



Annual Report 2013-14



Construction in progress of Disc Brake facility of our New J/V Company “Compo Advics (India) Private Limited” at Bhalgaon, Aurangabad.



BOARD OF DIRECTORS

Raghu Mody	Executive Chairman
P. K. Choudhary	Managing Director
Varunn Mody	Executive Director– Treasury & Business Development

K. M. Robinson	Independent Director
A. B. Vaidya	Independent Director
Lt. Gen. (Retd.) K. S. Brar	Independent Director
Brijmohan Rai Bahl	Independent Director

Amit Goenka	VP - Finance & Company Secretary
Sunil Jindal	Chief Financial Officer

AUDITORS

LODHA & CO.

SOLICITORS

KHAITAN & CO.

BANKERS

Bank of Baroda
ICICI Bank

REGISTERED OFFICE

Peninsula Business Park, 'A' Tower,
8th Floor, Senapati Bapat Marg,
Lower Parel, Mumbai 400013
Phone : (022) 6688 0100
Fax : (022) 6688 0105
Email : investor@hindcompo.com

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai – 400 078
Phone : (022) 2596 3838
Fax : (022) 2594 6969
Email : rnt.helpdesk@linkintime.co.in

WORKS

Paithan : D-2/1, MIDC Industrial area,
Paithan, Dist. Aurangabad - 431 107
Bhandara : C-10/1, Bhandara Industrial Area,
Gadegaon, Dist. Bhandara - 441 904

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Hindustan Composites Limited

CIN: L29120MH1964PLC012955

Peninsula Business Park, "A" Tower, 8th 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

NOTICE

Notice is hereby given that the Fiftieth Annual General Meeting of the Company will be held on Monday, 1st September, 2014 at 4.00 p.m. at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on equity shares for the financial year ended on 31st March, 2014.
3. To appoint a Director in place of Mr. Varunn Mody, Executive Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Lodha & Company, Chartered Accountants, Mumbai (having FRN: 301051E), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. K. M. Robinson (DIN: 02353919), Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. K. M. Robinson as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31st March, 2019, who shall not be liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Brijmohan Rai Bahl (DIN: 00222406), Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Brijmohan Rai Bahl as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31st March, 2019, who shall not be liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Lt. Gen. (Retd.) K. S. Brar (DIN: 01146720), Director of the Company, whose office is liable to determination to retire by rotation and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Lt. Gen. (Retd.) K. S. Brar as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31st March, 2019, who shall not be liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. A. B. Vaidya (DIN: 00246208), Director of the Company, whose

office is liable to determination to retire by rotation and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. A. B. Vaidya as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31st March, 2019, who shall not be liable to retire by rotation.”

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force), M/s. M. R. Pandit & Co., Cost Accountants, Aurangabad, the Cost Auditors appointed by the Board of Directors of the Company to conduct audit of the cost records of the Company for the financial year ending 31st March, 2015 be paid a remuneration of ₹ 65,000/- (Rupees Sixty Five Thousand only) *plus* service tax and out-of-pocket expenses.

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 required to carry on the purpose of the aforesaid resolution.”

By order of the Board of Directors

Place: Mumbai

Amit Goenka

Date: 29th May, 2014

VP - Finance & Company Secretary

Regd. Office:

Peninsula Business Park, 'A' Tower,
8th Floor, Senapati Bapat Marg,
Lower Parel, Mumbai 400 013

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.** 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 person or 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 the Notice.
3. 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).
4. Brief resume of Directors proposed to be appointed/re-appointed at the ensuing Annual General Meeting in terms of Clause 49 of the Listing Agreement is annexed to the Notice.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 28th August 2014 to Monday, 1st September 2014 (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.
6. The shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. Listing fees for the financial year 2014-15 has been paid to both the stock exchanges.
7. Members are requested to bring their Attendance slip along with their copy of Annual Report to the Meeting.
8. Members who hold shares in dematerialized form are requested to bring their client ID and DPID for easier identification of attendance at the meeting.
9. 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.
10. 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.
11. As required under Section 205A and 205C of the Companies Act 1956, unclaimed dividend for the financial years ended upto 31st March, 2006 has been transferred to the Investor Education and Protection Fund (IEPF). The shareholders whose dividend remained unclaimed for the subsequent financial years are requested to claim it immediately from the Company.

12. 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.
13. 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.
14. Dividend on Equity shares as recommended by the Board of Directors for the year ended 31st March, 2014, 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 1st September, 2014.
15. 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 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.

16. The Register of Directors' Shareholdings maintained under Section 170 and Register of Contract 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.
17. The Notice of the 50th Annual General Meeting and instructions for e-voting alongwith Assent-Dissent Form, 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.

The Information of Directors being proposed for appointment/re-appointment

[As required under Clause 49(IV) (G) of the Listing Agreement]

1. **Mr. Varunn Mody**, aged 29 years, 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.

He is also Director in Rasoi Express Private Limited, J. L. Morison (India) Limited, Compo Advics (India) Private Limited and Designated Partner in Daisy Day Businesses LLP.

He does not hold any position as Member/Chairman in any Committee in the companies, where he is a Director.

As on 31st March, 2014, he does not hold any share in the Company.

2. **Mr. K. M. Robinson**, aged 65 years, is a leading lawyer based in the United Kingdom. He is associated with the Company since 19 years as an Independent Director and possesses rich experience in Mergers & Acquisitions, International Taxation and Trade Laws.

He is not director in any other company. He is member of Stakeholders' Relationship Committee of the Company.

As on 31st March, 2014, he does not hold any share in the Company.

3. **Mr. A. B. Vaidya**, aged 73 years, possesses 51 years of rich experience in Banking, Insurance & Realty Sector.

He is not director in any other company. He is a member of Audit Committee and Nomination and Remuneration Committee and Chairman of Stakeholders' Relationship Committee of the Company.

As on 31st March, 2014, he does not hold any share in the Company.

4. **Lt. Gen. (Retd.) K. S. Brar**, aged 79 years, has a rich and varied management experience.

He is also a Director of Al Kabeer Exports Private Limited. He is Member of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee of the Company.

As on 31st March, 2014, he does not hold any share in the Company.

5. **Mr. Brijmohan Rai Bahl**, aged 77 years, is a Senior Chartered Accountant, Company Secretary and Lawyer by profession. He is a Senior Partner of B. R. Bahl & Associates, Company Secretaries and Management Consultant. He had been associated with TATA Group for 25 years.

He is also Director in Blitz Multimedia Private Limited, Bhakti Capital Advisors Private Limited and Khandwala Securities Limited. He is Chairman of Audit Committee and member of Nomination and Remuneration Committee of the Company.

As on 31st March, 2014, he does not hold any share in the Company.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**Item Nos. 5, 6, 7 and 8:**

Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Lt. Gen (Retd.) K. S. Brar and Mr. A. B. Vaidya were appointed as Independent Directors of the Company on 27th January, 1994, 16th May, 2012, 30th September, 2008 and 4th September, 2006 respectively. Their office is liable to retire by rotation at Annual General Meetings of the Company as per their terms of appointment.

In terms of provisions of Section 149 and 152 of the Companies Act, 2013 which became effective from 1st April, 2014, an Independent Director of a Company can be appointed for a term of 5 consecutive years and he shall not be liable to retire by rotation.

To comply with the above provisions, it is proposed to appoint Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Lt. Gen (Retd.) K. S. Brar and Mr. A. B. Vaidya as Independent Directors of the Company to hold office as such for a period upto 31st March, 2019, who shall not be liable to retire by rotation.

Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Mr. A. B. Vaidya and Lt. Gen (Retd.) K. S. Brar have given the requisite declarations pursuant to Section 149(7) of the Companies Act, 2013 to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. The Company has also received notices along with requisite deposit under Section 160 of the Companies Act, 2013 proposing their candidature for the office of Independent Director.

In the opinion of the Board, Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Lt. Gen (Retd.) K. S. Brar and Mr. A. B. Vaidya proposed to be appointed as Independent Directors fulfill the conditions specified in the Act and the rules made thereunder and are independent of the management.

Brief resume of the Independent Directors proposed to be appointed as stipulated under the Clause 49 of the Listing Agreement with BSE Limited and National Stock Exchange of India Limited are given in the Notice.

The Board recommends the resolutions as set out at item nos. 5, 6, 7 and 8 of the Notice for your approval.

Except Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Lt. Gen. (Retd.) K. S. Brar and Mr. A. B. Vaidya, none of the Directors, Key Managerial Personnel of your Company or relatives of Directors/Key Managerial Personnel are concerned or interested in the said resolutions.

Item No. 9:

The Board, on the recommendation of the Audit Committee, appointed M/s. M. R. Pandit & Co., Cost Accountants, Aurangabad, as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015 at the remuneration of ₹ 65,000/- (Rupees Sixty Five Thousand only) *plus* service tax and out of pocket expenses, subject to approval of the Shareholder of the Company.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rule, 2014, the remuneration payable to the Cost Auditor shall be ratified by the Members of the Company.

Accordingly, consent of the members is sought by passing an Ordinary Resolution as set out at item no.9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

The Board recommends the resolution as set out in item no.9 of the Notice for your approval.

None of the Directors, Key Managerial Personnel of your Company or relatives of Directors/Key Managerial Personnel are concerned or interested in the said resolution.

By order of the Board of Directors

Place: Mumbai

Date: 29th May, 2014

Amit Goenka

VP - Finance & Company Secretary

Regd. Office:

Peninsula Business Park, 'A' Tower,
8th Floor, Senapati Bapat Marg,
Lower Parel, Mumbai 400 013

DIRECTORS' REPORT

To
The Members,
Hindustan Composites Limited

Your Directors have pleasure in presenting the Fiftieth Annual Report together with Financial Statements of the Company for the financial year ended 31st March 2014.

1. FINANCIAL RESULTS

Particulars	(₹ in Lacs)	
	Year ended 31 st March 2014	Year ended 31 st March 2013
Net Sales and Income from Investments	13,774.02	11,699.41
Other Operating Income	68.78	19.65
Profit before Interest, Depreciation, exceptional item and other income	2,825.31	1,835.73
Interest	(74.15)	(28.53)
Depreciation (Net)	(703.29)	(615.23)
Profit before Other Income and Tax	2,047.87	1,191.97
Other Income	113.95	24.48
Profit Before Tax	2,161.82	1,216.45
Provision for Tax	441.93	196.42
Profit After Tax	1,719.89	1,020.03

2. DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 2/- per share, being 20% of the paid-up equity capital of the company for the year ended 31st March, 2014. It includes a special Golden Jubilee Dividend of 10%. The Corporate Dividend Tax of ₹ 16.73 Lacs will be payable on the total dividend amount of ₹ 98.46 Lacs.

3. PERFORMANCE

During the year 2013-2014, the Company posted improved results with higher sales and increased investment income. The turnover of the company increased by 14% to ₹ 106.25 Crores from ₹ 93.01 Crores in the previous year. This growth was achieved despite significant slow-down in the Automotive Sector and was possible with a focused approach on its Export and domestic Aftermarket business. Investment income during the year was much higher at ₹ 31.49 Crores, as against ₹ 23.98 Crores. This was achieved with judicious deployment of funds in high yielding assets.

The gross profit of the Company was increased by 54% from ₹ 18.35 Crores to ₹ 28.25 Crores. After considering interest of ₹ 0.74 Crores, depreciation of ₹ 7.03 Crores and Other Income of ₹ 1.14 Crores, the Profit before Tax was ₹ 21.62 Crores and net Profit after providing Tax of ₹ 4.42 Crores was ₹ 17.20 Crores. The profitability of manufacturing

segment was improved mainly due to various cost control measures taken at both the Plants.

During the year under review, overall economy remained subdued and there was sharp reduction in demand from Automotive Sector. This has resulted into low order-book from OEM customers, particularly Commercial Vehicle segment. However, this was compensated by higher sale in domestic Aftermarket & Export business. With the recent Political stability at the Centre, we foresee better future for Indian economy, which in turn will boost the demand in both Automobile and Auto Component sector. We also foresee stability in the financial market, which should improve the yield on our Investment.

The Company participated at the Auto Expo 2014 at Pragati Maidan, New Delhi in February, 2014. This is the largest Exhibition for Automobile Show in Asia. The response from Domestic as well as International customers was encouraging.

The Company has entered into a Joint Venture Agreement with ADVICS North India Private Limited, an Affiliate of ADVICS Company Limited, Japan and formed a new Company namely Compo ADVICS (India) Private Limited, which was incorporated on 28th November, 2013. This new Joint Venture Company will manufacture Disc Brake Pads for Passenger Vehicle at a green field site at Bhilgaon, Aurangabad. Our Company holds 49% Shares, its associate holds 2% Shares and ADVICS North India Private Limited holds 49% Shares.

4. PUBLIC DEPOSITS

There were no deposits at the beginning of the year and the Company did not accept any deposits from the public during the year within the meaning of Section 58A and 58AA of the Companies Act, 1956.

5. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption are given in an Annexure I to this Report.

6. INFORMATION UNDER THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has constituted an Internal Complaint Committee under Section 4 of the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no complaint was made before the Committee.

7. PARTICULARS OF EMPLOYEES

The particulars required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given in Annexure II to this report.

However, in terms of the provisions of Section 219(1)(b) (iv) of the Companies Act, 1956, the Directors' Report (excluding Annexure II) is being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

8. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings from exports amounted to ₹ 859 Lacs (previous year ₹ 731 Lacs) of FOB value whilst the outgo for Raw Materials and Capital Goods amounted to ₹ 734 Lacs (previous year ₹ 743 Lacs).

9. DIRECTORS

The Board of Directors of the Company re-appointed Mr. Raghu Mody, as Executive Chairman of the Company for a further period of 3 years, effective from 1st October, 2014 to 30th September, 2017.

