796
Mr. Varunn Mody	15,593,600	28,800	1,124,400	2,500,000	-	1,92,46,800
Mr. P. K. Choudhary	4,567,200	984,353	613800	-	-	61,65,353
Mr. Keith M. Robinson	-	-	-	-	5,000	5,000
Mr. A.B. Vaidya	-	-	-	-	90,000	90,000
Lt. Gen. (Retd.) K.S. Brar	-	-	-	-	95,000	95,000
Mrs. Sakshi Mody	-	-	-	-	45,000	45,000
Mr. Deepak Sethi	-	-	-	-	40,000	40,000

- (i) The above details of remuneration or fees paid are all elements of remuneration package of individual directors summarized under major groups.
- (ii) Apart from the above mentioned of remuneration or fees paid there are no other fixed component and performance linked incentives based on the performance criteria;
- (iii) There are no separate service contracts with any of the directors. The tenure of office of the Managing Director and Whole Time / Executive Directors is for three/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.
- (iv) There are no stock options offered to any Directors of the Company.

**8. Stakeholders Relationship Committee:**

As on 31<sup>st</sup> March 2016, the Stakeholders' Relationship Committee comprised of Mr. A. B. Vaidya, Mr. Raghu Mody, and Lt. Gen. (Retd.) K. S. Brar.

Mr. A. B. Vaidya, Non-Executive Director is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

Mr. Amit Goenka – V. P. Finance & Company Secretary is the Compliance Officer of the Company.

**Status of investors' complaints/services requests:**

Opening balance at the beginning of the year	Nil
Received during the year	45
Disposed during the year	45
Closing balance at the end of the year	Nil

**9. Corporate Social Responsibility (CSR) Committee:**

As on 31<sup>st</sup> March 2016, the Corporate Social Responsibility Committee comprises of Lt. Gen. (Retd.) K. S. Brar, Mr. P. K. Choudhary and Mr. Varunn Mody. Lt. Gen. (Retd.) K. S. Brar is the Chairman of the Committee.

The Company Secretary acts as the Secretary to the Committee.

During the year 2015 -16 the CSR Committee met once on 6<sup>th</sup> November, 2015. The attendance at the Committee meeting was as follows:

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

\*Mr. Varunn Mody ceased to be the member of the Committee pursuant to his resignation from the Company w.e.f. closing hours of 31<sup>st</sup> March, 2016.

**10. General Body Meetings:**

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

Financial year	Time	Date	Location
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

Financial year	Time	Date	Location
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
2014-15	11.30 a.m.	18 <sup>th</sup> September, 2015	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

Y **Special resolutions at last three AGMs:**

AGM	Particulars of Special Resolutions
29 <sup>th</sup> August, 2013	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> <li>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.</li> </ol>

AGM	Particulars of Special Resolutions
	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
18 <sup>th</sup> September, 2015	<ol style="list-style-type: none"> <li>Revision in remuneration payable to Mr. Raghu Mody, Executive Chairman w.e.f. 1<sup>st</sup> October, 2014 for the remaining period of his tenure.</li> <li>Revision in remuneration payable to Mr. Varunn Mody, Executive Director, Treasury and Strategy w.e.f. 1<sup>st</sup> April, 2015 for the remaining period of his tenure.</li> <li>Approving changes in Employee Welfare Scheme under Carnation Trust as per SEBI (Share Based Employee Benefits) Regulations, 2014.</li> </ol>

**Postal Ballot:**

During the year 2015-16, there were no Special Resolutions passed through postal ballot process.

None of the business is proposed to be transacted through Postal Ballot.

**11. Means of communication:**

Y The Company has published its Quarterly Results as per the details mentioned below:

News Papers	Date of Board Meeting	Date of Publication
Free Press Journal(English) and Navshakti (Marathi)	7 <sup>th</sup> May, 2015	8 <sup>th</sup> May, 2015
Free Press Journal(English) and Navshakti (Marathi)	10 <sup>th</sup> August, 2015	11 <sup>th</sup> August, 2015
Financial Express (English - All India Edition) Mumbai Laksyadeep (Marathi)	6 <sup>th</sup> November, 2016	7 <sup>th</sup> November, 2016

News Papers	Date of Board Meeting	Date of Publication
Financial Express (English - All India Edition) Mumbai Laksyadeep (Marathi)	11 <sup>th</sup> February, 2016	12 <sup>th</sup> February, 2016

**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.

**News releases, presentations, among others:** All Corporate Announcements made to the Stock Exchanges during the year 2015-16 are available on the website of the Company.

During the year 2015-16, the Company has not made any presentations to institutional investors or analysts.

## 12. General Shareholder information:

**a) Annual General Meeting:** Thursday, 8<sup>th</sup> September, 2016 at 11.30 a.m. at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

**b) Financial Year:** April 1 to March 31

**c) Dividend Payment Date:** Credit / Dispatch between 15<sup>th</sup> September, 2016 to 20<sup>th</sup> September, 2016

### d) Listing on Stock Exchanges:

#### Equity Shares

- a) BSE Limited  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai- 400 001
- b) National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor, 'G' Block,  
Bandra Kurla Complex, Bandra (East), Mumbai-  
400 051

### e) Listing Fees:

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

### f) Stock Code:

BSE: 509635  
NSE: HINDCOMPOS  
ISIN: INE310C01011

## g) Stock Market Price Data and performance in comparison to BSE Sensex/NSE NIFTY 50:

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

Month	Share price of the Company on BSE (₹)*		BSE Sensex (Points)*	
	High	Low	High	Low
April, 2015	1,234.00	1,090.25	29,094.61	26,897.54
May, 2015	1,214.00	1,079.00	28,071.16	26,423.99
June, 2015	1,145.00	980.00	27,968.75	26,307.07
July, 2015	1,250.00	983.25	28,578.33	27,416.39
August, 2015	1,567.00	1,030.00	28,417.59	25,298.42
September, 2015	1,128.00	1,011.00	26,471.82	24,833.54
October, 2015	1,480.00	989.00	27,618.14	26,168.71
November, 2015	1,275.00	1,085.00	26,824.30	25,451.42
December, 2015	1,189.75	1,090.00	26,256.42	24,867.73
January, 2016	1,175.00	1,000.00	26,197.27	23,839.76
February, 2016	1,140.25	911.25	25,002.32	22,494.61
March, 2016	1,039.00	780.00	25,479.62	23,133.18

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

The monthly high / low quotations of shares traded on the National Stock Exchange of India Limited during each month in last financial year and performance in comparison to NSE Sensex are as follows:

Month	Share price of the Company on NSE (₹)*		NSE NIFTY 50 (Index)*	
	High	Low	High	Low
April, 2015	1235.00	1050.00	8844.80	8144.75
May, 2015	1200.00	1075.00	8489.55	7997.15
June, 2015	1150.10	826.70	8467.15	7940.30
July, 2015	1290.00	953.30	8654.75	8315.40
August, 2015	1450.00	959.55	8621.55	7667.25
September, 2015	1149.00	1020.00	8055.00	7539.50
October, 2015	1470.00	981.00	8336.30	7930.65
November, 2015	1269.90	1068.70	8116.10	7714.15
December, 2015	1190.50	1040.05	7979.30	7551.05
January, 2016	1190.00	993.90	7972.55	7241.50
February, 2016	1139.00	930.00	7600.45	6825.80
March, 2016	1054.00	825.00	7777.60	7035.10

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

**h) Trading of Securities:** The securities of the Company are not suspended from trading during the year 2015-16.

**i) Registrar and Share 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

**j) 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.

**k) Distribution of Shareholding as on 31<sup>st</sup> March, 2016:**

Shares having nominal value of From To	No. of holders	%	No. of holders	%
1 – 500	11435	99.06	518894	10.54
501 – 1000	63	0.55	47339	0.96
1001 – 2000	19	0.16	25172	0.51
2001 – 3000	3	0.03	6638	0.14
3001 – 4000	1	0.01	3963	0.08
4001 – 5000	1	0.01	4061	0.08
5001 – 10000	3	0.03	16886	0.34
10001 and above	18	0.15	4300047	87.35
<b>TOTAL</b>	<b>11543</b>	<b>100.00</b>	<b>4923000</b>	<b>100.00</b>

**l) Dematerialization of Shares:**

As on 31<sup>st</sup> March, 2016, 92.73% of the total shares of the Company were in dematerialized form.

**m) 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.

**n) Commodity Price risk or foreign exchange risk and hedging activities:**

The Company is exposed to the risk of Price fluctuations of raw material, which proactively managed by forward booking of materials, inventory management and vendor development practices.

As regards, foreign exchange risk, there is natural hedging of risk as our import and export generally remains at the same level.

**o) Plant Locations:**

Paithan: D-2/1, MIDC Industrial Area, Paithan, Dist. Aurangabad– 431 107

Bhandara: C-10/1, Bhandara Industrial Area, Gadegaon, Dist. Bhandara– 441 904

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

Hindustan Composites Limited,  
Peninsula Business Park, 'A' Tower,  
8<sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel,  
Mumbai : 400 013  
Telephone: (022) 66880100; Fax: (022) 66880105  
E-mail: investor@hindcompo.com

**13. 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. 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 matter related to the capital markets during the last three years.

**iii. 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 2015-16, no employee was denied access to the Audit Committee.

**iv. Adoption of mandatory and non-mandatory requirements of Regulation 27 of SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015:**

The Company has complied with all mandatory requirements of Regulation 27 and Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirements of Regulation 27 and Part E of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

- (a) Audit Qualification - The Company is in the regime of unmodified audit opinion on financial statements.
- (b) Separate posts of Chairman and CEO – The Company has separate Chairman and Managing Director or Chief Executive Officer.
- (c) Reporting of Internal Auditor – The Internal Auditor directly reports to the Audit Committee.

**v. Material Subsidiaries:**

There are no material subsidiaries of the Company as described in Regulation 16(1) (c) of the SEBI Listing Obligations and Disclosure requirements) Regulations, 2015 and hence the Company is not required to frame a policy on Material Subsidiaries.

**14. Compliance of the requirement of Corporate Governance Report:**

During the year 2015-16, the Company has complied with the requirements of Corporate Governance Report of sub paras (2) to (10) of the Point C of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**15. Disclosure of the Compliance with Corporate Governance**

The Company has complied with the regulations 17-20, 22-23, 25-27 and Clauses (b) and (i) sub-regulations 46 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, during the year 2015-16. Regulations 21 and 24 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are not applicable to the Company.

**16. 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.

**17. Related Party Disclosures:**

The disclosures as required by Accounting Standard (AS-18) on “Related Party” are given in appended financial statements under notes to accounts.

**18. Disclosure with respect to demat suspense account/unclaimed suspense account**

The Company does not have any of its securities lying in demat/unclaimed suspense account arising out of public/bonus/right issues as at 31<sup>st</sup> March, 2016. Hence, the particulars relating to aggregate number of shareholders and the outstanding securities in suspense account and other related matters does not arise.

**19. 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 as per Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**20. Compliance Certificate by Statutory Auditors:**

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, which is annexed herewith and forming part of Annual Report.

## Declaration – Code of Conduct

As per Regulation 17 and Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, 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, 2016.

For **Hindustan Composites Limited**

Place : Mumbai  
Date : 5<sup>th</sup> May, 2016

**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, 2016 as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 condition 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 Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

**(R. P. Baradiya)**  
Partner  
Membership No: 4410

## 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 the same meaning as defined under Companies Act, 2013.

### 4. PURPOSE

This policy is framed to attain the 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.

- 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.

**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.

**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 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the 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 there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 31st March, 2016, and its profit and its cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. In terms of section of 143(3) of the Act with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give in "Annexure B"- a separate Report on the same.
3. 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 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 27 to the financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
    - (iii) There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company.

For **Lodha & Company**  
 Chartered Accountants  
 Firm Registration No. – 301051E

**Place** : Mumbai  
**Date** : 5<sup>th</sup> May, 2016

**R. P. Baradiya**  
**Partner**  
 Membership No. 44101

**ANNEXURE A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF THE HINDUSTAN COMPOSITES LIMITED.**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

1. 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 of the Company and nature of its fixed assets. No material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The inventory has been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

3. During the year, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, Para 3 (iii) of the Companies (Auditor's Report) Order 2016 is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions referred in section 185 of the Act. The Company has complied with the provisions of 186 of the Act with respect to the loans and investments made.
5. No deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under have been accepted by the Company. Therefore, Para 3 (v) of the Companies (Auditor's Report) Order 2016 is not applicable to the Company.
6. 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.
7. a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute except the following:

Assessment Year	Nature of Dues	Amount in Rs.	Forum where the dispute is pending
2012-13	Income-tax	9,753,888	Commissioner of Income-tax (Appeals), Mumbai
2003-04	Sales Tax	411,763	Sales Tax Tribunal, Mumbai
2010-11	Sales Tax	698,863	Sales Tax Tribunal, Mumbai

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of any loan or borrowing to a financial institution and banks.
9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year or in the recent past and has taken term loans which were applied for the purpose for which the loans were obtained.
10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion, the Company is not Nidhi Company. Therefore, Para 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements (Refer Note No. 41) as required by the applicable accounting standards.