The Board of Directors at its meeting held on 29th May, 2014 re-designated Mr. Varunn Mody from "Executive Director – Treasury" to "Executive Director-Treasury and Business Development". In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 and Articles of Association of the Company, Mr. Varunn Mody, Executive Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

In terms of the provisions of Section 149 and 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 which became effective from 1st April, 2014, an Independent Director of a Company can be appointed for a term of 5 consecutive years and shall not be liable to retire by rotation.

To comply with above provisions, it is proposed to appoint Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Lt. Gen. (Retd.) K.S. Brar and Mr. A. B. Vaidya as Independent Directors of the Company to hold office as such upto 31st March, 2019, who shall not be liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered with the Stock Exchanges. Your Board recommends for their appointment as Independent Directors of the Company in terms of the provisions of the Companies Act, 2013.

Brief resume of the Directors proposed to be appointed/ re-appointed as stipulated under Clause 49 of the Listing Agreement entered with the BSE Limited and National Stock Exchange of India Limited are given in the Notice convening 50th Annual General Meeting.

10. AUDITORS

M/s Lodha & Company, Chartered Accountants, Mumbai, the Statutory Auditors of your Company hold office upto 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.

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 2014-2015.

11. COST AUDITORS

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and in terms of of Circular No. F. No. 52/26/CAB-2010 dated 30th June, 2011 and 52/26/CAB-2010 dated 24th January, 2012 issued by the Ministry of Corporate Affairs, Cost Audit Branch, the Company, with the prior approval of the Central Government has appointed M/s. M. R. Pandit & Co., Aurangabad as Cost Auditors of the Company for audit of the cost accounting records of the financial year 2013-2014.

As per the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 the Board of Directors of the Company has appointed M/s. M. R. Pandit & Co., Aurangabad as Cost Auditors of the Company to conduct the cost Audit for the financial year 2014-2015, on a remuneration of ₹ 65,000/- (Rupees Sixty Five Thousand only) plus service tax and out of pocket expenses. The approval of Shareholders is sought for payment of remuneration to said Cost Auditors.

12. CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement entered into with various Stock Exchanges, the Corporate Governance Report, including Management Discussion and Analysis Report alongwith the Certificate of Compliance from the Auditors, are attached and forms part of this Report.

13. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 the Board of Directors of the Company hereby confirms that –

- (i) The applicable Accounting Standards have been followed and proper explanations relating to material departures have been given wherever necessary;
- (ii) 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 ended 31st March, 2014 and of the profit of the Company for that period;
- (iii) The Directors had taken proper and sufficient care for the 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 fraud and other irregularities; and

- (iv) The Directors have prepared the Annual Accounts on a going concern basis.

14. LISTING OF SECURITIES

The Equity Shares of the Company are listed at BSE Limited and National Stock Exchange of India Limited. The Company has paid the Annual listing fees for the year 2014-2015 to the said Stock Exchanges and custodian fees to the National Securities Depository Limited and Central Depository Services (India) Limited.

The Equity Shares of the Company were also listed at The Calcutta Stock Exchange Association Limited, but in view of no active trading of shares and disproportionate to the listing fees payable by the Company to the said Stock Exchange, the Company decided to delist the same from the Calcutta Stock Exchange Association Limited. Upon making application for delisting of the equity shares, the

said Stock Exchange, vide its delisting approval letter CSE/LD/8173/2013 dated 23rd August, 2013, delisted the equity shares of the Company from the Stock Exchange w.e.f. 27th August, 2013.

15. ACKNOWLEDGEMENT

The Directors gratefully acknowledges the support and cooperation given by all its customers, suppliers, employees, shareholders and bankers and look forward to their continued support.

By order of the Board of Directors

Varunn Mody
Executive Director–
Treasury & Business
Development

P.K. Choudhary
Managing Director

Place: Mumbai
 Date: 29th May, 2014

ANNEXURE TO DIRECTORS' REPORT

CONSERVATION OF ENERGY

The Company appointed an agency for Energy Conservation Exercise. Under their guidance few measures, such as, replacement of conventional light fitting with new generation energy efficient fittings, use of Nansulate Epoxy Paint in Tooling has resulted into a saving of about 2%.

Research & Development [R & D]

(1) Specific areas where R & D being carried out by the Company

- Development of Roll formed Hammer Mill Brakes.

(2) Benefit Derived as a source of the above R & D

- New Business opportunity in the Industrial applications.

(3) Future Plan of Action

- Enhancement of applications of Sintered Products.

- Replacement of Clutch Facings made on high energy intensive Foriender Machine by cost effective DM Process.

(4) Expenditure on R & D

		Current Year	Previous Year
4.1	Capital	Nil	Nil
4.2	Recurring	₹ 80 Lacs	₹ 65 Lacs
4.3	Total	₹ 80 Lacs	₹ 65 Lacs
4.4	Total R & D Expenditure as a % of Total Turnover	0.75%	0.70%

(5) TECHNICAL ABSORPTION, ADAPTION & INNOVATION

- Technical absorption for Solvent-free Clutch Facings.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**OVERALL REVIEW**

Based on the latest estimates, the Indian economy grew by 4.7% in F.Y. 2013-2014. Despite a good monsoon, the manufacturing indices had declined. Commodity prices stayed at high levels and food inflation reached an all-time high, which resulted in a sustained CPI inflation of over 10% in the last financial year. The Rupee depreciated significantly before retracting in the latter half of the year. Consumer sentiments remained subdued for most part of the last financial year. The Automotive Sector was one of the worst hit, with a major impact on the commercial vehicle segment.

PRODUCTION RANGE

Our Company is engaged in the manufacture and marketing of fibre 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 and Mining equipment. Composition Brake Blocks for the Railways are also an important part of the Company's product portfolio.

OPPORTUNITIES, THREATS AND BUSINESS OUTLOOK

With a stable Government at the Centre, the Company foresees an improvement in demand from the Automotive Sector, including the Commercial Vehicle segment. This should improve the order-book from both the OEM's and the Aftermarket customers. The Company is gearing-up to meet this additional demand by upgrading its technology and improvement in manufacturing processes. The Company has also planned to install the necessary balancing equipment, in order to enhance its production capacity.

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

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.

RISKS AND CONCERNS

Asbestos based products are being replaced with Asbestos-Free products both internationally and by major customers in India. The Government is also putting in place stricter controls on the manufacture and usage of Asbestos based products. While the Company is systematically replacing Asbestos based production with Asbestos-free Production, a complete transition can only be in a phased manner.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company believes that Internal Control is a necessary component of governance. The Company has effective internal control systems under which Management Reports on key performance indicators and variance analysis are made. Regular Management Committee Meetings are held, where these reports and variance analysis are discussed and action plan initiated with proper follow-up. The Internal Audit function also reviews the execution of all operations to ensure that controls are adequate. Operational Reports are tabled at Board Meetings after being discussed in Audit Committee Meetings.

HRD / INDUSTRIAL RELATIONS

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

COMPANY'S FINANCIAL PERFORMANCE AND ANALYSIS

The Company's financial performance and analysis is already discussed in the Directors' Report which forms a part of the Annual Report.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

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

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

2. Corporate Ethics:

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

2.1 Code of Conduct of Board Members and Senior Management:

The Board of Directors of the Company adopted the Code of Conduct for its Members and Senior Management and it is reviewed periodically. 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.

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, staff and directors. The Code lays down guidelines and procedures to be followed and disclosures to be made by directors, top level executives and staff whilst dealing in shares. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

2.3 Whistle Blower Mechanism:

The Company has established a mechanism for employees who encourage all employees, officers and directors to report any suspected violations promptly and intend to investigate any good faith report of violations.

2.4 SHE (Safety, Health & Environment) System:

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

3. Secretary's Responsibility Statement:

The Company Secretary confirms that the Company has:

- Maintained all the Statutory Registers required to be maintained under the Companies Act, 1956 ("the Act") and the rules made thereunder.

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

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

4. Board of Directors:

- Composition:**

As on 31st March, 2014, the Board of Directors consisted of seven Directors. The composition of the Board, attendance of Directors 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 Meetings held	Attendance particulars		No. of Directorships in other Public Limited Companies ¹	Committee Positions (including Company) ²	
			Board Meeting	Last AGM		Memberships	Chairman
Mr. Raghu Mody	Executive Chairman, Promoter	4	2	No	3	5	-
Mr. Varunn Mody	Executive Director, Promoter	4	4	No	1	-	-
Mr. A. B. Vaidya	Independent Director	4	4	Yes	-	1	1
Mr. K. M. Robinson	Independent Director	4	-	No	-	1	-
Lt. Gen. (Retd.) K. S. Brar	Independent Director	4	3	Yes	-	2	-
Mr. P. K. Choudhary	Managing Director	4	4	Yes	1	-	-
Mr. Ramchandra Rao*	Joint Managing Director	4	-	No	-	-	-
Mr. Brijmohan Rai Bahl	Independent Director	4	4	Yes	2	-	1

* Resigned w.e.f. 1st July, 2013

- The directorship held by directors as mentioned above do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Companies except of the director who has resigned during the year and for whom details as on 31st March, 2014 are not available.
- Membership/Chairmanship of only the Audit Committee and Stakeholders' Relationship Committee of all public Limited Companies has been considered.

- Number and date of Board Meetings held:**

Four Board Meetings were held during the year 2013-2014. The dates on which the meetings were held are as follows:

Date of Board Meeting	Strength of the Board	No. of Directors present
10 th May, 2013	8	5
9 th August, 2013	7	5
28 th October, 2013	7	5
30 th January, 2014	7	6

5. Audit Committee:

- Composition:**

The Audit Committee comprises of Mr. Brijmohan Rai Bahl, Mr. A. B. Vaidya, Mr. Raghu Mody, and Lt. Gen. (Retd.) K. S. Brar. Mr. Brijmohan Rai Bahl is the Chairman of the Committee.

The Company Secretary acts as the Secretary to the Committee.

- Brief description of terms of reference:**

The Broad terms and reference of Audit Committee are to review the financial statements before submission to Board, to review reports of the Internal Auditor and to review the weakness in internal controls reported by Internal and Statutory Auditors and to review the remuneration of Internal Auditor. In addition, the powers and role of the Audit Committee are as laid down under clause 49(II)(C) and 49(II)(D) of the Listing Agreement read with Section 292A of the Companies Act, 1956.

- Meetings and attendance during the year:**

During the year 2013-2014 the Audit Committee met four

times on 10th May, 2013, 9th August, 2013, 28th October, 2013 and 30th January, 2014. The attendance at the Committee meetings was as follows:

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

6. Remuneration Committee (now known as Nomination and Remuneration Committee):

The Board of Directors of the Company at its meeting held on 29th May, 2014, had re-christened the Remuneration Committee as the Nomination and Remuneration Committee to comply with the provisions of Section 178 of the Companies Act, 2013 (the Act) and the Companies (Meetings of Board and its Powers) Rules, 2014 (the Rules).

- Composition:**

The Nomination and Remuneration Committee comprises of Mr. Brijmohan Rai Bahl, Mr. A. B. Vaidya and Lt. Gen. (Retd.) K. S. Brar. The Chairman for the meeting shall be elected in the meeting by the members present.

The Company Secretary acts as the Secretary to the Committee.

- Brief description of terms of reference:**

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

Meetings and attendance during the year:

During the year 2013-2014 the Nomination and Remuneration Committee met once on 10th May, 2013. The attendance at the Committee meeting was as follows:

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

Remuneration policy:

The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis.

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

(Amount in ₹)

Name	Salary	Perquisites or Allowances	Contribution to PF & others	Commission	Sitting fees	Total
Mr. Raghu Mody	48,00,000	12,00,000	-	-	-	60,00,000
Mr. Varunn Mody	60,00,000	22,80,000	7,20,000	25,00,000	-	1,15,00,000
Mr. P. K. Choudhary	21,00,000	28,67,553	2,52,000	-	-	52,19,553
Mr. Keith M. Robinson	-	-	-	-	-	-
Mr. A. B. Vaidya	-	-	-	-	65,000	65,000
Lt. Gen. (Retd.) K.S. Brar	-	-	-	-	50,000	50,000
Mr. Ramchandra Rao*	6,30,000	7,22,276	39,600	-	-	13,91,876
Mr. Brijmohan Rai Bahl	-	-	-	-	45,000	45,000

*Resigned w.e.f. 1st July, 2013

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

Shareholding of Non-Executives Directors:

As on 31st March, 2014, no Non-Executive Directors held any share in the Company.

7. Shareholders' / Investors' Grievance Committee (now known as Stakeholders Relationship Committee):

The Board of Directors of the Company at its Meeting held on 29th May, 2014, had re-christened the Investors' Grievance cum Share Transfer Committee as the Stakeholders' Relationship Committee to comply with the provisions of Section 178 of the Companies Act, 2013 (the Act) and the Companies (Meetings of Board and its Powers) Rules, 2014 (the Rules).

The Stakeholders' Relationship Committee comprises of Mr. A. B. Vaidya, Mr. Raghu Mody, Mr. K. M. Robinson and Lt. Gen. (Retd.) K. S. Brar. The Company Secretary acts as Secretary to the Committee.

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

Address : Peninsula Business Park, 'A' Tower,
8th Floor, Senapati Bapat Marg,
Lower Parel, Mumbai 400 013

Phone : (022) 66880100

Fax : (022) 66880105

Email : amitgoenka@hindcompo.com

During the year 2013 -2014 the Stakeholders' Relationship Committee met four times on 10th May, 2013; 9th August, 2013; 28th October, 2013 and 30th January, 2014. The attendance at the Committee meeting was as follows:

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

Status of investors' complaints/services requests:

Opening balance at the beginning of the year : Nil
Received during the year : 24
Disposed during the year : 23
Closing balance at the end of the year : 1

There were no share transfers pending for registration for more than 15 days as on 31st March, 2014.

8. Corporate Social Responsibility (CSR) Committee:

In accordance with Section 135 of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on 29th May, 2014, has approved the constitution of the CSR Committee comprising of Mr. Varunn Mody (Chairman), Mr. P. K. Choudhary (Member) and Mr. Brijmohan Rai Bahl (Member) and defined the role which are as mentioned below –

- To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the activities referred in the CSR Policy;
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

9. General Body Meetings:

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

Financial year	Time	Date	Location
2010-2011	11.00 a.m.	9 th August, 2011	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2011-2012	11.30 a.m.	10 th August, 2012	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2012-2013	4.00 p.m.	29 th August, 2013	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

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

AGM	Particulars of Special Resolutions
9 th August, 2011	<ol style="list-style-type: none"> 1. Appointment of Mrs. Sakshi Mody as General Manager- Corporate under Section 314 of the Companies Act, 1956. 2. Alteration in Articles of Association of the Company.
10 th August, 2012	Nil
29 th August, 2013	<ol style="list-style-type: none"> 1. Revision in remuneration payable to Mr. P. K. Choudhary, Managing Director of the Company for the remaining period of his tenure w.e.f. 1st April, 2012. 2. Re-appointment of Mr. P. K. Choudhary as Managing Director of the Company for a further period w.e.f. 18th March, 2013 till 30th June, 2016. 3. Revision in remuneration payable to Mr. Varunn Mody, Executive Director of the Company for the remaining period of his tenure w.e.f. 1st April, 2012. 4. Revision in remuneration payable to Mr. Varunn Mody, Executive Director – Treasury (re-designated) of the Company for the remaining period of his tenure w.e.f. 1st April, 2013. 5. Appointment of Mr. Raghu Mody as an Executive Chairman of the Company for a period of 3 (three) years w. e. f. 1st October, 2011. 6. Appointment of Mrs. Shashi Mody as General Manager - Corporate of the Company w.e.f. 1st September, 2012 as per the provisions of Section 314 of the Companies Act, 1956. 7. Approval for waiver from recovery of excess remuneration already paid to Mr. Raghu Mody, Executive Chairman of the Company during the financial year 2012-2013 in excess of the limits prescribed under Section 309(3) read with Schedule XIII of the Act. 8. Approval for waiver from recovery of excess remuneration already paid to Mr. Varunn Mody, Executive Director of the Company during the financial year 2012-2013 in excess of the limits prescribed under Section 309(3) read with Schedule XIII of the Act.

Postal Ballot:

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

The Company dispatched Postal Ballot Notice to its shareholders on 14th November, 2013 for approval of HCL – Employee Stock Purchase Scheme, 2013 as required under Clause 17 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 and applicable provisions of the Companies Act, 2013 read with the Companies (Passing of the resolution by Postal Ballot) Rules, 2011.

Mr. Manish L. Ghia, Practicing Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process. The result of the Postal Ballot was announced on 18th December, 2013. The details of resolution passed through postal ballot and the voting pattern for the same are as follows:

Sr. No.	Business	Postal Ballot forms received		Valid Votes Casted		
		Total	Valid	Total	In Favour	Against
1.	Special Resolution for approval of HCL – Employee Stock Purchase Scheme, 2013 as required under Clause 17 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.	40	35	3705342	3704342	1000

The aforesaid resolution was passed with requisite majority.

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

10. Disclosures:

i. Related Party Transactions:

None of the related party transactions were 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.

ii. Code of Conduct:

The Board of Directors has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. All Board members have affirmed their compliance with the Code of Conduct. A declaration by the Managing Director of

the Company affirming the compliance of the same during the financial year ended on 31st March, 2014 by the members of the Board and Senior Management Personnel as applicable to them, is also annexed separately in this Annual Report.

iii. Compliance by the Company:

The Company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market during the last three years.

iv. Disclosure of accounting treatment:

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

v. Whistle Blower policy 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 2013-2014, no employee was denied access to the Audit Committee.

vi. Risk Management:

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

vii. CEO / CFO Certification:

A certificate from Mr. P. K. Choudhary, Managing Director and Mr. Amit Goenka, V. P. Finance and Company Secretary of the Company on the financial statements of the Company was placed before the Board.

viii. Review of Directors' Responsibility Statement:

The Board in its report has confirmed that the Annual Accounts for the year ended 31st March, 2014 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

ix. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances along with the non-mandatory requirements adopted by the Company have been given in the relevant sections of this report.

11. Means of communication:

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

News Papers	Date of Board Meeting	Date of Publishing
Free Press Journal and Navshakti	10 th May, 2013	11 th May, 2013
Free Press Journal and Navshakti	9 th August, 2013	10 th August, 2013
Free Press Journal and Navshakti	28 th October, 2013	29 th October, 2013
Free Press Journal and Navshakti	30 th January, 2014	31 st January, 2014

12. General Shareholder information:

1) Annual General Meeting: Monday, 1st September, 2014 at 4.00 p.m. at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

2) Financial Calendar 2014-2015:

Result for the quarter ending June, 2014	–	by 14 th August, 2014
Result for the quarter ending September, 2014	–	by 14 th November, 2014
Result for the quarter ending December, 2014	–	by 14 th February, 2015
Audited Result for the year ending March, 2015	–	by 30 th May, 2015

3) Date of Book closure: 28th August, 2014 to 1st September, 2014 (both days inclusive)

4) Dividend Payment Date: Credit / Dispatch between 10th September, 2014 to 15th September, 2014.

5) Listing on Stock Exchanges:

- BSE Limited
- National Stock Exchange of India Limited
- The Calcutta Stock Exchange Association Ltd. (Delisted w.e.f. 27th August, 2013)

6) Stock Code:

BSE: 509635
NSE: HINDCOMPOS
ISIN: INE310C01011

7) Listing Fees:

The Company has paid the listing fees for the year 2014-2015 to all the stock exchanges where the shares are listed.

8) Stock Market Price Data:

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

Month	Share price of the Company on BSE (₹)*		BSE Sensex (Points)*	
	High	Low	High	Low
April, 2013	329.95	245.10	19,622.68	18,144.22
May, 2013	315.05	250.00	20,443.62	19,451.26
June, 2013	329.50	205.00	19,860.19	18,467.16
July, 2013	245.00	225.00	20,351.06	19,126.82
August, 2013	283.40	240.00	19,569.20	17,448.71
September, 2013	297.00	285.00	20,739.69	18,166.17

Month	Share price of the Company on BSE (₹)*		BSE Sensex (Points)*	
	High	Low	High	Low
October, 2013	320.00	255.90	21,205.44	19,264.72
November, 2013	340.00	304.50	21,321.53	20,137.67
December, 2013	412.00	330.05	21,483.74	20,568.70
January, 2014	440.00	400.00	21,409.66	20,343.78
February, 2014	450.00	401.00	21,140.51	19,963.12
March, 2014	430.20	404.00	22,467.21	20,920.98

*Source: www.bseindia.com

9) Registrar and Transfer Agents :

Link Intime India Privited Limited
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (W), Mumbai-400 078
 Phone : (022) 2596 3838 Fax : (022) 2594 6969
 e-mail: rnt.helpdesk@linkintime.co.in

10) 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 in order, except delay in one case. 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.

11) Distribution of Shareholding as on 31st March, 2014:

Shares having nominal value of ₹ From To	No. of holders	%	No. of shares	%
1 – 5000	11293	98.93	544477	11.06
5001 – 10000	70	0.61	53244	1.08
10001 – 20000	26	0.23	35360	0.72
20001 – 30000	3	0.03	7293	0.15
30001 – 40000	1	0.01	3963	0.08
40001 – 50000	1	0.01	4446	0.09
50001 – 100000	2	0.02	11357	0.23
100001 and above	19	0.17	4262860	86.59
TOTAL	11415	100.00	4923000	100.00

12) Categories of Shareholders on 31st March, 2014:

Category	No. of shares of ₹ 10 each	%
Promoters		
- Indian	3691010	74.97
- Persons acting in concert	0	0
Indian Institutional Investors / Mutual Funds	798	0.02
Bodies Corporate	558782	11.35
Indian Public	664654	13.50
NRIs	6361	0.13
Clearing Members	1395	0.03
Directors / Relatives	0	0
Total	4923000	100.00

13) Dematerialization of Shares:

As on 31st March, 2014, 92.23% of the total shares of the Company were in dematerialized form.

14) Convertible Instrument:

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

15) Plant Locations:

- (a) Paithan : D-2/1, MIDC Industrial Area, Paithan, Dist. Aurangabad – 431 107.
 (b) Bhandara : C-10/1, Bhandara Industrial Area, Gadegaon, Dist. Bhandara – 441 904.

16) Registered Office & address for correspondence:

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

17) Compliance Certificate by Auditors:

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

18) Compliance Certificate for Code of Conduct:

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

DECLARATION – CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct during the year ended 31st March, 2014.

For Hindustan Composites Limited

Place: Mumbai
Date: 29th May, 2014

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 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

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

Place: Mumbai
Dated: 29th May, 2014

R. P. Baradiya
Partner
Membership No: 44101

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **Hindustan Composites Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2014, Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of Statement of Profit and Loss, of the profit of the Company for the year then ended on that date; and
- (c) in the case of the Cash Flow Statement, of the 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, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - e) on the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For LODHA & COMPANY
Chartered Accountants
ICAI Firm Registration No. 301051E

Place: Mumbai
Date: 29th May, 2014

R.P. Baradiya
Partner
Membership No. 44101

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**ANNEXURE REFERRED TO IN PARAGRAPH "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT TO THE MEMBERS OF HINDUSTAN COMPOSITES LIMITED ('THE COMPANY') FOR THE YEAR ENDED 31ST MARCH, 2014.**

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

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. There is a phased programme of physical verification of all fixed assets over a period of three years, based on which physical verification of certain fixed assets was carried out during the year which, in our opinion, is reasonable considering the size of the Company and nature of its fixed assets. The discrepancies noticed on such physical verification were not material and the same have been properly dealt with in the books of account. No substantial part of fixed assets was disposed off during the year.
- (ii) a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in - transit is being verified by the management with reference to confirmations or statements of account or subsequent receipt of goods.
b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification of inventory between the physical stock and book records were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year, the Company has given unsecured loan to one company, covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was ₹ 502 lacs and the year end balance is NIL. The rate of interest and other terms and conditions of loan given, prima facie, are not prejudicial to the interest of the Company.
(b) The Company has not taken any unsecured loan from a Company covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and explanations given to us, having regard to the explanation that some of the items purchased / sold are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanation given to us, there were no contracts or agreements that need to be entered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(v) (b) of the order are not applicable to the company.
- (vi) The Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and Rules framed thereunder.
- (vii) The Company has an internal audit system commensurate with the size of the company and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act in respect of Automotive parts and are of the opinion that, prima facie, the prescribed records have been made and maintained. However, we are not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) a) According to the information and explanations given to us and according to the books and records as produced and examined by us, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable have been generally regularly deposited by the Company during the year with the appropriate authorities and there were no arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

- b) According to the records of the Company and the information and explanations given to us by the management, there are no dues of Sales tax/ Income tax/ Excise duty/ Wealth tax/ Custom duty/ Cess which have not been deposited on account of disputes except :

NAME OF THE STATUTES	NATURE OF DUES	AMOUNT (₹ IN LACS)	PERIOD TO WHICH AMOUNT RELATES	FORUM WHERE DISPUTED
Income Tax Act, 1961	Income tax	4.66	2010-11 (A.Y.)	C.I.T. (Appeals), Mumbai.
Income Tax Act, 1961	Income tax	1.12	2006-07 (A.Y.)	C.I.T. (Appeals), Mumbai.
Central Sales Tax Act, 1956	Sales tax	0.37	2004-05	Appellate Tribunal, Kolkata.
Central Sales Tax Act, 1956	Sales tax	4.12	2003-04	Appellate Tribunal, Mumbai.
Central Sales Tax Act, 1956	Sales tax	2.00	2004-05	Joint Commissioner of Sales Tax (Appeal), Nagpur.

- (x) The Company does not have accumulated losses as at 31st March, 2014 and has not incurred a cash loss during the financial year ended on that date. The Company had not incurred cash loss in the immediate preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (xii) In respect of loans granted on the basis of security by way of pledge of shares, debentures and other securities, the Company has maintained adequate documents and records.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (xiv) In our opinion, during the year, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued any debentures during the year or in the recent past.
- (xx) The Company has not raised any money by way of public issue during the year or in the recent past.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Place: Mumbai
Date: 29th May, 2014

R. P. Baradiya
Partner
Membership No: 44101

BALANCE SHEET AS AT 31st MARCH 2014

Particulars	Note No.	As at 31 st March, 2014 (₹)	As at 31 st March, 2013 (₹)
I EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	1	49,230,000	49,230,000
(b) Reserves and surplus	2	5,190,737,070	5,030,266,493
		<u>5,239,967,070</u>	<u>5,079,496,493</u>
(2) NON-CURRENT LIABILITIES			
(c) Long-term borrowings	3	44,567,429	47,605,355
(d) Deferred tax liabilities (Net)	4	91,663,968	90,501,452
		<u>136,231,397</u>	<u>138,106,807</u>
(3) CURRENT LIABILITIES			
(e) Short-term borrowings	5	18,358,444	29,151,073
(f) Trade payables		119,676,699	112,753,806
(g) Other current liabilities	6	92,372,915	79,490,875
(h) Short-term provisions	7	11,519,328	5,759,664
		<u>241,927,386</u>	<u>227,155,419</u>
Total		<u>5,618,125,853</u>	<u>5,444,758,719</u>
II ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed assets	8		
Tangible assets		1,138,614,498	1,144,677,562
Intangible assets		1,922,224	2,387,109
Capital work-in progress		410,711	14,303,160
(b) Non-current investments	9	3,331,489,295	2,967,919,196
(c) Long-term loans and advances	10	204,295,747	289,609,359
(d) Other Non Current Asssets	11	17,850,585	37,000,607
		<u>4,694,583,060</u>	<u>4,455,896,993</u>
(2) CURRENT ASSETS			
(e) Current investments	12	298,180,000	445,062,537
(f) Inventories	13	75,853,791	78,169,054
(g) Trade receivables	14	267,645,900	189,056,603
(h) Cash and Bank Balances	15	19,277,206	18,682,284
(i) Short-term loans and advances	16	160,576,367	230,656,338
(j) Other current assets	17	102,009,529	27,234,909
		<u>923,542,793</u>	<u>988,861,724</u>
Total		<u>5,618,125,853</u>	<u>5,444,758,719</u>