14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him in terms of Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Lodha & Company**  
Chartered Accountants  
Firm Registration No: 301051E

**Place** : Mumbai  
**Date** : 5<sup>th</sup> May, 2016

**R. P. Baradiya**  
**Partner**  
Membership No. 44101

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**ANNEXURE B REFERRED TO IN PARAGRAPH 2 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF THE HINDUSTAN COMPOSITES LIMITED.**

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

We have audited the internal financial controls over financial reporting of Hindustan Composites Limited (“the Company”) as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors’ Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The

procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

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

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

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

#### **Opinion**

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

**For Lodha & Company**  
Chartered Accountants  
Firm Registration No: 301051E

**Place** : Mumbai  
**Date** : 5<sup>th</sup> May, 2016

**R. P. Baradiya**  
**Partner**  
Membership No. 44101

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

Particulars	Note No.	As at 31 <sup>st</sup> Mar. 2016 Rs.	As at 31 <sup>st</sup> Mar. 2015 Rs.
<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	5,827,949,104	5,442,814,145
		5,877,179,104	5,492,044,145
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	3	33,236,352	39,496,881
(b) Deferred tax liabilities (Net)	4	93,501,203	96,913,823
(c) Other Long-term liabilities	5	9,427,110	9,219,350
(d) Long-term provisions	6	7,619,559	6,977,051
		143,784,224	152,607,105
<b>(3) CURRENT LIABILITIES</b>			
(a) Short-term borrowings	7	10,855,539	10,013,765
(b) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises		1,678,318	1,494,782
- Total outstanding dues of creditors other than micro enterprises and small enterprises		122,337,669	102,912,056
(c) Other current liabilities	8	127,433,385	74,341,626
(d) Short-term provisions	9	8,465,078	7,720,103
		270,769,989	196,482,332
<b>Total</b>		6,291,733,317	5,841,133,582
<b>II ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed assets	10		
Tangible assets		1,200,932,010	1,151,119,530
Intangible assets		536,300	747,500
(b) Non-current investments	11	3,548,510,428	3,448,791,382
(c) Long-term loans and advances	12	453,259,796	204,305,747
		5,203,238,534	4,804,964,159
<b>(2) CURRENT ASSETS</b>			
(a) Current investments	13	460,013,551	409,754,474
(b) Inventories	14	66,909,794	60,480,891
(c) Trade receivables	15	266,071,288	232,066,711
(d) Cash and Cash Equivalents	16	35,361,716	24,669,007
(e) Short-term loans and advances	17	129,088,313	200,614,801
(f) Other current assets	18	131,050,121	108,583,539
		1,088,494,783	1,036,169,423
<b>Total</b>		6,291,733,317	5,841,133,582
<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

**R.P. Baradiya**  
 Partner

**Raghu Mody**  
 Chairman

**P.K. Choudhary**  
 Managing Director

Place: Mumbai  
 Date: 5<sup>th</sup> May, 2016

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

**Sunil Jindal**  
 Chief Financial Officer

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

Particulars	Note No.	Year ended 31 <sup>st</sup> Mar. 2016 Rs.	Year ended 31 <sup>st</sup> Mar. 2015 Rs.
<b>I Revenue from Operation</b>			
(a) Sale Of Composite Materials	19	1,180,797,295	1,102,462,327
(b) Income from Investments	20	651,594,820	400,085,720
(c) Other Operating Income		11,631,245	18,052,306
<b>Total Revenue from Operation</b>		<u>1,844,023,360</u>	<u>1,520,600,353</u>
<b>II Other Income</b>	21	4,928,825	2,668,091
<b>III Total Revenue ( I + II )</b>		<u>1,848,952,185</u>	<u>1,523,268,444</u>
<b>IV Expenses</b>			
(a) Cost of materials consumed	22	500,837,219	514,463,457
(b) Decrease / (Increase) in inventories	23	(1,381,397)	8,652,198
(c) Employee benefits expense	24	226,005,836	189,551,934
(d) Finance Cost	25	2,228,187	1,587,416
(e) Depreciation and Amortization expense	10	65,332,534	64,606,869
(f ) Other expenses	26	590,882,243	448,654,416
<b>Total Expenses</b>		<u>1,383,904,622</u>	<u>1,227,516,291</u>
<b>V Profit Before Taxation (III-IV)</b>		<u>465,047,563</u>	<u>295,752,153</u>
Current Tax		77,400,000	32,500,000
Deferred Tax		(3,412,620)	5,249,855
<b>VI Profit After Taxation (V-VI)</b>		<u>391,060,183</u>	<u>258,002,298</u>
<b>VII Earnings per equity share of Rs. 10 each</b>			
Basic and Diluted EPS		79.44	52.41
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	A		
<b>ACCOMPANYING NOTES FORMING INTEGRAL PART</b>			
<b>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**

**R.P. Baradiya**  
 Partner

**Raghu Mody**  
 Chairman

**P.K. Choudhary**  
 Managing Director

Place: Mumbai  
 Date: 5<sup>th</sup> May, 2016

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

**Sunil Jindal**  
 Chief Financial Officer

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

	2015-2016 (Rs.)	2014-2015 (Rs.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>465,047,563</b>	<b>295,752,155</b>
Adjustment for		
Depreciation	65,332,534	64,606,869
Income from Investment (Net)	(442,317,839)	(257,611,045)
(Pro t)/Loss on Sale of Fixed Assets (Net)	1,453,638	(536,639)
Excess Provision & Unclaimed Balance W/Back	-	(1,501,466)
Interest expenditure	2,228,187	1,587,416
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>91,744,083</b>	<b>102,297,290</b>
Adjustment for		
(Increase)Decrease in Trade and other receivable	(4,255,081)	41,621,342
(Increase)Decrease in Inventories	(6,428,903)	15,372,900
(Decrease)Increase in Trade and other payables	74,257,725	63,573,741
<b>CASH INFLOW FROM OPERATIONS ACTIVITIES</b>	<b>155,317,824</b>	<b>143,981,660</b>
Add/(Deduct) :		
Direct Tax Paid	(72,691,113)	(32,212,500)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>82,626,711</b>	<b>111,769,160</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(116,993,066)	(85,195,077)
Proceeds from Sale of Fixed Assets	605,614	11,229,643
Purchase of Investments (Net)	(448,478,124)	(228,876,561)
(Increase)/Decrease in Inter- Corporate Deposits	70,000,000	(34,250,000)
Income from Investment (Net)	435,978,498	257,611,045
<b>NET CASH FLOW (USED IN)/ FROM INVESTING ACTIVITIES (B)</b>	<b>(58,887,077)</b>	<b>(79,480,951)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings ( Net)		
Proceeds/(Repayment) from long-term borrowings (Net)	(6,182,337)	(5,070,548)
Proceeds/(Repayment) from short-term borrowings (Net)	841,775	(8,344,679)
Dividend Paid ( including Corporate Dividend Tax)	(5,925,225)	(11,519,328)
Interest paid	(2267,952)	(1,587,416)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(13,533,739)</b>	<b>(26,521,971)</b>
<b>D Net Increase/ Decrease in cash and cash equivalent ( A+B+C)</b>	<b>10,205,895</b>	<b>5,766,239</b>
<b>Cash and Cash equivalents</b>		
Opening Balance	<b>19,233,058</b>	<b>13,466,819</b>
Closing Balance	<b>29,438,953</b>	<b>19,233,058</b>

**Notes:-**

- 1 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.
- 2 Cash and cash equivalents exclude balance in margin money deposit, dividend accounts and fixed deposits pledge for temporary overdraft aggregating to Rs. 59,22,763 (previous year Rs. 54,35,950).
- 3 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**

**R.P. Baradiya**  
 Partner

**Raghu Mody**  
 Chairman

**P.K. Choudhary**  
 Managing Director

Place: Mumbai  
 Date: 5<sup>th</sup> May, 2016

**Amit Goenka**  
 V.P. Finance & 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, 2016

### 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/disclosed 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 of 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> Mar. 2016 Rs.	As at 31 <sup>st</sup> Mar. 2015 Rs.
-------------	--------------------------------------------	--------------------------------------------

#### 1. SHARE CAPITAL

##### AUTHORISED

5,500,000 Equity Shares of Rs. 10 each (Previous Year : 5,500,000 Equity Shares of Rs. 10 each)	55,000,000	55,000,000
----------------------------------------------------------------------------------------------------	------------	------------

500,000 Unclassified Shares of Rs.10 each (Previous Year: 500,000 Unclassified Shares of Rs.10 each)	5,000,000	5,000,000
	60,000,000	60,000,000

##### ISSUED, SUBSCRIBED AND PAID-UP

4,923,000 Equity Shares of Rs.10 each, fully paid-up (Previous Year: 4,923,000 Equity Shares of Rs.10 each, fully paid-up)	49,230,000	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 Rs. 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.

#### 1.3 Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	No. of Shares	
	As at 31 <sup>st</sup> Mar. 2016	As at 31 <sup>st</sup> Mar. 2015
Balance as at the beginning and end of the	4,923,000	4,923,000

#### 1.4 For a period of 5 years immediately preceding the balance sheet date, the company has not:

- a) allotted shares for consideration other than cash
- b) issued any bonus shares
- c) bought back any shares issued

#### 2. RESERVES AND SURPLUS

##### CAPITAL REDEMPTION RESERVE

As per last Balance Sheet	5,770,000	5,770,000
	5,770,000	5,770,000

##### GENERAL RESERVE

As per last Balance Sheet	5,379,627,933	5,129,627,933
Add : Transferred from Profit & Loss Account	350,000,000	250,000,000
	5,729,627,933	5,379,627,933

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.	As at 31 <sup>st</sup> Mar. 2015 Rs.
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Balance as at the beginning of the year	57,416,213	55,339,137
Add: Profit during the year	391,060,183	258,002,300
Less : Transferred to General Reserve	350,000,000	250,000,000
Less : Proposed Dividend	4,923,000	4,923,000
Less : Corporate Dividend Tax	1,002,225	1,002,225
Balance as at the end of the year	92,551,171	57,416,212
	5,827,949,104	5,442,814,144
<b>3. LONG TERM BORROWINGS</b>		
<b>Term Loans</b>		
(For Terms & Conditions Refer Note No. 29)		
<b>Secured</b>		
From Bank - Vehicle Loans	254,905	864,153
<b>Unsecured</b>		
From SICOM Ltd. by way of deferral of sales tax liability	32,981,447	38,632,728
	33,236,352	39,496,881
<b>4. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Liabilities</b>		
Depreciation	115,479,045	105,798,466
<b>Total Deferred Tax Liabilities</b>	115,479,045	105,798,466
<b>Deferred Tax Assets</b>		
Provision for Diminution in value of Investments and Other Employee Benefits	21,977,842	8,884,643
<b>Net Deferred Tax Liability</b>	93,501,203	96,913,823
<b>5. OTHER LONG-TERM LIABILITIES</b>		
Security Deposits	9,427,110	9,219,350
	9,427,110	9,219,350
<b>6. LONG-TERM PROVISIONS</b>		
Provision for Leave encashment	6,136,175	4,569,320
Provision for Gratuity	1,483,384	2,407,731
	7,619,559	6,977,051
<b>7. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
(For Terms & Conditions Refer Note No. 29)		
<b>From Bank</b>		
Working Capital Loans	10,855,539	10,013,765
	10,855,539	10,013,765
<b>8. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt	6,167,469	6,089,277
Interest accrued but not due on borrowings	5,249	45,014
Unpaid dividends	2,902,463	2,343,058

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.	As at 31 <sup>st</sup> Mar. 2015 Rs.
Statutory Dues	13,047,089	9,693,210
Employee Bene t Expenses	21,341,957	8,602,667
Other Expenses payables	83,969,159	47,568,400
	127,433,385	74,341,626

### 9. SHORT TERM PROVISIONS

Provision for Leave encashment	2,045,391	1,068,988
Provision for Gratuity	494,462	725,890
Proposed Dividend	4,923,000	4,923,000
Provision for Corporate Dividend Tax	1,002,225	1,002,225
	8,465,078	7,720,103

### 10. FIXED ASSETS

(Amt. in Rs.)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 <sup>st</sup> Apr. 2015	Additions	Adjustments / Deductions \$	Balance as at 31 <sup>st</sup> Mar. 2016	Balance as at 1 <sup>st</sup> Apr. 2015	Depreciation charge for the year	Adjustments / Deductions \$	Balance as at 31 <sup>st</sup> Mar. 2016	Balance as at 31 <sup>st</sup> Mar. 2016	Balance as at 31 <sup>st</sup> Mar. 2015
<b>(a) Tangible Assets</b>										
Land										
-Freehold	29,040,527	-	-	29,040,527	-	-	-	-	29,040,527	29,040,527
-Leasehold-long term ^	443,153	-	-	443,153	286,754	1,620	-	288,374	154,779	156,399
Buildings @	964,062,613	39,538,828	-	1,003,601,441	106,129,881	16,332,819	-	122,462,700	881,138,741	857,932,732
Plant & Equipment's	510,759,364	67,624,750	18,356,256	560,027,858	329,852,899	34,008,507	17,541,370	346,320,036	213,707,822	180,906,464
Furniture and Fixtures	65,246,346	3,805,387	-	69,051,733	17,327,627	6,048,458	-	23,376,085	45,675,648	47,918,719
Motor Vehicles #	41,960,245	4,230,118	3,386,527	42,803,836	15,150,657	5,294,209	2,168,075	18,276,791	24,527,045	26,809,588
Of ce equipment	20,874,886	1,793,984	526,908	22,141,962	12,519,786	3,435,721	500,994	15,454,513	6,687,448	8,355,100
<b>Total (a)</b>	1,632,387,134	116,993,067	22,269,691	1,727,110,510	481,267,604	65,121,334	20,210,439	526,178,498	1,200,932,010	1,151,119,530
<b>(b) Intangible Assets</b>										
Computer software	3,698,574	-	-	3,698,574	2,983,153	179,121	-	3,162,274	536,300	715,421
Technical Know-How	5,304,212	-	-	5,304,212	5,272,133	32,079	-	5,304,212	-	32,079
<b>Total (b)</b>	9,002,786	-	-	9,002,786	8,255,286	211,200	-	8,466,486	536,300	747,500
<b>(c) Capital work-in-progress</b>										
Buildings	-	-	-	-	-	-	-	-	-	-
Plant & equipment's	-	-	-	-	-	-	-	-	-	-
<b>Total (a) + (b)</b>	1,641,389,920	116,993,067	22,269,691	1,736,113,296	489,522,890	65,332,534	20,210,439	534,644,984	1,201,468,310	1,151,867,030

Continue.....