SIGNIFICANT ACCOUNTING POLICIES

ACCOMPANYING NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

A

B (1 - 42)

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

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

R.P. Baradiya
Partner

Varunn Mody
Executive Director
Treasury & Business Development

P. K. Choudhary
Managing Director

Place: Mumbai
Date: 29th May, 2014

Amit Goenka
VP - Finance & Company
Secretary

Sunil Jindal
Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2014

Particulars	Note No.	Year ended 31 st March, 2014 (₹)	Year ended 31 st March, 2013 (₹)
I Revenue from Operation			
(a) Sale Of Composite Materials	18	1,194,237,920	1,044,672,800
Less: Excise Duty		<u>131,750,820</u>	<u>114,563,243</u>
		1,062,487,100	930,109,557
(b) Income from Investments	19	314,915,007	239,830,992
(c) Other Operating Income		<u>6,878,431</u>	<u>1,965,136</u>
Total Revenue from Operation		1,384,280,538	1,171,905,686
II Other Income	20	<u>11,395,773</u>	<u>2,448,712</u>
Total Revenue (I + II)		<u>1,395,676,311</u>	<u>1,174,354,398</u>
III Expenses			
(a) Cost of materials consumed	21	510,587,090	475,781,439
(b) Purchases of Stock-in-Trade		<u>456,166</u>	<u>19,957,768</u>
(c) Decrease / (Increase) in inventories	22	4,456,740	(1,986,586)
(d) Employee benefits expense	23	166,524,729	150,736,968
(e) Finance Cost	24	7,415,485	2,853,382
(f) Depreciation and Amortization expense	8	70,329,078	61,522,681
(g) Other expenses	25	<u>419,724,602</u>	<u>343,843,585</u>
Total Expenses		<u>1,179,493,890</u>	<u>1,052,709,237</u>
IV Profit Before Exceptional Items And Taxation (I-III)		<u>216,182,421</u>	<u>121,645,161</u>
V Exceptional Items		-	-
VI Profit Before Taxation (III+IV)		<u>216,182,421</u>	<u>121,645,161</u>
VII Tax Expenses			
Current Tax		43,030,000	17,498,321
Deferred Tax		<u>1,162,516</u>	<u>2,143,932</u>
VIII Profit After Taxation (V-VI)		<u>171,989,905</u>	<u>102,002,908</u>
IX Basic and diluted earnings per equity share before Exceptional Items (Equity Share of ₹ 10 each)		34.94	20.72
X Basic and diluted earnings per equity share after Exceptional Items (Equity Share of ₹ 10 each)		34.94	20.72

SIGNIFICANT ACCOUNTING POLICIES
A
ACCOMPANYING NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS
B(1 - 42)

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

For and on behalf of the Board of Directors

R.P. Baradiya
Partner

Varunn Mody
Executive Director
Treasury & Business Development

P. K. Choudhary
Managing Director

Place: Mumbai
Date: 29th May, 2014

Amit Goenka
VP - Finance & Company Secretary

Sunil Jindal
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	2013-2014 (₹)	2012-2013 (₹)
A CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	216,182,421	121,645,163
Adjustment for		
Depreciation	70,329,078	61,522,682
Income from Investment (Net)	(177,904,727)	(144,770,865)
(Profit)/Loss on Sale of Fixed Assets (Net)	(9,075,342)	1,186,115
Excess Provision & Unclaimed Balance W/Back	(836,276)	(768,327)
Interest expenditure	7,415,485	2,140,064
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	106,110,639	40,954,831
Adjustment for		
(Increase)Decrease in Trade and other receivable	(55,367,558)	(36,244,631)
(Increase)Decrease in Inventories	2,315,725	11,421,436
(Decrease)Increase in Trade and other payables	20,127,767	68,614,728
CASH INFLOW FROM OPERATIONS ACTIVITIES	73,186,573	84,746,364
Add/(Deduct) :		
Direct Tax Paid	(37,404,867)	(36,799,777)
NET CASH FLOW FROM OPERATING ACTIVITIES	35,781,706	47,946,587
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(66,608,227)	(311,676,292)
Proceeds from Sale of Fixed Assets	26,069,600	-
Purchase of Investments (Net)	(216,687,561)	(611,750,337)
(Increase)/Decrease in Inter- Corporate Deposits	70,120,000	657,930,000
Income from Investment (Net)	177,904,727	144,449,289
NET CASH FLOW (USED IN)/ FROM INVESTING ACTIVITIES (B)	(9,201,462)	(121,047,340)
C CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings (Net)		
Proceeds/(Repayment) from long-term borrowings (Net)	(3,037,926)	(3,834,819)
Proceeds/(Repayment) from short-term borrowings (Net)	(10,792,629)	11,883,353
Dividend Paid (including Corporate Dividend Tax)	(5,759,664)	(11,257,786)
Interest paid	(7,415,485)	(2,109,711)
NET CASH USED IN FINANCING ACTIVITIES (C)	(27,005,704)	(5,318,963)
D Net Increase/ Decrease in cash and cash equivalent (A+B+C)	(425,459)	(78,419,716)
Cash and Cash equivalents		
Opening Balance	13,892,278	92,311,994
Closing Balance	13,466,819	13,892,278

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 ₹ 5,810,388/- (previous year ₹ 4,790,006/-).
- 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 & Company**
Chartered Accountants

For and on behalf of the Board of Directors

R.P. Baradiya
Partner

Varunn Mody
Executive Director
Treasury & Business Development

P. K. Choudhary
Managing Director

Place: Mumbai
Date: 29th May, 2014

Amit Goenka
VP - Finance & Company Secretary

Sunil Jindal
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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:

Depreciation on fixed assets is provided on straight line method at the rates (except for the following) and in the manner specified in Schedule XIV to the Companies Act, 1956.

Buildings :	Rates Applied	Rates prescribed under Schedule XIV
a) Factory	3.50%	3.34%
b) Office	3.00%	1.63%
c) Residential	3.00%	1.63%

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.

Leasehold land – long term is being amortised at the rate of 2.5% per annum on the original cost.

Intangible Assets:

- i) Computer Software is amortised over a period of six years.
- ii) Technical Knowhow is amortised over a period of ten years.

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 statement of profit and loss 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 statement of profit and loss.

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 :
1. SHARE CAPITAL

Particulars	As at 31 st March 2014 (₹)	As at 31 st March 2013 (₹)
AUTHORISED		
5,500,000 Equity Shares of ₹ 10 each	55,000,000	55,000,000
500,000 Unclassified Shares of ₹ 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 ₹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 ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after payments to secured and unsecured creditors, in proportion to their shareholding. Company has not issued any aggregate No. and class of share as fully paid-up pursuant to contract(s) without payment being received in cash, bonus shares for the period of 5 years immediately preceding the Balance Sheet date.

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

Particulars	Aggregate number of shares				
	2013-14	2012-13	2011-12	2010-11	2009-10
<u>Equity shares fully paid up</u>					
Balance as at the beginning of the year	4,923,000	4,923,000	4,923,000	5,500,000	5,500,000
Shares issued during the year	-	-	-	-	-
Shares bought back during the year	-	-	-	(577,000)	-
Balance as at the end of the year	4,923,000	4,923,000	4,923,000	4,923,000	5,500,000

2. RESERVES AND SURPLUS

Particulars	As at 31 st March 2014 (₹)	As at 31 st March 2013 (₹)
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	4,929,627,933	4,829,627,933
Add : Transferred from Profit & Loss Account	200,000,000	100,000,000
	5,129,627,933	4,929,627,933

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	As at 31 st March 2014 (₹)	As at 31 st March 2013 (₹)
PROFIT & LOSS ACCOUNT		
Balance as at the beginning of the year	94,868,560	98,625,316
Add: Profit during the year	171,989,905	102,002,909
Less : Transferred to General Reserve	200,000,000	100,000,000
Less : Proposed Dividend	9,846,000	4,923,000
Less : Corporate Dividend Tax	1,673,328	836,664
Balance as at the end of the year	<u>55,339,137</u>	<u>94,868,560</u>
	<u>5,190,737,070</u>	<u>5,030,266,493</u>
3. LONG TERM BORROWINGS		
Term Loans		
(For Terms & Conditions Refer Note No. 28)		
Secured		
From Bank - Vehicle Loans	1,948,580	1,905,524
Unsecured		
From SICOM Ltd. by way of deferral of sales tax liability	<u>42,618,849</u>	<u>45,699,831</u>
	<u>44,567,429</u>	<u>47,605,355</u>
4. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
Depreciation	97,668,755	88,734,439
Others	<u>2,022,471</u>	<u>4,001,616</u>
Total Deferred Tax Liabilities	<u>99,691,226</u>	<u>92,736,055</u>
Deferred Tax Assets		
Provision for doubtful Inter Corporate Deposite and Other Employee Benefits	<u>8,027,258</u>	<u>2,234,603</u>
Net Deferred Tax Liability	<u>91,663,968</u>	<u>90,501,452</u>
5. SHORT TERM BORROWINGS		
Secured		
(For Terms & Conditions Refer Note No. 28)		
From Bank		
Working Capital Loans	<u>18,358,444</u>	<u>29,151,073</u>
	<u>18,358,444</u>	<u>29,151,073</u>
6. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (For Terms & Conditions Refer Note No. 28)	6,197,669	4,777,947
Interest accrued but not due on borrowings	26,997	30,353
Unpaid dividends	2,345,736	2,351,722
Statutory Dues	6,767,642	6,155,671
Other payables	51,955,498	40,498,237
Employee Benefit Expenses	<u>25,079,372</u>	<u>25,676,945</u>
	<u>92,372,915</u>	<u>79,490,875</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT
7. SHORT TERM PROVISIONS

Particulars	As at	As at
	31 st March 2014 (₹)	31 st March 2013 (₹)
Proposed Dividend	9,846,000	4,923,000
Provision for Corporate Dividend Tax	1,673,328	836,664
	11,519,328	5,759,664

8. FIXED ASSETS

(₹)

Fixed Assets	Gross Block				Accumulated Depreciation/ Amortisation				Net Block	
	Balance as at 1 April 2013	Additions	Adjustments / Deductions \$	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation charge for the year	Adjustments / Deductions	Balance as at 31 March 2014	Balance as at 31 March 2014	Balance as at 31 March 2013
(a) Tangible Assets										
Land										
-Freehold	45,909,902	-	16,869,375	29,040,527	-	-	-	-	29,040,527	45,909,902
-Leasehold-long term [^]	443,153	-	-	443,153	273,978	11,079	-	285,057	158,096	169,175
Buildings @	908,005,100	23,151,013	-	931,156,113	62,355,296	27,972,298	-	90,327,594	840,828,519	845,649,804
Plant & Equipment	447,043,725	34,661,596	-	481,705,321	266,745,518	33,630,562	-	300,376,080	181,329,241	180,298,207
Furniture and Fixtures	49,157,053	12,571,169	-	61,728,222	7,252,646	3,333,836	-	10,586,482	51,141,740	41,904,407
Motor Vehicles #	28,776,458	6,706,181	497,653	34,984,986	8,381,378	3,172,793	472,770	11,081,401	23,903,585	20,395,080
Office Equipment	16,686,022	3,219,806	-	19,905,828	6,335,035	1,358,003	-	7,693,038	12,212,790	10,350,987
Total (a)	1,496,021,413	80,309,765	17,367,028	1,558,964,150	351,343,851	69,478,571	472,770	420,349,652	1,138,614,498	1,144,677,562
(b) Intangible Assets										
Computer software	3,312,952	385,622	-	3,698,574	2,384,503	320,086	-	2,704,589	993,985	928,449
Technical Know-How	5,304,212	-	-	5,304,212	3,845,552	530,421	-	4,375,973	928,239	1,458,660
Total (b)	8,617,164	385,622	-	9,002,786	6,230,055	850,507	-	7,080,562	1,922,224	2,387,109
(c) Capital work-in-progress										
Buildings	14,087,160	-	14,087,160	-	-	-	-	-	-	14,087,160
Plant & Equipment	216,000	410,711	216,000	410,711	-	-	-	-	410,711	216,000
	14,303,160	410,711	14,303,160	410,711	-	-	-	-	410,711	14,303,160
Total (a) + (b) + (c)	1,518,941,737	81,106,098	31,670,188	1,568,377,647	357,573,906	70,329,078	472,770	427,430,214	1,140,947,433	1,161,367,831

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

(₹)

	Fixed Assets	Gross Block			Accumulated Depreciation/ Amortisation				Net Block		
		Balance as at 1 April 2012	Additions	Adjustments / Deductions \$	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Adjustments / Deductions \$	Balance as at 31 March 2013	Balance as at 31 March 2013	Balance as at 31 March 2012
(a)	Tangible Assets										
	Land										
	-Freehold	42,819,812	3,090,090	-	45,909,902	-	-	-	-	45,909,902	42,819,812
	-Leasehold-long term ^	443,153	-	-	443,153	267,906	6,072	-	273,978	169,175	175,247
	Buildings @	267,372,512	640,632,588	-	908,005,100	41,040,240	21,315,056	-	62,355,296	845,649,804	226,332,272
	Plant & Equipment	438,386,936	42,518,350	33,861,561	447,043,725	265,922,053	33,729,717	32,906,252	266,745,518	180,298,207	172,464,883
	Furniture and Fixtures	12,701,366	36,650,436	194,749	49,157,053	5,824,860	1,615,575	187,789	7,252,646	41,904,407	6,876,506
	Motor Vehicles #	28,540,542	570,289	334,373	28,776,458	6,025,220	2,612,892	256,734	8,381,378	20,395,080	22,515,322
	Office Equipment	13,507,205	5,797,879	2,619,062	16,686,022	7,579,161	1,196,879	2,441,005	6,335,035	10,350,987	5,928,044
	Total (a)	803,771,526	729,259,632	37,009,745	1,496,021,413	326,659,440	60,476,191	35,791,780	351,343,851	1,144,677,562	477,112,086
(b)	Intangible Assets										
	Computer software	3,427,102	48,850	163,000	3,312,952	2,023,282	516,071	154,850	2,384,503	928,449	1,403,820
	Technical Know-How	5,304,212	-	-	5,304,212	3,315,131	530,421	-	3,845,552	1,458,660	1,989,081
	Total (b)	8,731,314	48,850	163,000	8,617,164	5,338,413	1,046,492	154,850	6,230,055	2,387,109	3,392,901
(c)	Capital work-in-progress										
	Buildings	424,574,474	-	410,487,314	14,087,160	-	-	-	-	14,087,160	424,574,474
	Plant & Equipment	7,360,873	-	7,144,873	216,000	-	-	-	-	216,000	7,360,873
		431,935,347	-	417,632,187	14,303,160	-	-	-	-	14,303,160	431,935,347
	Total (a) + (b) + (c)	1,244,438,187	729,308,482	454,804,932	1,518,941,737	331,997,853	61,522,683	35,946,630	357,573,906	1,161,367,831	912,440,334

Notes:

^ Leasehold Land for ₹ 200,290 is valid till 31st January 2079 and for ₹ 242,863/- is valid till 30th April 2081.

@ Building includes three flat, the title to which is evidenced by fully paid shares in respective Co-operative Housing Society.

\$ Deductions include Gross Block & Net Block of ₹ Nil & ₹ Nil ,respectively (Previous Year ₹ 36,838,372 & ₹ 1,148,476)being unserviceable assets discarded during the year.

Motor Vehicles include ₹ 5161,767 (previous year ₹ 5,256,408) being assets acquired on hire purchase basis.

9. NON CURRENT INVESTMENTS

(Refer Note No. 36)

Particulars	As at 31 st March 2014 (₹)	As at 31 st March 2013 (₹)
Equity instruments	562,057,851	592,311,103
Preference Shares	351,678,500	60,875,300
Debentures and bonds	2,389,863,015	1,331,842,864
Mutual Funds	20,000,000	975,000,000
Bullion	7,889,929	7,889,929
	3,331,489,295	2,967,919,196

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT
10. LONG TERM LOANS AND ADVANCES

Particulars	As at 31 st March 2014 (₹)	As at 31 st March 2013 (₹)
Unsecured, considered good		
Capital Advances	19,135,683	10,726,459
Electricity Deposits	1,934,848	1,679,693
Rent Deposits		
Associates	50,000,000	130,550,000
Others	356,180	494,328
Other Deposits	2,769,550	2,138,855
Other loans and advances		
Balances with Central Excise and Service Tax	3,838,654	5,401,859
Interest Free Loan to Employee Welfare Trust	113,000,000	120,000,000
Advance for Income Tax (Net)	9,181,266	14,589,128
Others	4,079,566	4,029,037
	<u>204,295,747</u>	<u>289,609,359</u>

11. OTHER NON-CURRENT ASSETS

Interest accrued on Investments	17,850,585	37,000,607
	<u>17,850,585</u>	<u>37,000,607</u>

12. CURRENT INVESTMENTS

(Refer Note No. 37)

Debentures and bonds	55,280,000	184,939,997
Mutual Funds	242,900,000	260,122,540
	<u>298,180,000</u>	<u>445,062,537</u>

13. INVENTORIES

(As taken, valued and certified by the management)

Raw Materials and components	39,253,712	38,875,691
Goods-in transit (Raw Materials)	1,241,892	-
Work-in-progress	17,305,197	18,331,355
Finished goods	12,089,969	14,131,076
Stock-in-trade	-	1,389,475
Stores and spares	5,963,021	5,441,457
	<u>75,853,791</u>	<u>78,169,054</u>

14. TRADE RECEIVABLES
Unsecured, considered good

Outstanding over six months from the due date	2,051,056	2,913,655
Others	265,594,844	186,142,948
	<u>267,645,900</u>	<u>189,056,603</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

15. CASH AND BANK BALANCES

Particulars	As at 31 st March 2014 (₹)	As at 31 st March 2013 (₹)
Cash and cash Equivalents		
Balances with Banks		
In Current Accounts	11,785,117	6,566,340
Cheques in hand	1,329,345	7,219,154
Cash in hand	<u>352,357</u>	<u>106,783</u>
	13,466,819	13,892,277
Others		
In Dividend Accounts	2,345,736	2,351,722
In Margin money	<u>3,464,651</u>	<u>2,438,285</u>
	19,277,206	18,682,284

16. SHORT-TERM LOANS AND ADVANCES

Secured, considered good		
Inter Corporate Deposit *	72,750,000	152,600,000
Unsecured, considered good		
Inter Corporate Deposit	83,000,000	73,270,000
Loans and Advances to Employees	1,615,140	2,315,915
Prepaid Expenses	<u>3,211,227</u>	<u>2,470,424</u>
* Net of Provision of ₹ 38,500,000 (₹21,000,000)	160,576,367	230,656,338

17. OTHER CURRENT ASSETS

Interest accrued on Investments	54,727,449	26,638,781
Interest accrued on Inter Corporate / Other Deposits	3,745,339	596,128
Receivable on sale of current investments	<u>43,536,742</u>	<u>-</u>
	102,009,530	27,234,909

18. SALE OF COMPOSITE MATERIALS

Particulars	Year Ended 31 st March 2014 (₹)	Year Ended 31 st March 2013 (₹)
Manufactured	1,192,392,279	1,019,542,613
Traded	<u>1,845,641</u>	<u>25,130,187</u>
	1,194,237,920	1,044,672,800
Less: Excise duty	<u>131,750,820</u>	<u>114,563,243</u>
	1,062,487,100	930,109,557

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT
19. INCOME FROM INVESTMENT INCOME

Particulars	Year Ended 31 st March 2014 (₹)	Year Ended 31 st March 2013 (₹)
Income from Long Term Investments		
Dividend	12,949,040	6,649,557
Interest	210,255,495	110,221,244
Profit/(Loss) on sale	26,984,506	34,693,414
Income from Current Investments		
Dividend	35,585,548	18,267,552
Interest	26,298,969	70,110,793
Profit/(Loss) on sale	2,841,449	(111,568)
	<u>314,915,007</u>	<u>239,830,992</u>

20. OTHER INCOME

Gain on Variation in Foreign Exchange Rates (Net)	1,804,430	1,648,712
Profit on Sale of Fixed Assets (Net)	9,075,343	-
Rent	516,000	800,000
	<u>11,395,773</u>	<u>2,448,712</u>

21. COST OF MATERIALS CONSUMED

Consumption of Raw Materials and Components	489,270,364	455,732,025
Stores and Spare parts consumed	21,316,726	20,049,414
	<u>510,587,090</u>	<u>475,781,439</u>

22. DECREASE / (INCREASE) IN INVENTORIES

Opening Stock :-		
Work-in-progress	18,331,355	18,886,189
Finished goods	14,131,076	11,945,328
Stock in Trade	1,389,475	1,033,803
	<u>33,851,906</u>	<u>31,865,320</u>
Closing Stock :-		
Work-in-progress	17,305,197	18,331,355
Finished goods	12,089,969	14,131,076
Stock in Trade	-	1,389,475
	<u>29,395,166</u>	<u>33,851,906</u>
Decrease / (Increase) in Inventories	<u>4,456,740</u>	<u>(1,986,586)</u>

23. EMPLOYEE BENEFITS EXPENSE

Salaries and incentives	149,165,316	134,486,947
Contributions to: -		
Provident fund	7,165,453	7,078,165
Superannuation scheme	449,370	437,220
Gratuity fund	1,500,012	2,233,685
Staff welfare expenses	8,244,579	6,500,952
	<u>166,524,730</u>	<u>150,736,968</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

24. FINANCE COST

Particulars	Year Ended 31 st March 2014 (₹)	Year Ended 31 st March 2013 (₹)
Interest expense	6,856,725	2,140,064
Other borrowing costs	558,760	713,318
	7,415,485	2,853,382

25. OTHER EXPENSES

Packing materials consumed	18,181,877	17,348,277
Power and Fuel	68,571,062	66,043,646
Rent	11,847,424	6,455,601
Rates and taxes	2,716,646	2,187,078
Insurance (including transit insurance)	2,231,900	1,675,412
Freight and Forwarding	41,841,649	38,956,003
Repairs & Maintenance:		
Plant & Equipments	8,998,991	7,527,699
Buildings	8,281,083	4,268,309
Job charges	52,991,152	47,121,650
Increase / (Decrease) in Excise Duty on Closing Stock	129,670	318,180
Travelling & Conveyance	38,470,539	36,893,239
Postage, Printing, Stationery & Telephones	7,884,158	6,879,576
Rebates, Discounts & Sales Promotion Expenses	82,260,304	64,741,791
Loss on sale/discarding of Fixed Assets (net)	-	1,186,115
Provision for doubtful Inter Corporate Deposit	17,500,000	5,300,000
Investment Advisory Related Expenses	6,840,590	10,646,410
Legal & Professional Expenses	13,572,893	12,348,197
Miscellaneous Expenses	37,404,665	13,946,401
	419,724,603	343,843,585

26. Contingent Liabilities not provided for in respect of :

- (a) Certain Sales Tax matters, mainly on account of pending concession forms (excluding interest) ₹ 648,875 (Previous Year ₹ 1,584,766)
- (b) Disputed Income Tax matters ₹ 10,35,491/- (Previous Year ₹ 452,259)
- (c) Disputed labour matter related to ex-workmen amount unascertainable.
- (d) Disputed Claims ₹13,961,019 (Previous Year ₹ Nil).

27. Commitments:

- (a) Estimated amount of contract remaining to be executed and not provided for (net of advance, unsecured considered good), on capital account are ₹17,681,198/- (net of advance of ₹.19,135,683); Previous Year ₹ 1,663,541 (net of advance of ₹ 10,726,459)
- (b) In respect of long term investment made with private equity fund, the Company is further committed to invest ₹ 2403 lacs (₹ 1041 lacs)

28. Secured Loans:

- (a) Interest Rate on Working capital loans is Base Rate plus 2.75% per annum (Previous Year Base Rate plus 2.75% per annum) and non fund based limit utilised ₹ 58,816,947 (Previous Year ₹ 42,862,700) are secured by hypothecation of stocks and debtors and charge on immovable properties of Bhandara unit.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

- (b) Vehicle loans (repayable over a period of 1 to 4 years) are secured by way of hypothecation of vehicles purchase their against and carry Interest in the range of 9.80 % to 10.75% (Previous Year 9.80 % to 10.75%).

Unsecured Loans:

Interest free Sales tax Loans is repayable within 12 years.

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

30. (a) Remuneration to Auditors :

	Current Year	Previous Year
	(₹)	(₹)
Audit fees :	600,000	(550,000)
Certification fees :	44,745	(12,725)
Reimbursement of out of pocket expenses Including Services Tax ₹ 8,737/- (₹ 8,784/-) :	79,427	(79,854)

- (b) Miscellenous Expenses include:

	Current Year	Previous Year
	(₹)	(₹)
Inter Corporate Deposit no longer recoverable, written off :	14,754,298	(Nil)

31. Earnings Per Share:

	Current Year	Previous Year
	(₹)	(₹)
Net Profit as per Profit & Loss Account :	171,989,905	(102,002,909)
Weighted average number of equity shares out standing :	4,923,000	(4,923,000)
Basic and Diluted EPS before Exceptional Items (Net of Tax Expenses) :	34.94	(20.72)
Basic and Diluted EPS after Exceptional Items (Net of Tax Expenses) :	34.94	(20.72)

32. Provision for current tax includes ₹ 5,30,000/- (₹ 2,00,000/-) in respect of wealth tax.

33. Research and Development Expenditure

	Current Year	Previous Year
	(₹)	(₹)
Debited to respective expenses heads in the Statement of Profit & Loss :	8,006,401	(6,495,819)

34. (a) Value of Imports on CIF basis

	Current Year	Previous Year
	(₹)	(₹)
Raw Material :	73,189,994	(73,806,875)
Capital Goods :	205,227	(Nil)
Components and Spare Parts :	Nil	(451,737)

- (b) Expenditure in foreign currency:

	Current Year	Previous Year
	(₹)	(₹)
Travelling & Other Expenses :	5,404,741	(3,904,416)
Commission/Brokerage :	879,737	(729,348)
Consultancy/Professional Charges :	634,121	(1,043,811)
Royalty :	73,663	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

(c) Earnings in foreign currency on account of

	Current Year (₹)	Previous Year (₹)
Export on FOB Basis	85,902,203	(73,063,119)
Others (Freight, Insurance Etc)	2,763,464	(2,547,291)

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

Type of Instruments	Currency Type	As on 31 st March 2014 (Amount In ₹)		As on 31 st March 2013 (Amount In ₹)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Debtors	Dollar	352,362	21,744,252	191,007	10,167,778
Debtors	GBP	1,380	138,055	3,980	318,980
Commission Payable	Dollar	14,209	855,838	27,384	1,506,381
Creditors for Goods	Dollar	369,773	23,045,893	205,944	11,250,509

35. Cost of Materials Consumed:

(a) Raw Material

	%	(₹)	%	(₹)
Imported Material	15.59	76,291,519	(18.88)	(86,077,877)
Indigenous Material	84.41	412,978,844	(81.12)	(369,654,148)
	100.00	489,270,363	(100.00)	(455,732,025)