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

(Amt. in Rs.)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 <sup>st</sup> Apr. 2014	Additions	Adjustments / Deductions \$	Balance as at 31 <sup>st</sup> Mar. 2015	Balance as at 1 <sup>st</sup> Apr. 2014	Depreciation charge for the year	Adjustments / Deductions \$	Balance as at 31 <sup>st</sup> Mar. 2015	Balance as at 31 <sup>st</sup> Mar. 2015	Balance as at 31 <sup>st</sup> Mar. 2014
<b>(a) Tangible Assets</b>										
Land										
-Freehold	29,040,527	-	-	29,040,527	-	-	-	-	29,040,527	29,040,527
-Leasehold-long term ^	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
Of ce 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>										
Buildings	-	-	-	-	-	-	-	-	-	-
Plant & equipment's	410,711	-	410,711	-	-	-	-	-	-	410,711
	410,711	-	410,711	-	-	-	-	-	-	410,711
<b>Total (a) + (b)</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>

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

@ Buildings 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 Rs. 18,356,256 & Rs. 17,541,370, respectively (Previous Year Rs. 988,241 & Rs. 49,412) being unserviceable assets discarded during the year.

# Motor Vehicles include Rs. 7,71,217 (previous Year Rs. 2,967,428) being assets acquired on hire purchase basis.

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.	As at 31 <sup>st</sup> Mar. 2015 Rs.
<b>11. NON CURRENT INVESTMENTS</b>		
(Refer Note No. 36)		
Equity instruments	356,460,997	459,790,937
Preference Shares	395,000,000	211,275,495
Real State and Debt Funds	463,864,590	250,000,000
Government securities	433,703,228	327,892,436
Debentures and bonds	1,899,481,614	2,145,622,537
Mutual Funds	-	50,000,000
Bullion	-	4,209,976
	<b>3,548,510,428</b>	<b>3,448,791,381</b>

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

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.	As at 31 <sup>st</sup> Mar. 2015 Rs.
<b>12. LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good</b>		
Capital Advances	305,340,299	63,718,332
Electricity Deposits	1,946,808	1,945,208
Rent Deposits	736,180	966,180
Other Deposits	28,051,283	15,781,914
<b>Other loans and advances</b>		
Interest Free Loan to Employee Welfare Trust	113,000,000	113,000,000
Advance for Income Tax (Net)	4,185,226	8,894,113
	<b>453,259,796</b>	<b>204,305,747</b>
<b>13. CURRENT INVESTMENTS</b>		
(Refer Note No. 37)		
Equity instruments	-	44,321,358
Preference Shares	-	101,678,500
Debentures and bonds	142,282,272	122,854,616
Mutual Funds	317,731,279	140,900,000
	<b>460,013,551</b>	<b>409,754,474</b>
<b>14. INVENTORIES</b>		
(As taken, valued and certified by the management)		
Raw Materials and components	39,155,179	34,959,039
Goods-in transit (Raw Materials)	317,581	-
Work-in-progress	14,590,361	15,208,773
Finished goods	7,534,004	5,534,195
Stores and spares	5,312,669	4,778,884
	<b>66,909,794</b>	<b>60,480,891</b>
<b>15. TRADE RECEIVABLES</b>		
<b>Unsecured, considered good</b>		
Outstanding over six months from the due date	351,016	2,361,876
Others	265,720,272	229,704,835
	<b>266,071,288</b>	<b>232,066,711</b>
<b>16. CASH AND CASH EQUIVALENTS</b>		
<b>Balances with Banks</b>		
In Current Accounts	28,930,817	18,613,951
Cheques in hand	238,879	117,660
Cash in hand	269,257	501,447
	<b>29,438,953</b>	<b>19,233,058</b>
<b>Others</b>		
In Dividend Accounts	2,902,463	2,343,058
In Margin money (in fixed deposits with bank)	3,020,300	3,092,892
	<b>35,361,716</b>	<b>24,669,008</b>
<b>17. SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good</b>		
Inter Corporate Deposits (Refer Note No. 42 (b))	120,000,000	190,000,000
Loans and Advances to Employees	896,829	2,623,292
Balances with Central Excise and Service Tax	4,578,979	4,444,576
Prepaid Expenses	3,612,505	3,546,933
	<b>129,088,313</b>	<b>200,614,801</b>
<b>18. OTHER CURRENT ASSETS</b>		
Interest accrued on Investments	69,740,539	65,717,802
Interest accrued on Inter Corporate / Other Deposits	2,409,601	92,998

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

Particulars	Year Ended 31 <sup>st</sup> Mar. 2016 Rs.	Year Ended 31 <sup>st</sup> Mar. 2015 Rs.
Receivable on sale of current investments	52,197,457	388,163
Insurance Claim Receivable	-	36,478,416
Other Receivable		
From Joint Venture	4,279,395	5,123,483
From Others	2,423,128	782,676
	<u>131,050,121</u>	<u>108,583,539</u>
<b>19. SALE OF COMPOSITE MATERIALS</b>		
Manufactured	1,330,980,490	1,242,658,334
Less: Excise duty	150,183,194	140,196,007
	<u>1,180,797,296</u>	<u>1,102,462,327</u>
<b>20. INCOME FROM INVESTMENTS</b>		
<b>Income from Long Term Investments</b>		
Dividend	55,111,900	35,340,909
Interest	278,453,270	248,834,200
Pro t/(Loss) on sale	269,043,846	71,308,041
<b>Income from Current Investments</b>		
Dividend	3,353,503	1,702,513
Interest	25,883,034	28,168,328
Pro t/(Loss) on sale	19,749,267	14,731,729
	<u>651,594,820</u>	<u>400,085,720</u>
<b>21. OTHER INCOME</b>		
Gain on Variation in Foreign Exchange Rates (Net)	3,158,978	349,420
Pro t on Sale of Fixed Assets (Net)	-	586,051
Rent	1,769,847	1,732,620
	<u>4,928,825</u>	<u>2,668,091</u>
<b>22. COST OF MATERIALS CONSUMED</b>		
Consumption of Raw Materials and Components	482,325,621	497,393,313
Stores and Spare parts consumed	18,511,598	17,070,144
	<u>500,837,219</u>	<u>514,463,457</u>
<b>23. DECREASE / (INCREASE) IN INVENTORIES</b>		
<b>Opening Stock :-</b>		
Work-in-progress	15,208,773	17,305,197
Finished goods	5,534,195	12,089,969
	<u>20,742,968</u>	<u>29,395,166</u>
<b>Closing Stock :-</b>		
Work-in-progress	14,590,361	15,208,773
Finished goods	7,534,004	5,534,195
	<u>22,124,365</u>	<u>20,742,968</u>
<b>Decrease / (Increase) in Inventories</b>	<u>(1,381,397)</u>	<u>8,652,198</u>
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
<b>Salaries and incentives</b>	201,153,574	169,285,302
Contributions to: -		
Provident fund	10,001,660	8,254,609
Superannuation scheme	528,000	501,750
Gratuity fund	6,661,630	3,306,739
Staff welfare expenses	7,660,972	8,203,535
	<u>226,005,836</u>	<u>189,551,934</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	Year Ended 31 <sup>st</sup> Mar. 2016 Rs.	Year Ended 31 <sup>st</sup> Mar. 2015 Rs.
<b>25. FINANCE COST</b>		
Interest expense	1,326,929	1,363,363
Other borrowing costs	901,258	224,053
	<b>2,228,187</b>	<b>1,587,416</b>
<b>26. OTHER EXPENSES</b>		
Packing materials consumed	21,804,189	20,072,691
Power and Fuel	79,377,360	70,741,543
Rent (Includes arrears of Rs. 24,015,510; Previous year Rs. 6,630,314)	28,312,060	11,557,003
Rates and taxes	2,778,929	2,572,691
Insurance (including transit insurance)	2,873,452	2,669,758
Freight and Forwarding	40,595,771	41,358,867
Repairs & Maintenance:		
Plant & Equipments	12,932,350	11,382,149
Buildings	7,354,986	6,735,074
Job charges	65,357,418	56,830,473
Increase / (Decrease) in Excise Duty on Closing Stock	199,215	(728,467)
Travelling & Conveyance	53,102,915	44,583,316
Postage, Printing, Stationery & Telephones	8,233,598	8,398,729
Rebates, Discounts & Sales Promotion Expenses	101,143,398	90,243,406
Loss on sale/discarding of Fixed Assets (net)	1,453,638	49,412
Provision for Diminution in value of Long Term Investments (net)	19,999,280	17,269,919
Investment / Capital advance written off (Net of provision Rs. 17,269,919)	30,000,000	-
Investment Advisory Related Expenses	14,478,813	16,720,406
Legal & Professional Expenses	19,398,116	15,782,836
Liquidated damages for disputed matters	17,554,680	-
Contribution towards Corporate Social Responsibility (CSR)	5,000,000	4,000,000
Contribution to Charitable Trusts	44,317,100	15,861,000
Miscellaneous Expenses	14,614,977	12,553,610
	<b>590,882,243</b>	<b>448,654,415</b>

27. (a) 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 27(b)).

(b) Contingent Liabilities not provided for in respect of:

- Disputed Sales Tax matters Rs.1,110,626 (net of provisions of Rs.645,000); Previous Year Rs. 1,347,738 (net of provisions of Rs. 645,000).
- Disputed Income Tax matters Rs. 9,836,909 (Previous Year Rs.1,054,323).
- Disputed labour matter related to ex-workmen - amount unascertainable.
- Disputed Claims Rs. Nil (net of provisions of Rs.19,473,286) Previous Year Rs. 32,868,420 (net of provision of Rs. 13,088,090).

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

### 28. Commitments:

- (a) Estimated amount of contracts remaining to be executed and not provided for (net of advance, unsecured considered good), on capital account are Rs.296,711,766 (net of advance of Rs. 305,340,299); Previous Year Rs. 264,699,369 (net of advance of Rs. 63,718,332)
- (b) In respect of long term investment made with private equity fund, the Company is further committed to invest Rs. 304,388,000 (Previous Year Rs. 364,100,000)

### 29. Secured Loans:

- (a) Interest Rate on Working capital loans is Base Rate plus 2.50% per annum (Previous Year Base Rate plus 2.50% per annum) and limit utilised Rs. 42,042,755 (Previous Year Rs.34,895,055) are secured by hypothecation of stocks and debtors and charge on immovable properties of Bhandara unit.
- (b) Non fund based limit utilised Rs. 32,118,912 are secured by lien over Investment (Bonds) of Rs. 50,000,000 and (Previous Year non fund based limit utilised Rs. 13,845,437 were secured by lien over Investment (Mutual Fund Units -FMP) of Rs. 20,000,000).
- (c) Vehicle loans (repayable within one year) are secured by way of hypothecation of vehicles purchased their against and carry Interest in the range of 9.61 % to 10.75 (Previous Year 9.80 % to 10.75%).

#### Unsecured Loans:

Interest free Sales tax Loans is repayable within 10 years.

- 30. (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.