(b) Spare parts and Components

	%	(₹)	%	(₹)
Imported Material	-	-	(2.64)	(530,243)
Indigenous Material	100.00	21,316,726	(97.36)	(19,519,170)
	100.00	21,316,726	(100.00)	(20,049,414)

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

36. Non-Current Investments: (Non Trade, Long term & Fully paid up)

	Face Value (₹)	As on 31 st March 2014 Nos.	(₹)	As on 31 st March 2013 Nos.	(₹)
Equity Instruments (Quoted)					
Alstom Projects India Ltd.	10	-	-	(1,929)	(1,159,133)
Amara Raja Batteries Ltd.	1	-	-	(17,353)	(3,868,191)
Ashok Leyland Ltd.	1	-	-	(70,000)	(2,475,006)
Asian Paints Ltd.	10	-	-	(1,687)	(5,813,490)
Axis Bank Ltd.	10	-	-	(6,645)	(7,257,818)
Bajaj Auto Ltd.	10	-	-	(3,021)	(3,449,958)
Bajaj Electrical .Ltd.	2	-	-	(12,353)	(2,726,918)
Bajaj Financial Services Ltd.	5	-	-	(9,449)	(6,080,639)
Balkrishna Industries Limited	2	-	-	(5,800)	(1,763,200)
Bank Of Baroda	10	-	-	(2,900)	(2,981,474)
BGR Energy Systems Ltd.	10	-	-	(2,970)	(1,547,723)
Bhel Limited	2	-	-	(7,115)	(2,548,200)
Biocon Ltd.	5	-	-	(16,000)	(5,504,722)
Borosil Glasswork Ltd.	10	135,000	94,619,081	-	-
Cadila Healthcare Ltd.	5	-	-	(2,100)	(1,889,330)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	Face Value (₹)	As on 31 st March 2014 Nos.	(₹)	As on 31 st March 2013 Nos.	(₹)
Canara Bank Ltd.	10	-	-	(3,600)	(2,469,335)
Central Bank Of India	10	-	-	(29,320)	(4,458,214)
CESC Ltd.	10	-	-	(6,000)	(2,460,511)
Clariant Chemicals (India) Ltd.	10	-	-	(5,000)	(3,719,208)
Corporation Bank Ltd.	10	-	-	(4,500)	(2,592,395)
Cox & Kings Ltd.	5	-	-	(12,900)	(2,877,452)
Dabur India Ltd.	1	-	-	(47,541)	(5,004,736)
Divis Laboratories Ltd.	2	-	-	(7,992)	(5,933,676)
Dr. Reddy'S Laboratories Ltd.	5	-	-	(1,761)	(2,861,976)
Eclers Services Limited	10	-	-	(8,788)	(6,519,299)
Edelweiss Financial Services Ltd.	1	-	-	(23,139)	(1,282,629)
Electrosteel Integrated Ltd.	10	-	-	(200,000)	(2,370,000)
Everest Kanto Cylinder Ltd.	2	-	-	(31,017)	(3,487,930)
Exide Industries Ltd.	1	-	-	(10,500)	(1,240,762)
Firstsource Solutions Ltd.	10	-	-	(200,000)	(2,031,537)
Gujarat State Petronet Ltd.	10	-	-	(50,000)	(4,589,069)
HDFC Ltd.	2	-	-	(1,538)	(1,070,457)
Himanchal Futuristic Communication Ltd.	10	-	-	(2,255)	(139,408)
Hindalco Industries Ltd.	1	-	-	(7,250)	(909,598)
ICICI Bank Ltd.	5	-	-	(3,001)	(2,603,226)
IDBI Bank Ltd.	10	-	-	(10,000)	(1,766,049)
IFCI Ltd.	10	-	-	(22,000)	(1,497,348)
IL&FS Transportation Networks Ltd.	10	-	-	(4,874)	(1,288,970)
India Infoline Ltd.	2	-	-	(29,195)	(3,009,915)
ING Vysya Bank Ltd.	10	-	-	(4,600)	(1,372,962)
IPCA Laboratories Ltd.	2	-	-	(5,400)	(1,749,341)
IVRCL Ltd	2	-	-	(23,500)	(439,554)
Jammu & Kashmir Bank Ltd..	10	-	-	(2,300)	(1,659,576)
Jain Irrigation Systems	2	-	-	(24,700)	(2,110,171)
Jyoti Structures Ltd.	2	-	-	(16,427)	(2,135,285)
Kajaria Ceramics Ltd.	2	-	-	(15,200)	(1,573,352)
Kaveri Seeds Company Limited	10	-	-	(2,390)	(3,221,507)
KEC International Ltd.	2	-	-	(14,290)	(1,322,203)
Kotak Mahindra Bank Ltd.	5	-	-	(9,322)	(4,679,644)
KPIT Cummins Infosystems Limited	2	-	-	(15,100)	(1,689,614)
Larsen & Toubro Ltd.	2	-	-	(4,110)	(6,078,076)
Lupin Ltd.	2	-	-	(15,648)	(5,867,084)
Mahindra & Mahindra Financial Services Ltd.	10	-	-	(15,500)	(2,185,391)
Mahindra & Mahindra Ltd.	10	-	-	(2,000)	(1,364,759)
Mahindra Holidays & Resort India Ltd.	10	-	-	(5,700)	(2,766,057)
Mindtree Ltd.	10	-	-	(2,350)	(1,387,511)
Motherson Sumi Systems Ltd.	1	-	-	(31,702)	(4,685,873)
Mphasis Ltd.	10	-	-	(6,000)	(3,840,495)
Opto Circuits (I) Ltd.	10	-	-	(32,430)	(6,617,804)
Oracle Financial Services Software Ltd.	5	-	-	(475)	(1,073,765)
Page Industries Ltd.	10	-	-	(1,887)	(5,445,433)
Pantaloon Retail (India)Ltd.	2	-	-	(5,561)	(2,008,878)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	Face Value (₹)	As on 31 st March 2014 Nos.	As on 31 st March 2014 (₹)	As on 31 st March 2013 Nos.	As on 31 st March 2013 (₹)
PI Industries Limited	1	-	-	(5,557)	(3,499,058)
Pidilite Industries Ltd.	1	-	-	(24,134)	(4,060,594)
PSL Ltd.	10	-	-	(10,072)	(1,555,890)
Reliance Industries Ltd.	10	-	-	(7,214)	(7,619,735)
Rural Electricity Corporation Ltd.	10	-	-	(5,000)	(1,586,413)
Shree Cements Limited	10	-	-	(1,418)	(5,050,184)
SRF Ltd.	10	-	-	(13,336)	(3,389,155)
State Bank Of India	10	-	-	(1,230)	(2,327,586)
Sterlite Industries india Limited	1	-	-	(15,900)	(1,720,368)
Sun Pharmaceutical Industries Ltd.	1	-	-	(10,156)	(5,040,138)
Sun Tv Network Ltd.	5	-	-	(11,100)	(3,916,413)
Talwalkar Fitness Ltd.	10	-	-	(10,000)	(1,602,300)
Tata Consultancy Services Ltd.	1	-	-	(3,604)	(4,009,940)
Tata Motors (DVR)	2	-	-	(13,625)	(2,271,949)
Tata Motors Ltd.	2	-	-	(26,850)	(3,425,120)
Tata Steel Ltd.	10	-	-	(1,100)	(475,686)
Thermax Ltd.	2	-	-	(5,376)	(3,567,510)
Titan Industries Ltd.	1	-	-	(21,532)	(2,968,205)
Torrent Pharmaceuticals Ltd.	5	-	-	(3,717)	(2,357,875)
TTK Prestige Limited	10	-	-	(1,688)	(6,099,218)
Tulip Telecom Ltd.	2	-	-	(13,500)	(116,405)
Tyroon Tea Company Limited	10	-	-	(9,931)	(535,341)
Union Bank Of India	10	-	-	(6,975)	(1,986,897)
United Phosphorus Ltd.	2	-	-	(22,300)	(3,645,007)
Yes Bank Ltd..	10	-	-	(6,989)	(3,614,152)
NIFTY Jr. Benchmark Exchange Traded Fund	1.25	-	-	(60,303)	(6,563,345)
Zf Steering Gear (I) Ltd.	10	100	2,749	(100)	(2,749)
			94,621,830		(263,531,069)
Equity Instruments (Unquoted)					
Equity Instruments					
Arch Pharma Labs Ltd	10	-	-	(36,780)	(15,006,240)
Bosch Chassis System India Ltd.	10	20	1,077	(20)	(1,077)
Leaders Healthcare Ltd.	10	-	-	(157,500)	(9,450,000)
Prabhukripa Overseas Ltd.	10	231,053	3,246,899	-	-
			3,247,976	-	(24,457,317)
Private Equity and Real Estate Funds (Unquoted)					
India Business Excellence Fund	-	-	45,936,928	-	(45,936,928)
IL&FS Milestone Fund	10	2,000,000	20,000,000	(2,000,000)	(20,000,000)
IDFC Hybrid Fund	-	-	10,676,151	-	(22,089,118)
Multiples Private Equity Fund Scheme II	-	-	34,970,000	-	(23,175,000)
Tikona Private Equity	-	-	19,999,280	-	(19,999,280)
Zephyr Peacock India Fund	-	-	20,000,000	-	(20,000,000)
Milestone Bullion Series -I	-	1,920	12,985,410	(1,920)	(15,386,480)
Kotak Real Estate Yield Fund	-	-	20,000,000	-	(20,000,000)
Aditya Birla Real Estate Fund	-	250	14,425,364	-	(10,000,000)
IIFL Real Estate Fund	-	-	19,755,180	-	(10,000,000)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	Face Value (₹)	As on 31 st March 2014 Nos.	As on 31 st March 2014 (₹)	As on 31 st March 2013 Nos.	As on 31 st March 2013 (₹)
IIFL Income Opportunity Fund(AIF Category II)	-	-	24,000,000	-	(12,000,000)
India Business Excellence Fund - II	-	-	10,000,000	-	(10,000,000)
Edelweiss Stressed & Troubled Assests Revival Fund - I	-	-	7,500,000	-	-
Peninsula Bookfield India Real Estate Fund	-	-	24,750,000	-	-
IIFL Income Opportunities Fund Series - Special Situations	-	-	7,500,000	-	-
India Realty Excellance Fund II LLP	-	-	10,000,000	-	-
			302,498,313		(228,586,806)
Investment in Associate Company					
Equity Instruments (Quoted)					
J.L.Morison (India) Ltd.	10	272,800	51,549,275	(272,800)	(51,549,275)
Rasoi Ltd.	10	331,318	85,640,456	(175,068)	(23,061,636)
			137,189,732		(74,610,911)
Equity Instruments (Unquoted)					
Look Link Finance Ltd.	10	-	-	(22,500)	(1,125,000)
Compo Advics (India) Pvt. Ltd. *		2,450,000	24,500,000	-	-
* Joint Venture with 49% stake					
			24,500,000		(1,125,000)
Total Equity Instruments			562,057,851		(592,311,103)
Preference Shares (Unquoted)					
L&T Finance Holding Limited - Cumulative Preference Share	100	1,008,753	101,678,500	(608,753)	(60,875,300)
Tata Capital (TCI) Cumulative Preference Share - Tranch G	1,000	100,000	100,000,000	-	-
IL&FS Redeemable Cumulative Preference Shares	7,500	12,000	150,000,000	-	-
Total Preference Shares			351,678,500	-	(60,875,300)
Bonds (Quoted)					
Nabard Zero Coupon Bond-Jan 2019	8,450	5,045	54,015,198	(10,010)	(103,375,475)
6.30 % IRFC Bonds-Mar 2017	10,000	-	-	(500)	(50,063,644)
8.20% HUDCO Tax Free Bond-Mar 2027	1,000	97,310	96,459,541	(97,310)	(96,470,179)
8.10% HUDCO Tax Free Bond -Mar 2022	1,000	30,000	30,000,000	(30,000)	(30,000,000)
8% IRFCL Tax Free Bonds-Feb 2022	1,000	-	-	(15,225)	(15,225,000)
7.93% REC-Tax Free Bond -Mar 2022	1,000	30,619	30,619,000	(30,619)	(30,619,000)
8.20% NHAI-Tax Free Bonds- Jan 2022	1,000	-	-	(12,362)	(12,362,000)
8.30% PFC- Tax Free Bonds- Feb 2027	1,000	7,120	7,120,000	(7,120)	(7,120,000)
8.33% GOI Jul -2026	50,000,000	-	-	(1)	(50,000,000)
9.29% PFC Tax Free Bond Aug-2022	1,000,000	50	50,033,580	(50)	(50,037,579)
8.28% GOI Feb - 2032	50,000,000	-	-	(2)	(100,732,463)
8.26% GOI Aug - 2027	50,000,000	-	-	(1)	(51,126,610)
11.90% IISL Aug 2016	1,000	29,747	28,675,126	(29,747)	(28,675,126)
9.90% ING Vysya Bank Ltd Bond Dec-2022	1,000,000	50	50,000,000	(50)	(50,000,000)
9.90% IFCI Ltd Bonds Nov 2022	25,000	-	-	(3,900)	(97,500,000)
9.02% REC Tax Free Bond Nov-2022	1,000,000	50	50,598,546	(50)	(50,667,791)
9.30% HDFC Ltd Oct 2017	1,000,000	50	50,009,615	(150)	(150,322,597)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	Face Value (₹)	As on 31 st March 2014		As on 31 st March 2013	
		Nos.	(₹)	Nos.	(₹)
10.75% DPSC Ltd Nov-2017	200,000	250	50,000,000	-	-
9.90% IFCI Ltd Bonds Nov 2022	25,000	3,200	80,000,000	-	-
8.26% - IIFCL Tax Free Bonds - Aug -2028	1,000,000	30	30,005,758	-	-
8.19% IIFCL Tax Free Bonds - Aug -2033	1,000,000	20	20,003,879	-	-
8.66% - IIFCL Tax Free Bonds -Jan-2034	1,000	50,000	50,000,000	-	-
8.76% HUDCO Tax Free Bond Jan-2034	1,000	100,000	100,000,000	-	-
8.51% HUDCO Tax Free Bond Oct -2028	1,000	50,000	50,000,000	-	-
8.46% Rec Tax Free Bonds - Aug-2028	1,000,000	50	50,033,627	-	-
8.67% PFC Tax Free Bonds- Nov 2033	1,000	161,945	161,945,000	-	-
8.67% NHPC Tax Free Bonds -Nov 2033	1,000	48,315	48,315,000	-	-
9.01% NHB Tax Free Bond Jan-2034	5,000	50,000	253,315,310	-	-
8.68 % NHB Tax Free Bonds Mar -2029	5,000	16,384	82,221,125	-	-
7.40% IIFCL Tax Free Bonds Jan-2033	1,000	50,000	44,250,000	-	-
10.15% Yes Bank Ltd Sep- 2027	1,000,000	100	101,729,870	-	-
12% IL&FS Transportation Networks Ltd Mar-2016	1,000,000	200	206,238,769	-	-
9.25% HDFC Ltd Feb-2018	1,000,000	150	146,427,450	-	-
8.06% REC Tax Free Bond May-2023	1,000,000	50	45,333,300	-	-
			<u>1,967,349,693</u>		<u>(974,297,464)</u>
Debentures (Quoted)					
Peninsula Land Limited	1,000,000	25	18,750,000	(25)	(25,000,000)
Lodha Dwellers Pvt. Ltd.	1,000,000	-	-	(2)	(6,816,878)
Muthoot Finance Limited	1,000,000	-	-	(25)	(25,000,000)
Marathon Realty Private Limited	10,000,000	3	28,200,000	(3)	(30,000,000)
Parsvanath Developers Limited	100,000	300	30,000,000	-	-
Rajesh Real Estate Developers Pvt Ltd.	10,000,000	2	20,000,000	-	-
Barclays Index Linked -Jun 2013 (PP)	1,000,000	-	-	(25)	(25,330,900)
IIFL-Principal Protected Secured Non Convertible Debentures-May 2013	100,000	-	-	(300)	(30,000,000)
RBS Financial Services (India) Pvt. Ltd. - Index Linked Principal Protected Debenture-May 2013	100,000	-	-	(300)	(30,132,360)
Deutsche Investments India Private Limited-Principal Protected Secured Debenture -Aug 2013	100,000	-	-	(500)	(50,000,000)
IIFL-Index Linked Principal Protected Secured Redeemable, Non Convertible Debenture- Aug- 2016	100,000	250	25,000,000	(250)	(25,000,000)
IIFL-Index Linked Principal Protected Secured Redeemable, Non Convertible Debenture-Oct -2016	100,000	250	25,000,000	-	-
ECLF-Market Linked Non Convertible Debentures Jun-2015	100,000	300	33,493,104	-	-
ECLF-Market Linked Non Convertible Debentures Jul-2016	100,000	300	33,607,146	-	-
			<u>214,050,250</u>		<u>(247,280,138)</u>
			<u>2,181,399,943</u>		<u>(1,221,577,602)</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	Face Value (₹)	As on 31 st March 2014 Nos.	As on 31 st March 2014 (₹)	As on 31 st March 2013 Nos.	As on 31 st March 2013 (₹)
Bonds (Unquoted)					
REC 54 Ec -Bonds	10,000	-	-	(500)	(5,000,000)
					(5,000,000)
Debentures (Unquoted)					
Manappuram Finance Limited	1,000,000	25	25,000,000	(25)	(25,000,000)
Lily Realty Pvt. Ltd. (Pasma)	100,000	300	30,593,740	(300)	(30,857,384)
Omkar Realtors & Developers Pvt. Ltd.	96,823	300	27,260,548	(300)	(29,407,878)
TDI Realcon Private Ltd (Navjyoti Overseas Pvt Ltd.)	10,000,000	2	20,000,000	(2)	(20,000,000)
Prateek Infraprojects India Pvt Ltd.	10,000,000	2	20,421,500	-	-
Puranik Builders Pvt Ltd	100,000	300	23,669,402	-	-
Wadhwa Group Holdings Pvt Ltd - Ncd	100,000	220	23,286,721	-	-
Kumar Builders Mumbai Realty Pvt. Ltd.	100,000	200	20,000,000	-	-
Supertech Ltd	100	200,000	18,231,161	-	-
			208,463,072		(105,265,262)
Total Debentures and Bonds			2,389,863,015		(1,331,842,864)
Mutual Funds (Quoted)					
L&T FMP - VII (MAR 753DA) - Growth	10	2,000,000	20,000,000	(2,000,000)	(20,000,000)
ICICI Prudential Fixed Maturity Plan - Series 60 - 18 M-Plan A-Growth	10	-	-	(2,500,000)	(25,000,000)
ICICI FMP -Series 57- 3 Year Plan B-Growth	10	-	-	(2,500,000)	(25,000,000)
DWS Fixed Term Fund-Series 91-3yrs-Growth	10	-	-	(2,000,000)	(20,000,000)
HDFC FMP 36M -Oct 2011 -Series XIX (1)-Growth	10	-	-	(3,000,000)	(30,000,000)
IDFC FMP- 3 Years -Series 5-Growth	10	-	-	(2,000,000)	(20,000,000)
Birla Sunlife Fixed Term Plan Series - ED-Growth	10	-	-	(3,000,000)	(30,000,000)
ICICI Prudential FMP- Series 61 Plan F -3Years -Growth	10	-	-	(3,000,000)	(30,000,000)
Tata Income Fund -Growth	10	-	-	(940,230)	(30,000,000)
			20,000,000		(230,000,000)
Mutual Funds (Unquoted)					
Birla Sun Life Dynamic Bond Fund - Growth	10	-	-	(1,099,487)	(20,000,000)
Templeton India Income Opportunities Fund - Growth	10	-	-	(8,131,415)	(100,000,000)
Birla Sunlife Frontline Equity Fund- Plan A - Dividend	10	-	-	(1,818,707)	(40,000,000)
DSP Blackrock Small And Mid Cap Fund - Dividend	10	-	-	(2,835,782)	(44,000,000)
DSP Blackrock Top 100 Equity Fund - Regular Plan - Dividend	10	-	-	(2,572,086)	(57,000,000)
HDFC Equity Fund - Dividend	10	-	-	(738,910)	(27,500,000)
HDFC Mid Cap opportunities Fund - Dividend	10	-	-	(2,781,211)	(45,000,000)
HDFC Top 200 Fund - Dividend	10	-	-	(804,425)	(36,500,000)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	Face Value (₹)	As on 31 st March 2014 Nos.	As on 31 st March 2014 (₹)	As on 31 st March 2013 Nos.	As on 31 st March 2013 (₹)
ICICI Prudential Focused Bluechip Equity fund -Dividend	10	-	-	(621,504)	(10,000,000)
IDFC Premier Equity Fund- Plan A Dividend	10	-	-	(705,992)	(15,000,000)
SBI Dynamic Bond Fund - Growth	10	-	-	(4,455,870)	(65,000,000)
ICICI Prudential Income Opportunities Fund - Growth	10	-	-	(9,549,572)	(150,000,000)
ICICI Prudential Income Regular Plan - Growth	10	-	-	(960,354)	(35,000,000)
IDFC Dynamic Bond Fund - Growth	10	-	-	(7,410,966)	(100,000,000)
			-	-	(745,000,000)
Total Mutual Funds			20,000,000		(975,000,000)
Bullion					
E- Silver (Quoted)	-	58 kg	3,063,853	58 kg	(3,063,853)
Gold 24 K 99.999% (Unquoted)	-	2415.60 gm	4,826,076	2415.60 gm	(4,826,076)
Total Bullion			7,889,929		(7,889,929)
Total Non Current Investment			3,315,709,436		(2,952,139,338)
Aggregate Cost of Quoted Investments			2,436,275,357		(1,792,783,435)
Aggregate Cost of Unquoted Investments			879,434,079		(1,159,355,903)
(Aggregate amount of provision for diminution in unquoted investment ₹ Nil (Previous year ₹ Nil))					
Aggregate Market Value of Quoted Investments			2,571,449,994		(1,920,284,030)

37. Current Investment:

	Face Value (₹)	As on 31 st March 2014 Nos.	As on 31 st March 2014 (₹)	As on 31 st March 2013 Nos.	As on 31 st March 2013 (₹)
Bonds (Quoted)					
6.85% 22 JN14 IIFCL-Jan 2014	10,000	-	-	(830)	(83,419,997)
			-	-	(83,419,997)
Bonds (Unquoted)					
REC 54 Ec -Bonds Sep 2014	10,000	500	5,000,000	-	-
REC 54 Ec -Bonds	10,000	-	-	(500)	(5,000,000)
Pass through Certificates (PTC)	100,000	-	-	(494)	(49,400,000)
			5,000,000	-	(54,400,000)
Debentures (Unquoted)					
Arch Pharma Laboratories Ltd.	10,000	1,828	18,280,000	-	-
Peninsula Land Ltd	1,000,000	17	17,000,000	-	-
Vijay Associates (Wadhwa) Constructions Private Ltd	13,440	-	-	(500)	(6,720,000)
Neelkanth Urban Developers Pvt. Ltd.	10,000,000	3	15,000,000	(3)	(20,400,000)
Devadatta Build Tech Private Limited	4,000,000	-	-	(5)	(20,000,000)
			50,280,000	-	(47,120,000)
Total Debentures and Bonds			55,280,000		(184,939,997)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

	Face Value (₹)	As on 31 st March 2014 Nos.	(₹)	As on 31 st March 2013 Nos.	(₹)
Mutual Funds (Quoted)					
Sundaram Fixed Term Plan 18 M- Growth	10	-	-	(5,000,000)	(50,000,000)
SBI Magnum Debt Fund Series -18M- (7)- Growth	10	-	-	(2,500,000)	(25,000,000)
HDFC FMP-24M- Sep 2011(1)- Series XIX-Growth	10	-	-	(3,000,000)	(30,000,000)
ICICI Prudential FMP Series 60- 3 Year Plan E-Growth	10	-	-	(2,000,000)	(20,000,000)
Religare FMP Series XII-182 days- Plan D-Growth	10	-	-	(2,000,000)	(20,000,000)
ICICI FMP -Series 57- 3 Year Plan B- Growth	10	2,500,000	25,000,000	-	-
DWS Fixed Term Fund-Series 91-3yrs-Growth	10	2,000,000	20,000,000	-	-
HDFC FMP 36M -Oct 2011 -Series XIX (1)-Growth	10	3,000,000	30,000,000	-	-
IDFC FMP- 3 Years -Series 5-Growth	10	2,000,000	20,000,000	-	-
Birla Sunlife Fixed Term Plan Series - ED-Growth	10	3,000,000	30,000,000	-	-
ICICI Prudential FMP- Series 61 Plan F -3Years -Growth	10	3,000,000	30,000,000	-	-
ICICI Prudential Fmp Series 60 3 Year Plan E" - Fmp	10	2,000,000	20,000,000	-	-
Templeton India Income Opportunities Fund - Growth	10	1,531,370	20,000,000	-	-
Tata Income Fund -Growth	10	933,413	34,400,000	-	-
			229,400,000		(145,000,000)
Liquid Mutual Funds (Unquoted)					
Baroda Pioneer Liquid Fund-Institutional-Growth	1,000	9,195.764	13,500,000	(12,293)	(16,500,000)
Peerless Liquid Fund - Super Institutional Plan - Growth	10	-	-	(2,383,800)	(30,500,000)
IDFC Money Manager Fund Treasury -Dividend	10	-	-	(19,173)	(193,074)
JM High Liquidity Fund -Institutional Growth	10	-	-	(1,800,876)	(57,500,000)
L&T Liquid Fund -Growth	1,000	-	-	-	(2,000,000)
Principal Cash Management- Growth	10	-	-	(1,711)	(1,943,293)
Reliance Liquid Fund - Treasury Plan- Institutional - Weekly Dividend	10	-	-	(4,234)	(6,486,174)
			13,500,000		(115,122,540)
Total Mutual Funds			242,900,000		(260,122,540)
Total Current Investment			298,180,000		(445,062,537)
Aggregate Cost of Quoted Investments			229,400,000		(228,419,997)
Aggregate Cost of Unquoted Investments			68,780,000		(216,642,540)
(Aggregate amount of provision for diminution in unquoted investment ₹ Nil (Previous year ₹ Nil))					
Aggregate Market Value of Quoted Investments			341,951,743		(253,789,600)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

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

Particulars	Year ended March 2014 (₹)	Year ended March 2013 (₹)
Principal Amount due to suppliers under MSMED Act,2006, Beyond appointed Day	633,508	(1,006,439)
Interest accrued and due to suppliers under MSMED Act, on the above amount	24,828	(25,891)
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)	Nil	(Nil)
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. Segment Reporting:

Particulars	Year ended March 2014 (₹)	Year ended March 2013 (₹)
Segment Revenue		
Composite Products	1,080,761,304	(934,523,405)
Investment	314,915,007	(239,830,992)
	<u>1,395,676,311</u>	<u>(1,174,354,398)</u>
Segment Results		
Profit/(Loss) before Interest, Tax and Exceptional Items from each segment)		
Composite Products	44,724,744	3,535,048
Investment	177,904,727	(144,770,865)
	<u>222,629,471</u>	<u>(141,235,817)</u>
Unallocated Expenses (Net)	(8,106,907)	16,737,272
Interest Expenses	(7,415,484)	2,853,382
Tax Expenses	(44,192,517)	19,642,253
Other Income	9,075,342	-
Profit after taxation	<u>171,989,905</u>	<u>(102,002,910)</u>
Segment Assets		
Composite Products	718,987,116	(725,777,404)
Investment	4,499,344,251	(4,284,997,726)
Unallocated Assets	399,794,485	(433,983,588)
	<u>5,618,125,852</u>	<u>(5,444,758,718)</u>
Segment Liabilities		
Composite Products	228,062,321	(220,643,667)
Unallocated Liabilities	105,529,032	(97,473,663)
	<u>333,591,354</u>	<u>(318,117,330)</u>
Other Information:		
Capital Expenditure	81,106,098	(729,308,482)
Depreciation & Amortisation	70,329,078	(61,522,683)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