### 31. Remuneration to Auditors :

	Year ended 31 <sup>st</sup> Mar. 16 Rs.	Year ended 31 <sup>st</sup> Mar. 15 Rs.
	<b>Rs.</b>	<b>Rs.</b>
Audit fees	700,000	(600,000)
Certification fees	Nil	(100,000)
Reimbursement of out of pocket expenses Including Services Tax Rs. 10,607 (Rs.11,310)	88,827	(102,820)

### 32. Earnings Per Share:

	Rs.	Rs.
Net Profit as per Profit & Loss Account	391,060,183	(258,002,300)
Weighted average number of equity shares out standing	4,923,000	(4,923,000)
Basic and Diluted EPS	79.44	(52.41)

### 33. Research and Development Expenditure

	Rs.	Rs.
Debited to respective expenses heads in the Statement of Profit & Loss	15,937,672	(12,587,663)
Fixed Assets	14,961,803	Nil

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

Particulars	Year ended	Year ended
	31 <sup>st</sup> Mar. 16	31 <sup>st</sup> Mar. 15
	Rs.	Rs.
<b>34. (a) Value of Imports on CIF basis</b>		
Raw Material	82,119,495	(73,012,808)
Capital Goods	2,686,046	(618,625)
<b>(b) Expenditure in foreign currency:</b>		
Travelling & Other Expenses	7,191,898	(5,879,372)
Testing / Other Charges	3,027,239	Nil
Consultancy/Professional Charges	1,114,074	(354,688)
Royalty	Nil	(410,262)
<b>(c) Earnings in foreign currency on account of</b>		
Export on FOB Basis	98,963,436	(107,803,745)
Others (Freight, Insurance Etc)	2,117,366	(1,713,333)

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

Type of Instruments	Currency Type	As on 31 <sup>st</sup> Mar. 2016		As on 31 <sup>st</sup> Mar. 2015	
		Amount (in Rs.)		Amount (in Rs.)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Debtors	Dollar	266,633	17,580,119	187,526	11,650,985
Advance from customer	Dollar	10,037	675,843	Nil	Nil
Commission Payable	Dollar	20,496	1,362,311	20,495	1,273,362
Creditors for goods	Dollar	150,931	10,032,350	46,790	2,929,028
Creditors for goods	Euro	3,590	271,404	Nil	Nil
Buyers Credit	Dollar	192,488	12,794,644	Nil	Nil
Advance to supplier	Dollar	126,463	8,326,292	Nil	Nil

35. Cost of Materials Consumed:	Year ended		Year ended	
	31 <sup>st</sup> Mar. 16		31 <sup>st</sup> Mar. 15	
	Rs.	%	Rs.	%
<b>(a) Raw Materials</b>				
Imported - Fibers & Metals	102,313,312	21.21	(94,069,380)	(18.91)
Imported - Chemicals & Minerals	1,287,822	0.27	(893,701.70)	(0.18)
Total	103,601,135	21.48	(94,963,082)	(19.09)
Indigenous Material - Fibers, Resins & Metals	138,921,236	28.80	(148,377,831)	(29.83)
Indigenous Material - Chemicals & Minerals	176,492,566	36.59	(180,983,938)	(36.39)
Indigenous Material - Components & Others	63,310,683	13.13	(73,068,461)	(14.69)
	482,325,621	100.00	(497,393,313)	(100.00)
<b>(b) Spare parts and Components</b>				
Imported Material	Nil	Nil	(Nil)	(Nil)
Indigenous Material	18,511,598	100.00	(17,070,144)	(100.00)
	18,511,598	100.00	(17,070,144)	(100.00)

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)**

Particulars	Face Value		As on 31 <sup>st</sup> Mar. 2016		As on 31 <sup>st</sup> Mar. 2015	
	Rs	Nos.	Rs.	Nos.	Rs.	
<b>Equity Instruments (Quoted)</b>						
Borosil Glasswork Ltd.	10	135,000	-	(135,000)	(94,619,081)	
ZF Steering Gear (I) Ltd.	10	100	2,749	(100)	(2,749)	
			<b>2,749</b>		<b>(94,621,830)</b>	
<b>Equity Instruments (Unquoted)</b>						
Bosch Chassis System India Ltd.	10	-	-	(20)	(1,077)	
Prabhukripa Overseas Ltd.	10	231,053	3,246,899	(231,053)	(3,246,899)	
			<b>3,246,899</b>		<b>(3,247,976)</b>	
<b>Private Equity (Unquoted) *</b>						
India Business Excellence Fund	0	-	33,182,636	-	(45,007,726)	
IL&FS Milestone Fund	1,000	6,798	6,798,000	(2,000)	(20,000,000)	
IDFC Hybrid Fund	-	-	3,407,420	-	(8,176,017)	
Multiples Private Equity Fund Scheme II	100,000	341	34,109,795	(311)	(31,148,377)	
Tikona Private Equity #	-	-	-	-	(19,999,280)	
Zephyr Peacock India Fund	-	-	16,049,303	-	(20,000,000)	
India Business Excellence Fund - II	1,000	3,125	31,250,000	(20,000)	(20,000,000)	
Indiareit Apartment Strategy Fund	-	-	23,599,464	-	(11,400,000)	
Multiples Private Equity Fund Scheme - II	-	-	18,625,000	-	-	
			<b>167,021,618</b>		<b>(175,731,400)</b>	
* The Maturity of above funds range between 3 years to 8 years						
<b>Investment in Group Companies</b>						
<b>Equity Instruments (Quoted)</b>						
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)	
			<b>137,189,732</b>		<b>(137,189,732)</b>	
<b>Equity Instruments (Unquoted)</b>						
Compo Advics (India) Pvt. Ltd. *		4,900,000	49,000,000	(4,900,000)	(49,000,000)	
* Joint Venture with 49% stake						
			<b>49,000,000</b>		<b>(49,000,000)</b>	
<b>Total Equity Instruments</b>						
			<b>356,460,997</b>		<b>(459,790,937)</b>	
<b>Preference Shares (Unquoted) *</b>						
8.15% L&T Finance Holding Limited - Cumulative Preference Share -May 2020	100	1,500,000	150,000,000	-	-	
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	11,600	145,000,000	(12,000)	(150,000,000)	
			<b>395,000,000</b>	-	<b>(250,000,000)</b>	
<b>Real State and Debt Funds (Unquoted) *</b>						
Edelweiss Stressed & Troubled Assessts Revival Fund - I	10,000	3,250	23,073,978	(2,750)	(25,715,960)	
Peninsula Book eld India Real Estate Fund	100,000	625	62,546,786	(248)	(24,750,000)	
IIFL Income Opportunities Fund Series - Special Situations	10	4,664,616	50,000,000	(2,609,050)	(27,500,000)	
India Realty Excellance Fund II LLP	100,000	449	44,938,319	(300)	(30,000,000)	
IIFL Real Estate Fund - II	10	-	100,000,000	-	(11,250,000)	

Particulars	Face Value	Nos.	As on	Nos.	As on
	Rs		31 <sup>st</sup> Mar. 2016		31 <sup>st</sup> Mar. 2015
			Rs.		Rs.
India Asset Growth Fund Asset - 1 -Category-II	100	100,000	10,000,000	(75,000)	(7,500,000)
Kotak Real Estate Yield Fund	1,000	4,315	4,315,500	(9,741)	(9,741,025)
Aditya Birla Real Estate Fund	-	-	23,735,801	-	(23,735,801)
IIFL Real Estate Fund	100	-	3,657,937	-	(13,044,072)
IIFL Income Opportunity Fund (AIF Category II)	10	-	3,935,073	-	(24,000,000)
ICICI Prudential Real Estate Fund AIF-1	-	-	22,877,986	-	(14,038,638)
Indostar Credit Fund	100,000	660	66,000,000	-	-
IIFL Real Estate Pms Private Equity	-	-	46,283,210	-	-
IDFC Score Fund	-	-	2,500,000	-	-
			<b>463,864,590</b>		<b>(211,275,495)</b>
<b>Government Securities (Quoted)</b>					
<b>Secured-</b>					
8.28% GOI 15 -Feb 2032	50,000,000	2	98,876,211	(1)	(48,176,150)
9.20% GOI 30 -Sep 2030	50,000,000	1	55,607,313	(1)	(55,994,827)
8.30% GOI 2 -July 2040	50,000,000	1	52,957,133	(1)	(53,079,304)
8.83% GOI 12 -Dec 2041	50,000,000	2	111,740,927	(2)	(112,198,707)
9.23% GOI 23 -Dec 2043	50,000,000	2	114,521,644	(1)	(58,443,448)
<b>Total Government securities</b>			<b>433,703,228</b>		<b>(327,892,436)</b>
<b>Debentures and Bonds</b>					
<b>Bonds (Quoted)</b>					
<b>Secured-</b>					
8.20% HUDCO Tax Free Bond-March 2027	1,000	97,310	96,438,265	(97,310)	(96,448,903)
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	1,071,824	(1)	(1,077,617)
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)
8.26% IIFCL Tax Free Bonds -Aug 2028	1,000,000	80	82,954,924	(80)	(83,193,772)
8.19% IIFCL Tax Free Bonds -Aug 2033	1,000,000	20	20,003,479	(20)	(20,003,679)
8.66% IIFCL Tax Free Bonds -Jan 2034	1,000	50,000	50,000,000	(50,000)	(50,000,000)
7.40% IIFCL Tax Free Bonds -Jan 2033	1,000	50,000	44,250,000	(50,000)	(44,250,000)
11.90% IISL -Aug 2016	1,000	-	-	(29,747)	(28,675,126)
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	252,980,018	(50,000)	(253,147,894)
8.68 % NHB Tax Free Bonds -March 2029	5,000	6,384	31,920,000	(6,384)	(31,920,000)
8.93 % NHB Tax Free Bonds Series 2A -March 2029 #	5,000	10,000	50,260,898	(10,000)	(50,281,039)
8.30% PFC- Tax Free Bonds -Feb 2027	1,000	7,120	7,120,000	(7,120)	(7,120,000)
8.67% PFC Tax Free Bonds -Nov 2033	1,000	161,945	161,945,000	(161,945)	(161,945,000)
7.93% REC-Tax Free Bond -March 2022	1,000	30,619	30,619,000	(30,619)	(30,619,000)
8.46% REC Tax Free Bonds -Aug 2028	1,000,000	50	50,028,959	(50)	(50,031,296)
8.06% REC Tax Free Bond -May 2023	1,000,000	50	45,333,300	(50)	(45,333,300)
11% SREI Infrastructure Finance Ltd. 2017	1,000	25,000	25,166,809	-	-
			<b>1,178,407,476</b>		<b>(1,182,361,626)</b>
<b>Unsecured-</b>					
9.80% GSPC NCD Series 2 22/03/2073	1,000,000	50	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	(4,000)	(100,000,000)
12% IL&FS Transportation Networks Ltd -March 2018	1,000,000	-	-	(200)	(204,982,756)
9.90% ING Vysya Bank Ltd Bond -Dec 2022	1,000,000	50	50,000,000	(50)	(50,000,000)
9.29% PFC Bonds -Aug 2022	1,000,000	50	50,025,571	(50)	(50,029,581)
9.02% REC Bonds -Nov 2022	1,000,000	150	153,548,094	(150)	(154,083,821)
9.35% REC Bonds -June 2022	1,000,000	50	52,218,275	(50)	(52,576,408)
			<b>455,791,940</b>		<b>(656,672,566)</b>
			<b>1,634,199,416</b>		<b>(1,839,034,192)</b>

Particulars	Face Value	Nos.	As on 31 <sup>st</sup> Mar. 2016		As on 31 <sup>st</sup> Mar. 2015	
	Rs		Rs.	Nos.	Rs.	
<b>Debentures (Quoted)</b>						
<b>Secured-</b>						
18.50% ILD Millenium Pvt Ltd -Feb 2017	900,000	-	-	(30)	(24,000,000)	
17.50% Rajesh Real Estate Developers Pvt Ltd. -Jul 2017	10,000,000	-	-	(2)	(20,000,000)	
18.75% Raheja Developers Ltd -Aug 2017	917,000	-	-	(30)	(25,020,000)	
19.10% Orriss 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	(300)	(30,000,000)	
IIFL-Index Linked Principal Protected Secured Redeemable, Non Convertible Debenture- Aug- 2016	100,000	-	-	(250)	(25,000,000)	
IIFL-Index Linked Principal Protected Secured Redeemable, Non Convertible Debenture-Oct -2016	100,000	-	-	(250)	(25,000,000)	
ECLF-Market Linked Non Convertible Debentures Jul-2016	100,000	-	-	(300)	(33,607,146)	
			<b>30,000,000</b>		<b>(251,715,239)</b>	
<b>Unsecured-</b>						
12% Muthoot Fincorp. Limited - Apr.2017	100,000	250	24,012,500	-	-	
			<b>24,012,500</b>		-	
			<b>1,688,211,916</b>		<b>(2,090,749,430)</b>	
<b>Debentures (Unquoted)</b>						
<b>Secured-</b>						
17.25% Akshaya Pvt. Ltd. -Mar 2018	10,000,000	2	11,000,000	(2)	(20,000,000)	
10.00% Rajesh Estates & Nirman Pvt. Ltd. -Dec 2017	10,000,000	2	20,000,000	(2)	(20,000,000)	
17% Varnika Realty Pvt. Ltd. (Pasmina) Ncd - Mar 2017	1,000,000	30	29,100,000	-	-	
18% CCI Projects Private Limited Nov 2018	2,500,000	12	30,000,000	-	-	
18% Darvesh Properties Private Limited May 2019	100,000	250	25,000,000	-	-	
18.00% Foremost Realtors Pvt. Ltd. - Jan 2018	-	-	-	(3)	(14,873,107)	
18.50% Manyata Developers Private Ltd June 2020	1,000,000	20	20,620,012	-	-	
17% Pinnacle Vastunirma Pvt Ltd Aug 2018	100,000	250	25,000,000	-	-	
17.25% Shanders Properties Pvt Ltd. Jul 2018	100,000	250	25,000,000	-	-	
17.50% Vagad Builders & Developers Pvt Ltd Aug 2018	100,000	250	25,549,686			
			<b>211,269,698</b>		<b>(54,873,107)</b>	
<b>Total Debentures and Bonds</b>			<b>1,899,481,614</b>		<b>(2,145,622,537)</b>	
<b>Mutual Funds (Quoted)</b>						
ICICI Prudential Fixed Maturity Plan - Series 75 - Growth -April 2018	10	-	-	(5,000,000)	(50,000,000)	
			-		<b>(50,000,000)</b>	
<b>Total Mutual Funds</b>			-		<b>(50,000,000)</b>	
<b>Bullion</b>						
<b>E- Silver (Quoted)</b>						
Gold 24 K 99.999% (Unquoted)	-	-	-	2215.60 gm	(4,209,976)	
<b>Total Bullion</b>			-		<b>(4,209,976)</b>	

Particulars	Face Value Rs	Nos.	As on 31 <sup>st</sup> Mar. 2016 Rs.	Nos.	As on 31 <sup>st</sup> Mar. 2015 Rs.
<b>Total Non Current Investments</b>			<u>3,548,510,428</u>		<u>(3,448,791,382)</u>
<b>Aggregate Cost of Quoted Investments</b>			2,259,107,624		(2,720,453,428)
<b>Aggregate Cost of Unquoted Investments</b>			1,289,402,804		(728,337,954)
<b>Aggregate Market Value of Quoted Investments</b>			2,835,613,908		(3,578,674,500)
(Aggregate amount of provision for diminution in unquoted investment Rs. 19,999,280 (Previous year Rs. Nil )					
# Units are pledged with bank to avail non fund based limit. (Refer Note No. 29(b))					
<b>37. Current Investments:</b>					
<b>Equity Instruments (Quoted)</b>					
HDFC Bank Ltd.	10	-	-	(44,000)	(44,321,358)
			<u>-</u>		<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>-</u>		<u>(101,678,500)</u>
<b>Debentures (Quoted)</b>					
<b>Secured-</b>					
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)
11.90% IISL -Aug 2016	1,000	29,747	28,675,126	-	-
ECLF-Market Linked Non Convertible Debentures -June 2015	100,000	-	-	(300)	(33,493,104)
42.50% ECLF-Market Linked Non Convertible Debentures Jul-2016	100,000	300	33,607,146	-	-
43.25% IIFL-Index Linked Principal Protected Secured Redeemable, Non Convertible Debenture-Oct -2016	100,000	250	25,000,000	-	-
44.50% IIFL-Index Linked Principal Protected Secured Redeemable, Non Convertible Debenture- Aug- 2016	100,000	250	25,000,000	-	-
ECLF-Debt Market Linked Non Convertible Debenture May 2016	100,000	300	30,000,000	-	-
			<u>142,282,272</u>		<u>(52,600,244)</u>
<b>Debentures (Unquoted)</b>					
<b>Secured-</b>					
12.00% Manappuram Finance Limited - Jan 2016	1,000,000	-	-	(25)	(25,000,000)
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					

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

Particulars	Face Value		As on 31 <sup>st</sup> Mar. 2016		As on 31 <sup>st</sup> Mar. 2015	
	Rs	Nos.	Rs.	Nos.	Rs.	
Pvt. Ltd. - July 2015	100,000	-	-	(200)	(9,999,998)	
16.00% Supertech Ltd - July 2016	100	-	-	(200,000)	(10,937,319)	
			-		<b>(70,254,372)</b>	
<b>Total Debentures and Bonds</b>			<b>142,282,272</b>		<b>(122,854,616)</b>	
<b>Mutual Funds (Quoted)</b>						
L&T FMP - VII (MAR 753DA) - Growth - April 2015 *	10	-	-	(2,000,000)	(20,000,000)	
Edelweiss Arbitrage Fund - Dividend	10	-	-	(4,906,283)	(50,000,000)	
			-		<b>(70,000,000)</b>	
<b>Liquid Mutual Funds (Unquoted)</b>						
IDFC Money Manager Fund - Tp - Daily Dividend	10	404,427	31,279	-	-	
L&T Liquid Fund - Direct Plan - Growth	10	987	1,200,000	-	-	
UTI Treasury Advantage Fund - Institutional Plan - D.P - Growth	10	4,822	10,000,000	-	-	
ICICI Prudential Liquid Plan - Growth Option	10	384,862	86,000,000	-	-	
LIC Nomura Mf Liquid Fund - Direct - Growth	1,000	-	-	(6,868)	(17,400,000)	
UTI Liquid Cash Plan - Direct Plan - Growth	1,000	18,150	45,000,000	(23,344)	(53,500,000)	
			<b>317,731,279</b>		<b>(70,900,000)</b>	
<b>Total Mutual Funds</b>			<b>317,731,279</b>		<b>(140,900,000)</b>	
<b>Total Current Investment</b>			<b>460,013,551</b>		<b>(263,754,616)</b>	
<b>Aggregate Cost of Quoted Investments</b>			<b>142,282,272</b>		<b>(191,921,602)</b>	
<b>Aggregate Cost of Unquoted Investments</b>			<b>317,731,279</b>		<b>(217,832,872)</b>	
<b>Aggregate Market Value of Quoted Investments</b>			<b>143,595,394</b>		<b>(196,710,692)</b>	

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

\* Units are pledged with bank to avail non fund based limit (Refer Note No. 29 (b))

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

Particulars	Year ended	Year ended
	31 <sup>st</sup> Mar-16	31 <sup>st</sup> Mar-15
	Rs.	Rs.
38. (a) Micro and small enterprises development Act, 2006 ('MSMED') Principal Amount	683,605	(547,958)
due to suppliers under MSMED Act,2006, Beyond appointed Day	(15,381)	(12,329)
Interest accrued and due to suppliers under MSMED Act, on the above amount	Nil	(Nil)
Payment made to suppliers ( other than interest ) beyond the appointed day, during the year	Nil	(Nil)
Interest paid to suppliers under MSMED Act ( Other than section 16 )	12,329	(24,828)
Interest paid to suppliers under MSMED Act ( Section 16 )	Nil	(Nil)
Interest due and payable to suppliers under MSMED Act, for the payment already made	Nil	(Nil)
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	Nil	(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.

**39. Retirement Benefit**

**A) Defined Benefit Plans**

The following table sets out the funded status of the gratuity plan and unfunded status of Leave Encashment and the amount recognized in the Company's financial statements as at 31st March 2016

**a) Gratuity Fund**

Particulars	As at	As at
	31 <sup>st</sup> Mar. 2016	31 <sup>st</sup> Mar. 2015
	Rs.	Rs.
<b>i) Components of Employer Expense</b>		
Current Service Cost	2,554,091	1,610,956
Interest Cost	2,214,990	1,857,074
Expected Return on Plan Assets	(2,360,257)	(2,097,049)
Actuarial (Gain)/Loss	3,722,259	1,921,098
Total expense/(gain) recognised in the Profit & Loss Account	6,131,083	3,292,079
<b>ii) Net Asset/(Liability) recognised in Balance Sheet</b>		
Present Value of Obligation	31,401,619	26,306,725
Present Value of Obligation - for unfunded	1,977,846	1,519,782
Fair Value of Plan Assets	32,300,995	26,212,668
(Asset)/Liability recognised in the Balance Sheet*	(899,376)	1,613,839
Liability recognised in the Balance Sheet - for unfunded	1,977,846	1,519,782
<b>iv) Changes in the Fair Value of Plan Assets (Managed by LIC)</b>		
Present Value of Plan Assets, beginning of the year	26,212,668	23,099,355
Expected Return on Plan Assets	2,360,257	2,097,049
Actual Company Contribution	7,617,952	1,792,309
Benefits Paid	(3,889,882)	(776,045)
Fair Value of Plan Assets , end of the year	32,300,995	26,212,668

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

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.	As at 31 <sup>st</sup> Mar. 2015 Rs.
<b>v) Actuarial Assumptions</b>		
Discount Rate (per annum)	7.96%	7.95%
Expected Rate on Return on Assets	9.00%	8.50%
Salary Escalation Rate	6.00%	5.00%

The estimates of future salary increases considered takes into account the inflation, seniority, promotions and other relevant factors.

**b) Leave Entitlement Amount recognized in the Balance Sheet and movements in net liability.**

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.	As at 31 <sup>st</sup> Mar. 2015 Rs.
<b>Expenses recognized in the Statement of Profit and Loss:</b>		
Opening balance of Leave Entitlement	5,638,308	3,915,487
Present value of Leave Entitlement (as per actuary valuation) as at the year end (c)	8,181,566	5,368,308
<b>Leave Entitlement (charged/(income)) recognized in the statement of Profit and Loss for the year</b>	<b>2,543,258</b>	<b>1,452,821</b>

**B) Defined contribution plan**

The Company has recognised the following amount in Statement of Profit and Loss which are included under contribution to provident and other funds.

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.	As at 31 <sup>st</sup> Mar. 2015 Rs.
<b>a) Provident Fund</b>		
Employers contribution to Provident Fund	4,401,246	3,913,902
Employers contribution to Pension Scheme	4,946,794	3,667,404
<b>b) Employee State Insurance Corporation (ESIC)</b>		
Employee contribution to ESIC	83,173	108,919

**40. Segment Reporting:**

Particulars	Year ended 31 <sup>st</sup> Mar. 2016 Rs.	Year ended 31 <sup>st</sup> Mar. 2015 Rs.
<b>Segment Revenue</b>		
Composite Products	1,192,428,541	1,120,514,634
Investment	651,594,820	400,085,720
	<b>1,844,023,360</b>	<b>1,520,600,354</b>
<b>Segment Results</b>		
Profit/(Loss) before Interest, Tax and Exceptional Items from each segment		
Composite Products	80,827,771	44,387,578
Investment	472,317,839	282,666,645
	<b>553,145,610</b>	<b>327,054,223</b>

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

Particulars	Year ended 31 <sup>st</sup> Mar. 2016 Rs.	Year ended 31 <sup>st</sup> Mar. 2015 Rs.
Unallocated Expenses	90,798,685	32,382,744
Interest Expenses	2,228,187	1,587,416
Tax Expenses	73,987,380	37,749,854
Other Income	(4,928,825)	(2,668,091)
<b>Pro t after taxation</b>	<b>391,060,183</b>	<b>258,002,300</b>
<b>Segment Assets</b>		
Composite Products	788,418,842	681,126,239
Investment	5,141,288,134	4,752,539,436
Unallocated Assets	362,026,342	407,467,906
	<b>6,291,733,318</b>	<b>5,841,133,581</b>
<b>Segment Liabilities</b>		
Composite Products	21,800,830	206,753,507
Unallocated Liabilities	99,426,428	102,839,048
	<b>121,227,258</b>	<b>309,592,555</b>
<b>Other Information:</b>		
Capital Expenditure	116,993,067	85,605,788
Depreciation & Amortisation	65,332,534	64,606,873

**41. Related Party Disclosure are given below:**

- (i) Group Companies/Joint Venture and Enterprises where KMP's / Relative of KMP's have significant influence with whom transactions have been entered during the year in the ordinary course of the business:

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)

Manoj Mody Foundation

Mody Welfare Trust

- (ii) Key Management Personnel (KMP):

Mr. Raghu Mody, Executive Chairman

Mr. Varunn Mody, Executive Director - Treasury & Strategy

Mr. P.K. Choudhary, Managing Director

Mr. Amit Goenka, V.P. Finance & Company Secretary

Mr. Sunil Jindal, Chief Financial Officer

- (iii) Relatives of Key Managerial Personnel :

Mrs. Shashi Mody (Mother of Mr. Varunn Mody,  
Executive Director)

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

(A) Related party transactions with Group Companies/ Joint Venture/ KMP's/ Enterprises where KMP's / Relative of KMP's have significant influence with whom transactions have been entered during the year in the ordinary course of the business:

<b>Particulars</b>	<b>Year ended 31<sup>st</sup> Mar. 16 Rs.</b>	<b>Year ended 31<sup>st</sup> Mar. 15 Rs.</b>
<b>Rent Deposit Given</b>		
Mr. Varunn Mody	Nil	(660,000)
<b>Rent Deposit Received Back</b>		
Rasoi Limited	Nil	(50,000,000)
<b>Rent Paid</b>		
Rasoi Limited *	Nil	(539,328)
J L Morison (India) Limited	1,320,000	(1,320,000)
Silver Trading & Services Ltd.	Nil	(600,000)
Pallawi Resources Limited *	410,166	(Nil)
Pallawi Trading & Mfg. Co. Ltd.	Nil	(600,000)
Mr. Varunn Mody	1,320,000	(825,000)
* Including Service Tax		
<b>Income</b>		
Compo Advics (India) Pvt. Ltd. (Marketing Fees and Royalty)	4,368,030	(1,607,000)
<b>Contribution to Charitable Trusts</b>		
Manoj Mody Foundation	10,000,000	(Nil)
Mody Welfare Trust	5,000,000	(Nil)
<b>Others</b>		
Rasoi Express Pvt. Ltd. (Purchase of Air Ticket)	10,406,230	(12,544,280)
Compo Advics (India) Pvt. Ltd.		
- Sale of Assets	Nil	(11,229,644)
- Sale of Raw Material(Net)	1477,430	(4,043,798)
<b>Dividend Received</b>		
J L Morison (India) Limited	272,800	(272,800)
Rasoi Limited	331,318	(331,318)
<b>Dividend Given</b>		
Rasoi Limited	2,050,574	(4,101,148)
J L Morison (India) Limited	369,234	(738,468)
Others	446,008	(892,016)
<b>Salary and Allowances</b>		
Mr. Raghu Mody	10,028,796	(9,194,600)
Mr. Varunn Mody	16,746,800	(11,010,600)
Mr. P.K. Choudhary	6,165,353	(5,378,775)
Mr. Amit Goenka	2,184,000	(1,869,000)
Mr. Sunil Jindal	1,431,000	(1,236,360)
Mrs. Shashi Mody	1,145,175	(982,200)
<b>Commission to Directors</b>		
Mr. Raghu Mody	3,500,000	(Nil)
Mr. Varunn Mody	2,500,000	(2,500,000)

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	Year ended 31 <sup>st</sup> Mar.16 Rs.	Year ended 31 <sup>st</sup> Mar.15 Rs.
<b>(B) Closing Balances:</b>		
<b>Receivable:</b>		
Compo Advics (India) Pvt. Ltd.	4,279,395	(5,123,483)
Mr. Varunn Mody	660,000	(660,000)
<b>Payable:</b>		
Rasoi Express Pvt. Ltd.	7,35,017	(3,86,220)
<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	(49,000,000)

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.