40. Disclosures as required by Accounting Standard-18, on "Related Party Disclosure" are given below:

(i) Associates / Joint Venture 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)

(ii) Key Management Personnel:

Mr. Raghu Mody, Executive Chairman
 Mr. Varunn Mody , Executive Director
 Mr. P. K. Choudhary, Managing Director
 Mr. Ramchandra Rao, Joint Managing Director (upto 1st July, 2013)

(iii) Relatives of Key Managerial Personnel :

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

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

Particulars	Year ended March 2014 (₹)	Year ended March 2013 (₹)
Inter-Corporate Deposit Given		
J L Morison (India) Limited	Nil	(115,000,000)
Rent Deposit Given		
Surdas Trading & Mfg. Co. Ltd.	Nil	(5,000,000)
Pallawi Resources Ltd.	Nil	(17,500,000)
Inter-Corporate Deposit Received Back		
J L Morison (India) Limited	50,000,000	(65,000,000)
Silver Trading & Services Ltd.	Nil	(12,500,000)
Rent Deposit Received Back		
Rasoi Limited	50,000,000	(Nil)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Particulars	Year ended March 2014 (₹)	Year ended March 2013 (₹)
Surdas Trading & Mfg. Co. Ltd.	5,000,000	(Nil)
Pallawi Resources Ltd.	25,550,000	(Nil)
Interest Received		
J L Morison (India) Limited	796,028	3,965,753
Others	Nil	61,644
Reimbursement of Expenses from		
J L Morison (India) Limited (Insurance)	Nil	55,340
Rent Received		
J L Morison (India) Limited	Nil	800,000
Rent Paid		
Rasoi Limited *	556,182	(1,411,410)
J L Morison (India) Limited	1,200,000	(1,200,000)
Silver Trading & Services Ltd.	600,000	(600,000)
Pallawi Trading & Mfg. Co. Ltd. *	622,248	(611,124)
Others	780,000	(510,000)
* Including Service Tax		
Others		
J L Morison (India) Limited (Purchase of Assets)	179,750	(208,125)
Rasoi Express Pvt. Ltd. (Travelling)	8,252,042	(4,765,175)
Compo Advics (India) Pvt. Ltd. (Sale of Assets)	16,050,000	(Nil)
Dividend Received		
J L Morison (India) Limited	272,800	(272,800)
Rasoi Limited	175,068	(350,136)
Dividend Given		
Rasoi Limited	2,050,574	(4,101,148)
J L Morison (India) Limited	369,234	(738,468)
Others	446,008	(892,016)
(B) Nature of Transaction with Key Management Personnel:		
<u>Salary and Allowances</u>		
Mr. Raghu Mody *	6,000,000	(6,096,040)
Mr. Varunn Mody *	9,000,000	(7,510,000)
Mr. P.K. Choudhary	5,219,553	(5,184,072)
Mr. Ramchandra Rao	1,391,876	(7,399,238)
Others	982,200	(274,575)
* Central Government approval for previous years' remuneration aggregating to ₹ 4,894,048 is expected to be received shortly.		
<u>Commission to Directors</u>		
Mr. Varunn Mody	2,500,000	(1,500,000)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT
(C) Closing Balance with Associates /Relatives/ Joint Venture:
Receivable:

Rasoi Ltd.	50,000,000	(100,000,000)
J L Morison (India) Limited	Nil	(50,000,000)
Pallawi Resources Ltd	Nil	(25,550,000)
Surdas Trading & Mfg. Co. Ltd.	Nil	(5,000,000)

Payable:

Rasoi Express Pvt. Ltd.	700,111	(252,223)
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Interest Receivable (Net of TDS)

J L Morison (India) Limited	Nil	(160,274)
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Investment in

J L Morison (India) Limited	51,549,275	(51,549,275)
Rasoi Limited	85,640,456	(23,061,636)
Look Link Finance Ltd.	Nil	(1,125,000)
Compo Advics (India) Pvt. Ltd.	24,500,000	(Nil)

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.

41. 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, 1956.

	Amount Outstanding as on 31st March 2014 (₹)	Maximum amount Outstanding During the year (₹)
Employees (as per general rules of the Company)	742,000 (1,008,000)	1,159,584 (1,467,100)
Employees' Welfare Trust	113,000,000 (120,000,000)	120,000,000 (125,000,000)

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

Signatures to Notes 1 to 42 which form an integral part of the financial statements.

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

For and on behalf of the Board of Directors

R.P. Baradiya
Partner

Varunn Mody
Executive Director
Treasury & Business Development

P.K. Choudhary
Managing Director

Place: Mumbai
Date: 29th May 2014

Amit Goenka
VP - Finance & Company Secretary

Sunil Jindal
Chief Financial Officer

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Hindustan Composites Limited

CIN: L29120MH1964PLC012955

Peninsula Business Park, "A" Tower, 8th Floor, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

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

FOR KIND ATTENTION OF MEMBERS

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

VP - Finance & Company Secretary



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NECS MANDATE FORM



Hindustan Composites Limited

CIN: L29120MH1964PLC012955

Peninsula Business Park, "A" Tower, 8th 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

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	<input type="checkbox"/>
Current	<input type="checkbox"/>
Cash Credit	<input type="checkbox"/>
 - 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 & hare 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.

Place : _____

Date : _____

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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PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

50th Annual General Meeting – 1st September, 2014

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:

- Name: _____
 Address: _____
 Email ID: _____
 Signature: _____, or failing him
- Name: _____
 Address: _____
 Email ID: _____
 Signature: _____, or failing him
- 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 50th Annual General Meeting of the Company to be held on 1st day of September, 2014 at 4.00p.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 2) Please mention no. of Share)		
		For	Against	Abstain
	Ordinary Business:			
1	Ordinary Resolution for adoption of Audited Financial Statements for the year ended 31 st March, 2014 and the Reports of the Directors' and the Auditors thereon.			
2	Ordinary Resolution for declaration of Dividend on Equity Shares for the financial year ended 31 st March, 2014.			
3	Ordinary Resolution for appointment of a director in place of Mr. Varunn Mody, Executive Director-Treasury & Business Development who retires by rotation and being eligible, offers himself for re-appointment.			
4	Ordinary Resolution for re-appointment of M/s. Lodha & Company, Chartered Accountants, Mumbai (having FRN: 301051E) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.			
	Special Business:			
5	Ordinary Resolution for appointment Mr. K. M. Robinson as an Independent Director of the Company to hold office as such upto 31 st March, 2019.			
6	Ordinary Resolution for appointment Mr. Brijmohan Rai Bahl as an Independent Director of the Company to hold office as such upto 31 st March, 2019.			
7	Ordinary Resolution for appointment Lt. Gen. (Retd.) K.S. Brar as an Independent Director of the Company to hold office as such upto 31 st March, 2019.			
8	Ordinary Resolution for appointment Mr. A. B. Vaidya as an Independent Director of the Company to hold office as such upto 31 st March, 2019.			
9	Ordinary Resolution for approval of remuneration payable to M/s. M. R. Pandit & Co., Cost Accountants, Aurangabad, the Cost Auditor of the Company for the financial year 2014-2015.			

Signed this _____ day of _____ 2014

Signature of Member: _____

Signature of Proxy holder(s): _____

Note:

- 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.
- 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.

Affix Revenue Stamp of Re.0.15

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Hindustan Composites Limited

CIN: L29120MH1964PLC012955

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

E-Voting Procedure

Dear Shareholder,

Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to the members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The Company has approached NSDL for providing e-voting services through its e-voting platform. In this regard, your Demat Account/ Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-voting system.

The Notice of the AGM of the Company inter alia indicating the process and manner of e-voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com> or www.hindcompo.com.

The e-voting period commences on 25th August, 2014 (9:00 am) and ends on 27th August, 2014 (6:00 pm). During this period shareholders of the Company may cast their vote electronically. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 25th July, 2014 (being cut-off date).

The procedure to login to e-voting website is given below:

1. Initial password is provided at below/at the bottom of the Attendance Slip for the AGM EVEN (E Voting Event Number), USER ID, PASSWORD/PIN
2. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
3. Click on "Shareholder – Login".
4. Put user ID and password as initial password noted in step (1) above and Click Login.
5. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
7. Select "EVEN" of Hindustan Composites Limited. Members can cast their vote online from 25 August, 2014 (9:00 am) and ends on 27 August, 2014 (6:00 pm).
8. Note: e-voting shall not be allowed beyond said time. Now you are ready for "e-voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

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: scrutinizer@mgconsulting.in with a copy marked to evoting@nsdl.co.in

Please note that:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the Companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

Please note that if you have opened 3-in-1 account with ICICI Group i.e. bank account and demat account with ICICI Bank Limited and trading account with ICICI Securities Limited, you can access e-Voting website of NSDL through their website viz.: www.icicidirect.com for the purpose of casting your votes electronically by using your existing user ID and password used for accessing the website www.icicidirect.com. Please note that in case you are not able to login through ICICI direct website, you can also access the e-Voting system of NSDL by using your existing user ID and password for the e-voting system of NSDL.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following Telephone No.:022-2499 4600.

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

ASSENT/DISSENT FORM FOR VOTING ON AGM RESOLUTIONS

1.	Name & Registered Address of Shareholder (IN BLOCK LETTER)			
2.	Name(s) of Joint holders, if any			
3.	Registered folio No./ DP ID No./Client ID No.* (*Applicable to investors holding shares in dematerialized form)			
4.	Number of share(s) held			
5.	I/We hereby exercise my/our vote in respect of the following resolutions to be passed for the business stated in the Notice of the Annual General Meeting dated 1 st September, 2014 by conveying my/our assent or dissent to the Resolutions by placing a tick (✓) mark at the appropriate box below.			
Item No.	Description of the Resolution	No. of share(s)	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1.	Ordinary Resolution for adoption of Audited Financial Statements for the year ended 31 st March, 2014 and the Reports of the Directors' and the Auditors thereon.			
2.	Ordinary Resolution for declaration of Dividend on Equity Shares for the financial year ended 31 st March, 2014.			
3.	Ordinary Resolution for appointment of a director in place of Mr. Varunn Mody, Executive Director-Treasury & Business Development who retires by rotation and being eligible, offers himself for re-appointment.			
4.	Ordinary Resolution for re-appointment of M/s. Lodha & Company, Chartered Accountants, Mumbai (having FRN: 301051E) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.			
5.	Ordinary Resolution for appointment Mr. K. M. Robinson as an Independent Director of the Company to hold office as such upto 31 st March, 2019.			
6.	Ordinary Resolution for appointment Mr. Brijmohan Rai Bahl as an Independent Director of the Company to hold office as such upto 31 st March, 2019.			
7.	Ordinary Resolution for appointment Lt. Gen. (Retd.) K.S. Brar as an Independent Director of the Company to hold office as such upto 31 st March, 2019.			
8.	Ordinary Resolution for appointment Mr. A. B. Vaidya as an Independent Director of the Company to hold office as such upto 31 st March, 2019.			
9.	Ordinary Resolution for approval of remuneration payable to M/s. M. R. Pandit & Co., Cost Accountants, Aurangabad, the Cost Auditor of the Company for the financial year 2014-2015.			

Place :

Date :

(Signature of the Shareholder)

Notes: (i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.

(ii) Last date for receipt of Assent/Dissent Form: 27th August, 2014(6.00 pm)

(iii) Please read the instructions carefully before exercising your vote.

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Hindustan Composites Limited

CIN: L29120MH1964PLC012955

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

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

INSTRUCTIONS

General Instructions

1. Shareholders have option to vote either through e-voting i.e. electronic means or to convey assent/dissent in physical form. If a shareholder has opted for Physical Assent / Dissent Form, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through both physical assent/dissent form and e-voting, then vote casted through e-voting shall be considered.
2. The notice of Annual General Meeting is dispatched/e-mailed to the members whose names appear on the Register of Members as on 25th July, 2014 and voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders as on the said date.
3. Voting through physical assent / dissent form cannot be exercised by a proxy.

Instructions for voting physically in Assent / Dissent Form

1. A Member desiring to exercise vote by Assent / Dissent should complete this Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Mr. Manish L. Ghia, Partner, M/s. Manish Ghia and Associates, Company Secretaries, Mumbai and send the same at their cost to reach the Scrutinizer at the Registered Office of the Company on or before the close of working hours i.e. 6.00 p.m. on 27th August, 2014. Any Form received thereafter will be strictly treated as if the reply from such Member has not been received.
2. This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
3. In respect of shares held by corporate and institutional shareholders (companies, trusts, societies etc.) the completed Assent / Dissent Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization with the specimen signature(s) of the authorized signatory(ies) duly attested.
4. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Form. The assent or dissent received in any other form shall not be considered valid.
5. Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
6. There will be one Assent / Dissent Form for every folio / Client id irrespective of the number of joint holders.
7. A Member may request for a duplicate Assent / Dissent Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No.1 above.
8. Members are requested not to send any other paper along with the Assent / Dissent Form. They are also requested not to write anything in the Assent / Dissent form except giving their assent or dissent and putting their signature. If any other paper is sent along with the form the same will be destroyed by the Scrutinizer.
9. The Scrutinizer's decision on the validity of the Assent / Dissent Form will be final and binding.
10. Incomplete, unsigned or incorrectly ticked Assent / Dissent Forms will be rejected.

12th AUTO EXPO 2014
COMPONENTS



Our participation in 12th Auto Expo Component Exhibition 2014 held at New Delhi from 6-9 February 2014.



Our Participation in The International Commercial Vehicle Fair 2014 held at Chennai from 4-6 October 2013.

If undelivered, please return to :



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