#### 42. (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)	427,000	(598,500)
Employees' Welfare Trust	113,000,000	(113,000,000)

##### Maximum amount Outstanding During the Year

Employees (as per general rules of the Company)	704,500	(792,500)
Employees' Welfare Trust	113,000,000	(113,000,000)

#### (b) Details of Short Term Inter Corporate Deposits: #

- Gillanders Arbuthnot & Co. Ltd	50,000,000	-
- Igl Infrastructure Pvt. Ltd.	40,000,000	-
- Lakshmi Farms Pvt. Ltd.	25,000,000	-
- Subir Udyog Ltd.	5,000,000	-
- Ichamati Investments Pvt Ltd.	-	(20,000,000)
- Hikal Ltd.	-	(25,000,000)
- The Bombay Dyeing & Manufacturing Co. Ltd.	-	(50,000,000)
- Pudumjee Pulp & Paper Mills Ltd.	-	(25,000,000)
- Kashipur Holdings Ltd.	-	(70,000,000)
	<b>120,000,000</b>	<b>(190,000,000)</b>

#Given for general corporate purpose of the borrowing company.

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: 5<sup>th</sup> May, 2016

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

**Sunil Jindal**  
Chief Financial Officer

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Hindustan Composites Limited Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of “**Hindustan Composites Limited**” (Hereinafter referred to as “the Parent Company”), and its joint venture (the Parent Company, and its joint venture together referred to as “the Group”), comprising of the Consolidated Balance Sheet as at March 31st, 2016, the Consolidated Statement of Profit and Loss, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

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

The Parent Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position and consolidated financial performance of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

### Auditor's Responsibility

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

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

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

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

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

### Opinion

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

**Other Matter**

This being the first year of applicability with regards to preparation of the consolidated financial statements, opening balances has been considered based on the management certification provided to us. Refer note no. 29 to the consolidated financial statements.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, we give in "Annexure A" a separate report on the same.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the Parent Company as on March 31<sup>st</sup>, 2016 taken on record by the Board of Directors of the Parent Company and the jointly controlled company incorporated in India, none of the directors of the Group companies is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group— Refer Note no. 28(a) & 28(b) to the consolidated financial statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There were no amounts which were 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  
**Dated :** 22<sup>nd</sup> July 2016

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN COMPOSITES LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended March 31st, 2016, we have audited the internal financial controls over financial reporting of Hindustan Composites Limited ("the Parent Company") and a jointly controlled.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

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

For **Lodha & Company**  
**Chartered Accountants**  
Firm Registration No: 301051E

**Place :** Mumbai  
**Dated :** 22<sup>nd</sup> July 2016

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

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2016**

Particulars	Note No.	As at 31 <sup>st</sup> Mar. 2016 Rs
<b>I EQUITY AND LIABILITIES</b>		
<b>(1) SHAREHOLDERS' FUNDS</b>		
(a) Share Capital	1	49,230,000
(b) Reserves and surplus	2	5,792,354,501
		5,841,584,501
<b>(2) NON-CURRENT LIABILITIES</b>		
(a) Long-term borrowings	3	33,236,352
(b) Deferred tax liabilities (Net)	4	93,501,203
(c) Other Long-term liabilities	5	9,427,110
(d) Long-term provisions	6	7,619,559
		143,784,224
<b>(3) CURRENT LIABILITIES</b>		
(a) Short-term borrowings	7	63,430,684
(b) Trade payables		1,678,318
- Total outstanding dues of micro enterprises and small enterprises		130,640,098
- Total outstanding dues of creditors other than micro enterprises and small enterprises		130,640,098
(c) Other current liabilities	8	129,227,404
(d) Short-term provisions	9	8,566,159
		333,542,663
<b>Total</b>		6,318,911,388
<b>II ASSETS</b>		
<b>(1) NON-CURRENT ASSETS</b>		
(a) Fixed assets	10	
Tangible assets		1,269,222,147
Intangible assets		536,300
(b) Non-current investments	11	3,499,510,429
(c) Long-term loans and advances	12	455,151,225
		5,224,420,101
<b>(2) CURRENT ASSETS</b>		
(a) Current investments	13	460,013,551
(b) Inventories	14	69,457,439
(c) Trade receivables	15	270,031,911
(d) Cash and Cash Equivalents	16	35,402,075
(e) Short-term loans and advances	17	130,494,952
(f) Other current assets	18	129,091,359
		1,094,491,287
<b>Total</b>		6,318,911,388

**SIGNIFICANT ACCOUNTING POLICIES**

**ACCOMPANYING NOTES FORMING INTEGRAL PART OF  
THE FINANCIAL STATEMENTS**

A

B(1 - 40)

As per our attached report of even date

**For Lodha & Co.**  
Chartered Accountants  
**R.P. Baradiya**  
Partner

Place: Mumbai  
Date: 22<sup>nd</sup> July, 2016

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

**Raghu Mody**                      **P.K. Choudhary**  
Chairman                              Managing Director

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

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016**

Particulars	Note No.	Year ended 31 <sup>st</sup> Mar. 2016 Rs.
<b>I Revenue from Operation</b>		
(a) Sale Of Composite Materials	19	1,197,633,017
(b) Income from Investments	20	651,594,820
(c) Other Operating Income		9,490,910
<b>Total Revenue from Operation</b>		<b>1,858,718,747</b>
<b>II Other Income</b>	21	<b>5,056,630</b>
<b>III Total Revenue ( I + II )</b>		<b>1,863,775,377</b>
<b>IV Expenses</b>		
(a) Cost of materials consumed	22	509,054,226
(b) Decrease / (Increase) in inventories	23	(1,179,988)
(c) Employee benefits expense	24	230,598,355
(d) Finance Cost	25	8,711,943
(e) Depreciation and Amortization expense	10	69,436,289
(f) Other expenses	26	602,596,196
<b>Total Expenses</b>		<b>1,419,217,021</b>
<b>V Profit Before Taxation (III-IV)</b>		<b>444,558,356</b>
Current Tax		77,400,000
Deferred Tax		(3,412,620)
<b>VI Profit After Taxation (V-VI)</b>		<b>370,570,976</b>
<b>VII Earnings per equity share of Rs. 10 each</b>		
Basic and Diluted EPS		75.27
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	A	
<b>ACCOMPANYING NOTES FORMING INTEGRAL PART OF</b>		
<b>THE FINANCIAL STATEMENTS</b>	B(1 - 40)	

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

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

**R.P. Baradiya**  
Partner

**Raghu Mody**  
Chairman

**P.K. Choudhary**  
Managing Director

Place: Mumbai  
Date: 22<sup>nd</sup> July, 2016

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

**Sunil Jindal**  
Chief Financial Officer

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

Particulars	2015-2016 (Rs.)	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>444,558,356</b>
Adjustment for		
Depreciation	69,436,289	
Income from Investment (Net)	(442,317,839)	
(Pro t)/Loss on Sale of Fixed Assets (Net)	1,453,638	
Interest expenditure	8,711,943	(362,715,969)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>81,842,387</b>
Adjustment for		
(Increase)Decrease in Trade and other receivable	(5,067,058)	
(Increase)Decrease in Inventories	(5,570,800)	
(Decrease)Increase in Trade and other payables	75,977,595	65,339,737
<b>CASH INFLOW FROM OPERATIONS ACTIVITIES</b>		<b>147,182,124</b>
Add/(Deduct) :		
Direct Tax Paid		(72,691,113)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>74,491,011</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(118,456,186)	
Proceeds from Sale of Fixed Assets	605,614	
Purchase of Investments (Net)	(448,478,125)	
(Increase)/Decrease in Inter- Corporate Deposits	70,000,000	
Income from Investment (Net)	435,965,093	(60,363,604)
<b>NET CASH FLOW (USED IN)/ FROM INVESTING ACTIVITIES (B)</b>		<b>(60,363,604)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings ( Net)		
Proceeds/(Repayment) from long-term borrowings (Net)	(6,182,337)	
Proceeds/(Repayment) from short-term borrowings (Net)	15,196,920	
Dividend Paid ( including Corporate Dividend Tax)	(5,925,225)	
Interest paid	(8,751,708)	(5,662,350)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>		<b>(5,662,350)</b>
<b>D Net Increase/ Decrease in cash and cash equivalent ( A+B+C)</b>		<b>8,465,057</b>
<b>Cash and Cash equivalents</b>		
Opening Balance		<b>21,014,256</b>
Closing Balance		<b>29,479,313</b>

**Notes:-**

- 1) 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.
- 2) Cash and cash equivalents exclude balance in margin money deposit, dividend accounts and fixed deposits pledge for temporary over draft aggregating to Rs. 59,22,763 (previous year Rs. 54,35,950).
- 3) 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

**R.P. Baradiya**

Partner

Place: Mumbai

Date: 22<sup>nd</sup> July, 2016

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

**Raghu Mody**

Chairman

**Amit Goenka**

V.P. Finance & Company Secretary

**P.K. Choudhary**

Managing Director

**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, 2016

### OVERVIEW :

The Company is engaged in the business of manufacturing & marketing of Friction Materials consisting of Brake Liners, Roll Lining, Brake Block, Disc Brake Pad, Clutch Facing and Friction sheet related to Automotive, Railway, Off Road Vehicles & Industrial Applications.

### A. SIGNIFICANT ACCOUNTING POLICIES:

#### a) General:

i) The consolidated financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') prescribed by the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 2013. Accounting policies have been consistently applied.

The Company has ascertained its operating cycle as 12 months for the purpose of current-noncurrent classification of assets and liabilities. All expenses and income to the extent considered payable and receivable, respectively, 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) Principles of consolidation:

The consolidated financial statements which include the financial statements of the Parent Company and its Joint Venture have been prepared in accordance the following basis. ce with the consolidation procedures laid down in Accounting Standard 27 (AS 27) - 'Financial Reporting of Interest in Joint Venture', on the following basis.

i) The consolidated financial statements of the Company and its joint venture (on a proportionate basis) have been

combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits / losses, unless cost cannot be recovered.

ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 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/disposed 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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

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> Mar. 2016 Rs.
-------------	--------------------------------------------

#### 1. SHARE CAPITAL

##### AUTHORISED

5,500,000 Equity Shares of Rs. 10 each (Previous Year : 5,500,000 Equity Shares of Rs. 10 each)	55,000,000
----------------------------------------------------------------------------------------------------	------------

500,000 Unclassified Shares of Rs.10 each (Previous Year: 500,000 Unclassified Shares of Rs.10 each)	5,000,000
---------------------------------------------------------------------------------------------------------	-----------

	60,000,000
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##### ISSUED, SUBSCRIBED AND PAID-UP

4,923,000 Equity Shares of Rs.10 each, fully paid-up (Previous Year: 4,923,000 Equity Shares of Rs.10 each, fully paid-up)	49,230,000
-------------------------------------------------------------------------------------------------------------------------------	------------

	49,230,000
--	------------

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

Particulars	No. of Share	Percentage of holding
Rasoi Ltd.	2,050,574	41.65%
Leaders Healthcare Ltd.	825,194	16.76%
J L Morison India Ltd.	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 Rs. 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.

#### 1.3 Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	No. of Shares As at 31 <sup>st</sup> Mar. 2016 Rs.
Balance as at the beginning and end of the year	4,923,000

#### 1.4 For a period of 5 years immediately preceding the balance sheet date, the company has not:

- a) allotted shares for consideration other than cash
- b) issued any bonus shares
- c) bought back any shares issued

#### 2. RESERVES AND SURPLUS

##### CAPITAL REDEMPTION RESERVE

As per last Balance Sheet	5,770,000
	5,770,000

##### GENERAL RESERVE

As per last Balance Sheet	5,379,627,933
Add : Transferred from Profit & Loss Account	350,000,000
	5,729,627,933

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

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.
<b>PROFIT &amp; LOSS ACCOUNT</b>	
Balance as at the beginning of the year	42,310,818
Add: Profit / (loss) during the year	370,570,976
Less : Transferred to General Reserve	350,000,000
Less : Proposed Dividend	4,923,000
Less : Corporate Dividend Tax	1,002,225
Balance as at the end of the year	<u>56,956,569</u>
	<u>5,792,354,501</u>
<b>3. LONG TERM BORROWINGS</b>	
<b>Term Loans</b>	
<b>Secured</b>	
From Bank - Vehicle Loans	254,905
<b>Unsecured</b>	
From SICOM Ltd. by way of deferral of sales tax liability	32,981,447
	<u>33,236,352</u>
<b>4. DEFERRED TAX LIABILITIES (NET)</b>	
<b>Deferred Tax Liabilities</b>	
Depreciation	115,479,045
<b>Total Deferred Tax Liabilities</b>	<u>115,479,045</u>
<b>Deferred Tax Assets</b>	
Provision for Diminution in value of Investments and Other Employee Benefits	21,977,842
<b>Net Deferred Tax Liability</b>	<u>93,501,203</u>
<b>5. OTHER LONG-TERM LIABILITIES</b>	
Security Deposits	9,427,110
	<u>9,427,110</u>
<b>6. LONG-TERM PROVISIONS</b>	
Provision for Leave entitlement	6,136,175
Provision for Gratuity	1,483,384
	<u>7,619,559</u>
<b>7. SHORT TERM BORROWINGS</b>	
<b>Secured</b>	
From Bank - Working Capital Loans	14,430,684
<b>Unsecured</b>	
From an Associates	49,000,000
	<u>63,430,684</u>
<b>8. OTHER CURRENT LIABILITIES</b>	
Current maturities of long-term debt	6,167,469
Interest accrued but not due on borrowings	5,249
Unpaid dividends	2,902,463
Statutory Dues	13,642,844
Employee Benefit Expenses	21,341,957
Other Expenses payables	85,167,422
	<u>129,227,404</u>
<b>9. SHORT TERM PROVISIONS</b>	
Provision for Leave encashment	2,090,517
Provision for Gratuity	550,417
Proposed Dividend	4,923,000
Provision for Corporate Dividend Tax	1,002,225
	<u>8,566,159</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

### 10. FIXED ASSETS

(Amt. in Rs.)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block
	Balance as at 1 April 2015	Additions	Adjustments / Deductions \$	Balance as at 31st March 2016	Balance as at 1 April 2015	Depreciation charge for the year	Adjustments / Deductions \$	Balance as at 31st March 2016	Balance as at 31st March 2016
<b>(a) Tangible Assets</b>									
Land									
-Freehold	33,408,238	-	-	33,408,238	-	-	-	-	33,408,238
-Leasehold-long term ^	443,153	-	-	443,153	286,754	1,620	-	288,374	154,779
Buildings @	996,603,789	39,538,828	-	1,036,142,617	106,788,250	17,667,156	-	124,455,406	911,687,211
Plant & Equipment's	543,175,414	69,060,152	18,356,256	593,879,309	331,011,595	36,279,427	17,541,370	349,749,652	244,129,657
Furniture and Fixtures	67,244,671	3,820,271	-	71,064,942	17,414,712	6,239,734	-	23,654,446	47,410,496
Motor Vehicles #	42,408,466	4,230,118	3,386,527	43,252,057	15,185,669	5,347,458	2,168,075	18,365,052	24,887,005
Of ce equipment	22,106,159	1,806,820	526,908	23,386,071	12,652,608	3,689,695	500,994	15,841,308	7,544,763
<b>Total (a)</b>	1,705,389,890	118,456,188	22,269,691	1,801,576,388	483,339,588	69,225,089	20,210,439	532,354,238	1,269,222,149
<b>(b) Intangible Assets</b>									
Computer software	3,698,574	-	-	3,698,574	2,983,153	179,121	-	3,162,274	536,300
Technical Know-How	5,304,212	-	-	5,304,212	5,272,133	32,079	-	5,304,212	-
<b>Total (b)</b>	9,002,786	-	-	9,002,786	8,255,286	211,200	-	8,466,486	536,300
<b>Total (a) + (b)</b>	1,714,392,676	118,456,188	22,269,691	1,810,579,174	491,594,874	69,436,289	20,210,439	540,820,723	1,269,758,449

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

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

\$ Deductions include Gross Block & Net Block of Rs. 18,356,256 & Rs. 17,541,370 , respectively being unserviceable assets discarded during the year.

# Motor Vehicles include Rs. 7,71,217 being assets acquired on hire purchase basis.

#### Particulars

**As at  
31<sup>st</sup> Mar. 2016  
Rs.**

### 11. NON CURRENT INVESTMENTS

Equity instruments	307,460,997
Preference Shares	395,000,000
Real State and Debt Funds	463,864,590
Government securities	433,703,228
Debentures and bonds	1,899,481,614
	3,499,510,429

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

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.
<b>12. LONG TERM LOANS AND ADVANCES</b>	
<b>Unsecured, considered good</b>	
Capital Advances	305,340,299
Electricity Deposits	1,946,808
Rent Deposits	736,180
Other Deposits	28,567,336
<b>Other loans and advances</b>	
Interest Free Loan to Employee Welfare Trust	113,000,000
Balances with Customs ,Excise, Sales Tax etc	1,375,376
Advance for Income Tax (Net)	4,185,226
	<u>455,151,225</u>
<b>13. CURRENT INVESTMENTS</b>	
Debentures and bonds	142,282,272
Mutual Funds	317,731,279
	<u>460,013,551</u>
<b>14. INVENTORIES</b>	
(As taken, valued and certified by the management)	
Raw Materials and components	40,503,145
Goods-in transit (Raw Materials)	317,581
Work-in-progress	14,853,110
Finished goods	8,265,525
Stores and spares	5,518,078
	<u>69,457,439</u>
<b>15. TRADE RECEIVABLES</b>	
<b>Unsecured, considered good</b>	
Outstanding over six months from the due date	351,016
Others	269,680,895
	<u>270,031,911</u>
<b>16. CASH AND CASH EQUIVALENTS</b>	
<b>Balances with Banks</b>	
In Current Accounts	28,959,388
Cheques in hand	250,667
Cash in hand	269,257
	<u>29,479,312</u>
<b>Others</b>	
In Dividend Accounts	2,902,463
In Margin money (in fixed deposits with bank)	3,020,300
	<u>35,402,075</u>
<b>17. SHORT-TERM LOANS AND ADVANCES</b>	
<b>Unsecured, considered good</b>	
Inter Corporate Deposits	120,000,000
Loans and Advances to Employees	896,829
Balances with Central Excise and Service Tax	5,978,056
Prepaid Expenses	3,612,505
Tax Deducted at Source	7,562
	<u>130,494,952</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.
<b>18. OTHER CURRENT ASSETS</b>	
Interest accrued on Investments	69,740,539
Interest accrued on Inter Corporate / Other Deposits	2,445,875
Receivable on sale of current investments	52,197,457
Other Receivables	4,707,488
	129,091,359
<b>Particulars</b>	<b>Year Ended 31<sup>st</sup> Mar. 2016 Rs.</b>
<b>19. SALE OF COMPOSITE MATERIALS</b>	
Manufactured	1,351,435,061
Less: Excise duty	153,802,044
	1,197,633,017
<b>20. INCOME FROM INVESTMENT INCOME</b>	
<b>Income from Long Term Investments</b>	
Dividend	55,111,900
Interest	278,453,270
Pro t/(Loss) on sale	269,043,846
<b>Income from Current Investments</b>	
Dividend	3,353,503
Interest	25,883,034
Pro t/(Loss) on sale	19,749,267
	651,594,820
<b>21. OTHER INCOME</b>	
Gain on Variation in Foreign Exchange Rates (Net)	3,158,978
Rent	1,769,847
Interest Income	85,745
Others	42,060
	5,056,630
<b>22. COST OF MATERIALS CONSUMED</b>	
Consumption of Raw Materials and Components	490,226,180
Stores and Spare parts consumed	18,828,046
	509,054,226
<b>23. DECREASE / (INCREASE) IN INVENTORIES</b>	
<b>Opening Stock :-</b>	
Work-in-progress	16,283,348
Finished goods	5,655,299
	21,938,647
<b>Closing Stock :-</b>	
Work-in-progress	15,321,882
Finished goods	7,796,753
	23,118,635
<b>Decrease / (Increase) in Inventories</b>	(1,179,988)
<b>24. EMPLOYEE BENEFITS EXPENSE</b>	
<b>Salaries and incentives</b>	205,196,639
Contributions to: -	
Provident fund	10,306,836
Superannuation scheme	528,000
Gratuity fund	6,693,994
Staff welfare expenses	7,872,886
	230,598,355

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	Year Ended 31 <sup>st</sup> Mar. 2016 Rs.
<b>25. <u>FINANCE COST</u></b>	
Interest expense	7,723,247
Other borrowing costs	988,696
	<b>8,711,943</b>
<b>26. <u>OTHER EXPENSES</u></b>	
Packing materials consumed	22,494,416
Power and Fuel	81,064,353
Rent (Includes arrears of Rs. 24,015,510)	28,312,060
Rates and taxes	2,897,863
Insurance (including transit insurance)	2,952,413
Freight and Forwarding	41,174,025
Repairs & Maintenance:	
Plant & Equipments	13,114,729
Buildings	7,383,015
Job charges	66,043,987
Increase / (Decrease) in Excise Duty on Closing Stock	156,111
Travelling & Conveyance	53,746,126
Postage, Printing, Stationery & Telephones	8,471,369
Rebates, Discounts & Sales Promotion Expenses	101,681,109
Loss on sale/discarding of Fixed Assets (net)	1,453,638
Provision for Diminution in value of Long Term Investments (net)	19,999,280
Investment / Capital advance written off (Net of provision Rs. 17,269,919)	30,000,000
Investment Advisory Related Expenses	14,478,813
Legal & Professional Expenses	25,546,346
Liquidated damages for disputed matters	17,554,680
Contribution towards Corporate Social Responsibility (CSR)	5,000,000
Contribution to Charitable Trusts	44,317,100
Miscellaneous Expenses	14,754,763
	<b>602,596,196</b>

27. The consolidated Financial Statements present the consolidated Accounts of Hindusthan Composites Limited with its Joint Venture namely Compo Advics (India) Private Limited (date of incorporation 22 Sept. 2013) having 49% share of interest.

28. a) 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 28(b)).

b) Contingent Liabilities not provided for in respect of :

-Disputed Sales Tax matters Rs. 1,110,626 (net of provisions of Rs.6,45,000).

-Disputed Income Tax matters Rs. 9,836,909.

-Disputed labour matter related to ex-workmen - amount unascertainable.

-Disputed Claims Rs. Nil (net of provisions of Rs.19,473,286).

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 29) Commitments:

a) Estimated amount of contracts remaining to be executed and not provided for (net of advance, unsecured considered good), on capital account are Rs.296,711,766 (net of advance of Rs. 305,340,299).

b) In respect of long term investment made with private equity fund, the Company is further committed to invest Rs. 304,388,000.

30) (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.

### 31) Earnings Per Share:

Particulars	Year ended 31 <sup>st</sup> Mar. 2016 Rs.
Net Profit as per Profit & Loss Account	370570976
Weighted average number of equity shares out standing	4923000
Basic and Diluted EPS	75.27

32) Non current and current investments are only in respect of parent company. The disclosure in respect of which has been made vide Note No. 36 & 37 in the Standalone Financial Statements.

	Year ended 31 <sup>st</sup> Mar. 16 Rs.	
<b>33) Cost of Materials Consumed:</b>		
(a) Raw Materials	<b>Rs.</b>	<b>%</b>
Imported - Fibers & Metals	102,313,312	20.87
Imported - Chemicals & Minerals	1,287,822	0.26
Total	103,601,135	21.13
Indigenous Material - Fibers, Resins & Metals	146,821,795	29.95
Indigenous Material - Chemicals & Minerals	176,492,566	36.00
Indigenous Material - Components & Others	63,310,683	12.91
	490,226,180	100.00
(b) Spare parts and Components	<b>Rs.</b>	<b>%</b>
Imported Material	Nil	Nil
Indigenous Material	18,828,046	100.00
	18,828,046	100.00

### 34. Share in Joint Venture:

The group has the following investment, in a jointly controlled entity.

Name	Country of incorporation	Percentage of ownership interest as at 31 <sup>st</sup> Mar. 2016
Compo Advics (India) Private Limited	India	49%

The Group's share of each of the assets, liabilities, income, expenses, etc (after elimination of the effect of transactions between the Group and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are :

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.
<b>(a) Assets</b>	
Fixed Assets (including capital work-in-progress)	68,290,137
Long-term loans and advances	1,891,429
Inventories	2,547,645
Trade receivables	3,960,626
Cash and Cash Equivalents	40,359
Short-term loans and advances	1,406,639
Other current assets	138,143
<b>(b) Liabilities</b>	
Short-term Borrowing	52,575,145
Trade Payable	8,302,429
Other Current Liabilities	1,794,018
Short-term Provisions	101,081
<b>(c) Income</b>	
	16,963,526
<b>(d) Expenses</b>	
	34,588,456
<b>(e) Contingent Liabilities</b>	
	Nil
<b>(f)</b> In view of the accumulated losses, the management, as a matter of prudence, has not recognized net deferred tax assets in respect of unabsorbed/ carried forwarded balances.	

35. Additional information to the parent company and Joint Venture.

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss	
	As % of Consolidated net assets	Net Assets	As % of Consolidated profit / (loss)	Profit / (Loss)
Hindustan Composites Limited	100.61	5,877,179,104	<b>105.53</b>	391,060,183
Compo Advics (India) Pvt. Ltd.	(0.61)	(35,594,603)	<b>(5.53)</b>	(20,489,207)
<b>Total</b>	<b>100.00</b>	<b>5,841,584,501</b>	<b>100.00</b>	<b>370,570,976</b>

36. Retirement Benefit

**A) Defined Benefit Plans**

The following table sets out the funded status of the gratuity plan and unfunded status of Leave Encashment and the amount recognized in the Company's financial statements as at 31<sup>st</sup> March 2016

**a) Gratuity Fund**

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.
<b>i) Components of Employer Expense</b>	
Current Service Cost	2,554,091
Interest Cost	2,214,990
Expected Return on Plan Assets	(2,360,257)
Actuarial (Gain)/Loss	3,722,259
Total expense/(gain) recognised in the Profit & Loss Account	6,131,083
<b>ii) Net Asset/(Liability) recognised in Balance Sheet</b>	
Present Value of Obligation	31,401,619
Present Value of Obligation - for unfunded	1,977,846
Fair Value of Plan Assets	32,300,995

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.
(Asset)/Liability recognised in the Balance Sheet*	(899,376)
Liability recognised in the Balance Sheet - for unfunded	1,977,846
<b>iii) Change in Defined Benefit Obligation (DBO) during the year ended on 31<sup>st</sup> March, 2016</b>	
Present Value of Obligation , beginning of the year	27,826,507
Current Service Cost	3,505,591
Interest Cost	2,214,990
Actuarial (Gain)/Loss	3,722,259
Benefits Paid	(3,889,882)
Present Value of Obligation, end of the year	33,379,465
<b>iv) Changes in the Fair Value of Plan Assets (Managed by LIC)</b>	
Present Value of Plan Assets, beginning of the year	26,212,668
Expected Return on Plan Assets	2,360,257
Actual Company Contribution	7,617,952
Benefits Paid	(3,889,882)
Fair Value of Plan Assets , end of the year	32,300,995
<b>v) Actuarial Assumptions</b>	
Discount Rate (per annum)	7.96%
Expected Rate on Return on Assets	9.00%
Salary Escalation Rate	6.00%

The estimates of future salary increases considered takes into account the inflation, seniority, promotions and other relevant factors.

\* The excess of assets over liabilities has not been recognised in the statement of profit and loss.

**b) Leave Entitlement Amount recognised in the Balance Sheet and movements in net liability.**

<b>Expenses recognized in the Statement of Profit and Loss:</b>	
Opening balance of Leave Entitlement	5,638,308
Present value of Leave Entitlement (as per actuary valuation) as at the year end (c)	8,181,566
<b>Leave Entitlement (charged/(income)) recognized in the statement of Profit and Loss for the year</b>	<b>2,543,258</b>

**B) Define contribution plan**

The Company has recognised the following amount in Statement of Profit and Loss which are included under contribution to provident and other fund:

<b>a) Provident Fund</b>	
Employers contribution to Provident Fund	4,401,246
Employers contribution to Pension Scheme	4,946,794
<b>b) Employee State Insurance Corporation (ESIC)</b>	
Employee contribution to ESIC	83,173

**37. Segment Reporting:**

**Segment Revenue**

Composite Products	1,207,123,927
Investment	651,594,820
	<u>1,858,718,747</u>

**Segment Results**

Profit/(Loss) before Interest, Tax and Exceptional Items from each segment	
Composite Products	66,694,515
Investment	472,317,839
	<u>539,012,354</u>

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.
Unallocated Expenses	90,798,685
Interest Expenses	8,711,943
Tax Expenses	73,987,380
Other Income	(5,056,630)
<b>Pro t after taxation</b>	<b>370,570,976</b>
<b>Segment Assets</b>	
Composite Products	866,693,820
Investment	5,141,288,134
Unallocated Assets	362,026,342
	<b>6,370,008,296</b>
<b>Segment Liabilities</b>	
Composite Products	58,418,748
Unallocated Liabilities	99,426,428
	<b>157,845,176</b>
<b>Other Information:</b>	
Capital Expenditure	118,456,188
Depreciation & Amortisation	69,436,289

**38. Related Party Disclosure are given below:**

(i) Group Companies/Enterprises where KMP's / Relative of KMP's have significant influence with whom transactions have been entered during the year in the ordinary course of the business:

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.  
Advics North India Private Limited  
Advics Company Ltd  
Silver Trading & Services Ltd.  
Rasoi Express Pvt. Ltd.  
Manoj Mody Foundation  
Mody Welfare Trust

(ii) Key Management Personnel (KMP):

Mr. Raghu Mody, Executive Chairman  
Mr. Varunn Mody, Executive Director - Treasury & Strategy  
Mr. P. K. Choudhary, Managing Director  
Mr. Amit Goenka, V.P. Finance & Company Secretary  
Mr. Sunil Jindal, Chief Financial Officer

(iii) Relatives of Key Managerial Personnel :

Mrs. Shashi Mody (Mother of Mr. Varunn Mody, Executive Director)

Particulars

As at  
31<sup>st</sup> Mar. 2016  
Rs.

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

**Loan Taken (ICD)**

J L Morison (India) Limited 10,780,000

**Rent Paid**

J L Morison (India) Limited 1,320,000

Pallawi Resources Limited \* 410,166

Mr. Varunn Mody 1,320,000

\* Including Service Tax

**Engineering and Marketing services**

Advics North India Private Limited 4,679,523

Advics Company Ltd 620,011

**Contribution to Charitable Trusts**

Manoj Mody Foundation 10,000,000

Mody Welfare Trust 5,000,000

**Interest expenses**

J L Morison (India) Limited 6,113,438

**Others**

Rasoi Express Pvt. Ltd. (Purchase of Air Ticket) 10,406,230

**Dividend Received**

J L Morison (India) Limited 272,800

Rasoi Limited 331,318

**Dividend Given**

Rasoi Limited 2,050,574

J L Morison (India) Limited 369,234

Others 446,008

**Salary and Allowances**

Mr. Raghu Mody 10,028,796

Mr. Varunn Mody 16,746,800

Mr. P.K. Choudhary 6,165,353

Mr. Amit Goenka 2,184,000

Mr. Sunil Jindal 1,431,000

Mrs. Shashi Mody 1,145,175

**Commission to Directors**

Mr. Raghu Mody 3,500,000

Mr. Varunn Mody 2,500,000

Particulars	As at 31 <sup>st</sup> Mar. 2016 Rs.
<b>(B) Closing Balances:</b>	
<b>Receivable:</b>	
Mr. Varunn Mody	660,000
<b>Payable:</b>	
Rasoi Express Pvt. Ltd.	735,017
Advics North India Private Limited	4,268,614
J L Morison (India) Limited	49,000,000
Advics Company Ltd	510,284
<b>Investment in</b>	
J L Morison (India) Limited	51,549,275
Rasoi Limited	85,640,456

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.

39. The Company, based on a legal opinion, believed that since company does not have any subsidiary company, it was not required to present Consolidated Financial Statements of Compo Advics (India) Pvt. Ltd., a joint venture company, for the financial year ended 31st March 2016. However, the Institute of Chartered Accountants of India (ICAI) vide FAQs published on 24th June 2016 clarified that a company, which does not have subsidiary but has associate or joint venture, is required to prepare Consolidated Financial Statements as required under the provisions of Section 129(3) of the Companies Act, 2013 for the financial year ended 31st March 2016. Accordingly, the Company has prepared the Consolidated Financial Statements consolidating financial statements of Compo Advics (India) Pvt. Ltd., a joint venture company, with its financial statements.
40. This being the first year where consolidated financial statements are presented in terms of section 129(3) of the Companies Act, 2013 applicable from 1st April, 2015. Hence, comparative figures of previous year are not presented.

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

**Raghu Mody**  
Chairman

**P.K. Choudhary**  
Managing Director

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

**Sunil Jindal**  
Chief Financial Officer

Place : Mumbai  
Date : 22<sup>nd</sup> July 2016

## 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 Joint Ventures

Sr. No.	Name of Joint Ventures	Compo Advics (India) Private Limited
1	Latest audited Balance Sheet Date	31/03/2016
2	Shares of Associate/Joint Ventures held by the company on the year end	
	i) No. of shares held as on 31/03/2016	4,900,000
	ii) Amount of Investment in Joint Venture	49,000,000
	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 joint venture is not consolidated	N.A.
5	Net Worth attributable to Shareholding as per latest audited Balance Sheet	17,185,558
6	Profit / Loss for the year	
	i) Considered in Consolidation	(20,489,207)
	ii) Not Considered in Consolidation (Unaudited)	Nil

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

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

**Sunil Jindal**  
Chief Financial Officer

Place : Mumbai  
Date : 22<sup>nd</sup> July 2016



**Hindustan Composites Limited**

CIN: L29120MH1964PLC012955

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

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

**52<sup>nd</sup> Annual General Meeting – 8<sup>th</sup> September, 2016**

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

3. 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 52<sup>nd</sup> Annual General Meeting of the Company to be held on 8<sup>th</sup> day of September, 2016 at 11.30 a.m. at Hall of Harmony, 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 Shares	
		For	Against
	<b>Ordinary Business:</b>		
1	Ordinary Resolutions for adoption of : a) The Standalone Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2016 together with the reports of the Directors' and Auditors' thereon; and b) The Consolidated Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2016 together with the report of Auditors' thereon.		
2	Ordinary Resolution for declaration of Dividend on Equity Shares for the financial year ended 31 <sup>st</sup> March, 2016.		
3	Ordinary Resolution for appointment of a director in place of Mrs. Sakshi Mody, who retires by rotation and being eligible, offers herself 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 re-appointment of Mr. Varunn Mody as the Executive Director – Treasury and Strategy of the Company for a period from 17 <sup>th</sup> January, 2016 to 31 <sup>st</sup> March, 2016.		
6	Ordinary Resolution for revision in remuneration payable to Mr. P. K. Choudhary, Managing Director, w.e.f. 1 <sup>st</sup> April, 2016 for the remaining period of his tenure.		
7	Ordinary Resolution for re-appointment of Mr. P. K. Choudhary as the Managing Director of the Company, for a period of 3 (Three) years w.e.f. 1 <sup>st</sup> July, 2016 to 30 <sup>th</sup> June, 2019.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

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

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

Af x Revenue Stamp of Re.1
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**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**

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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, Website: www.hindcompo.com

**ATTENDANCE SLIP**

**52<sup>nd</sup> ANNUAL GENERAL MEETING ON 8<sup>TH</sup> SEPTEMBER, 2016**

*(To be completed and presented at the Entrance of the Meeting Hall)*

<b>Registered Folio/ DP ID &amp; Client ID</b>	
<b>Name and address of the shareholder(s)</b>	
<b>Joint Holder 1 Joint Holder 2</b>	
<b>No. of Share(s)</b>	

I/we hereby record my/our presence at the 52<sup>nd</sup> ANNUAL GENERAL MEETING of the Company, to be held on Thursday, 8<sup>th</sup> September, 2016 at 11.30 a.m. at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

\_\_\_\_\_  
**Member's Folio/DP ID/Client ID No.**

\_\_\_\_\_  
**Member's/Proxy's name**  
(in Block Letters)

\_\_\_\_\_  
**Member's/Proxy's Signature**

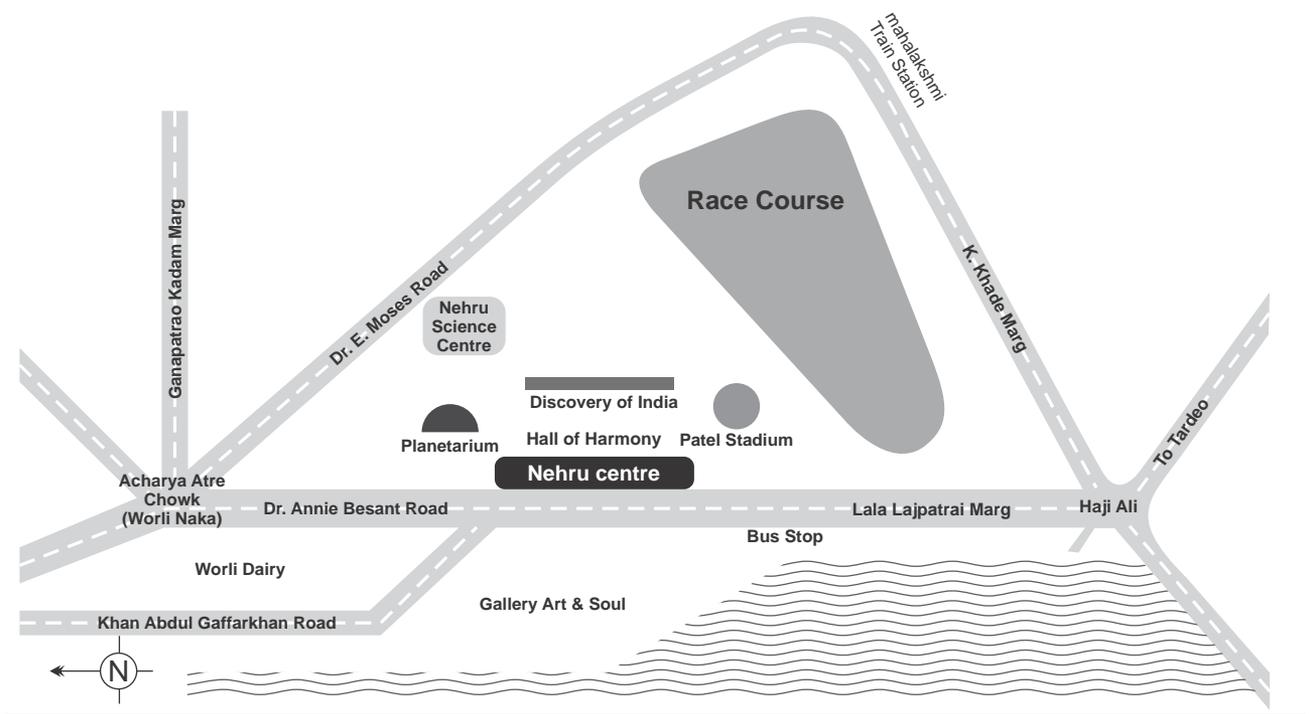
**Note:**

- Please fill in the Folio/DP ID-Client ID No., name and sign the Attendance Slip and hand it over at the Attendance Verification Counter at the **ENTRANCE OF THE MEETING HALL.**

**ELECTRONIC VOTING PARTICULARS**

Electronic Voting Event Number (EVEN)	User ID	Password
Note: Please read the instructions for e-voting given along with Annual Report. The remote e-voting period starts from Monday, 5 <sup>th</sup> September, 2016 (9:00 am) and ends on Wednesday, 7 <sup>th</sup> September, 2016 (5:00 pm). The voting module shall be disabled by NSDL for voting thereafter.		

Note: PLEASE BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.



Hall of Harmony, 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 – 400013.  
 Tel.: 022 6688 0100, Fax: 022 6688 0105, E-mail: hcl@hindcompo.com, Website: www.hindcompo.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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### Hindustan Composites Limited

CIN: L29120MH1964PLC012955

Peninsula Business Park, "A" Tower, 8<sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.  
Tel.: 022 6688 0100, Fax: 022 6688 0105, E-mail: hcl@hindcompo.com, Website: www.hindcompo.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.in

For **SHARES HELD IN THE PHYSICAL MODE** please complete the form and mail to

For **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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New Asbestosfree  
CV Lining Facility  
at Paithan Plant



New Technology  
Centre at Paithan  
Plant



If undelivered, please return to:



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