



# HINDUSTAN COMPOSITES LIMITED

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

## NOTICE

Notice is hereby given that the Forty Ninth Annual General Meeting of the Company will be held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, at 4.00 p.m. on Thursday, 29<sup>th</sup> August, 2013 to transact the following businesses:

### ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013 together with the reports of the Directors' and Auditors' thereon.
2. To declare dividend for the year ended 31<sup>st</sup> March, 2013.
3. To appoint a Director in place of Mr. A. B. Vaidya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Lt. Gen. (Retd.) K. S. Brar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Lodha & Company, Chartered Accountants, Mumbai as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

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

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the revision in remuneration payable to Mr. P. K. Choudhary, Managing Director of the Company for the remaining period of his tenure w.e.f. 1<sup>st</sup> April, 2012, as detailed in the Explanatory Statement attached to this Notice, be and is hereby approved, with the liberty to the Board of Directors to revise the terms with regard to remuneration from time to time within the limits provided in the said Schedule XIII or any amendment thereto for the time being in force.

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

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

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

**“RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), approval of the Company be and is hereby accorded for the re-appointment of Mr. P. K. Choudhary as Managing Director of the Company for a further period w.e.f. 18<sup>th</sup> March, 2013 till 30<sup>th</sup> June, 2016.

**RESOLVED FURTHER THAT** the terms and conditions regarding remuneration payable to Mr. P. K. Choudhary as Managing Director of the Company, as set out in the Explanatory Statement attached to this Notice, be and is hereby approved for a period of three years w.e.f. 18<sup>th</sup> March 2013 to 17<sup>th</sup> March 2016, with the liberty to the Board of Directors of the Company to revise the terms with regard to remuneration from time to time within the limits provided in the said Schedule XIII or any amendment thereto for the time being in force.

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

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to the above resolution.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the revision in remuneration payable to Mr. Varunn Mody, Executive Director of the Company for the remaining period of his tenure w.e.f 1<sup>st</sup> April, 2012, as detailed in the Explanatory Statement attached to this Notice, be and is hereby approved, with the liberty to the Board of Directors to revise the terms with regard to remuneration from time to time within the limits provided for in the said Schedule XIII or any amendment thereto for the time being in force.

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

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

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

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to approval of Central Government and all other necessary permissions, sanctions and approvals as may be required, the revision in remuneration payable to Mr. Varunn Mody, Executive Director – Treasury (re-designated) of the Company for the remaining period of his tenure w.e.f 1<sup>st</sup> April, 2013, as detailed in the Explanatory Statement attached to this Notice, be and is hereby approved, with the liberty to the Board of Directors to revise the terms with regard to remuneration from time to time within the limits provided for in the said Schedule XIII or any amendment thereto for the time being in force.

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

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

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

“**RESOLVED THAT** pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Mr. Raghu Mody as an Executive Chairman of the Company for a period of 3 (three) years w. e. f. 1<sup>st</sup> October, 2011 on the terms and conditions as set out in the Explanatory Statement attached to this notice, be and is hereby approved, with the liberty to the Board of Directors to revise the terms with regard to remuneration from time to time, within the limits provided in the said Schedule XIII to the Act or any amendment thereto for the time being in force.

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

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

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

“**RESOLVED THAT** pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Mrs. Shashi Mody, a relative of Mr. Raghu Mody and Mr. Varunn Mody, Directors of the Company, as General Manager - Corporate of the Company with effect from 1<sup>st</sup> September, 2012 on the terms and conditions as set out in the Explanatory Statement attached to



this Notice be and is hereby approved, with the liberty to the Board of Directors to revise the terms with regard to remuneration from time to time subject to a limit of Rs. 2,50,000 p.m. inclusive of all amenities and perquisites payable to her.

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

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

“**RESOLVED THAT** pursuant to the provisions of Section 269 and 309(5B) read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the approval of Central Government and all other permissions, sanctions and approvals as may be necessary in this regard, the consent of the Company be and is hereby accorded for waiver from recovery of a sum of Rs. 12,96,040/- (Rupees Twelve Lacs Ninety Six Thousand Forty only) being excess remuneration already paid to Mr. Raghu Mody, Executive Chairman of the Company during the financial year 2012-13 in excess of the limits prescribed under Section 309(3) read with Schedule XIII of the Act.

**RESOLVED FURTHER THAT** an application be made to the Central Government under Section 309(5B) of the Act for its approval for waiver from recovery of excess remuneration paid to Mr. Raghu Mody, Executive Chairman of the Company during the financial year 2012-13 in excess of the limits prescribed in Section 309(3) read with Schedule XIII of the Act.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take all actions and make application to Central Government and do all such acts, deeds, matters and things, as may be required from time to time to give effect to aforesaid resolution.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 269 and 309(5B) read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the approval of Central Government and all other permissions, sanctions and approvals as may be necessary in this regard, the consent of the Company be and is hereby accorded for waiver from recovery of a sum of Rs.35,98,000/- (Rupees Thirty Five Lacs Ninety Eight Thousand only) being excess remuneration already paid to Mr. Varunn Mody, Executive Director of the Company during the financial year 2012-13 in excess of the limits prescribed under Section 309(3) read with Schedule XIII of the Act.

**RESOLVED FURTHER THAT** an application be made to the Central Government under Section 309(5B) of the Act for its approval for waiver from recovery of excess remuneration paid to Mr. Varunn Mody, Executive Director of the Company during the financial year 2012-13 in excess of the limits prescribed in Section 309(3) read with Schedule XIII of the Act.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take all actions and make application to Central Government and do all such acts, deeds, matters and things, as may be required from time to time to give effect to aforesaid resolution.”

**By order of the Board of Directors**

Place: Mumbai  
Date: 10<sup>th</sup> May, 2013

**Amit Goenka**  
**G. M. Finance & Company Secretary**

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

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME OF COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 26<sup>th</sup> August, 2013 to 29<sup>th</sup>



---

August, 2013 (both days inclusive).

3. The shares of the Company are listed on BSE Ltd., National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Association Limited. Listing fees for the financial year 2013-14 has been paid to all the stock exchanges except The Calcutta Stock Exchange Association Limited, where the company has applied for de-listing.
4. Members are requested to bring their copies of the Annual Report to the Meeting.
5. Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easier identification of attendance at the meeting.
6. As required under Section 205A and 205C of the Companies Act 1956, unclaimed dividend pertaining to the financial years ended up 31<sup>st</sup> March, 2005 has been transferred to the Investor Education and Protection Fund (IEPF). The balance amount in unpaid dividend account pertaining to the financial year 2005-06 is due for transfer to the Investors Education and Protection Fund by October, 2013. The shareholders whose dividend is remained unclaimed for the aforesaid financial year or for subsequent financial years are requested to claim it immediately from the Company, otherwise no claim shall lie against the said Fund or the Company in respect of any amounts which remained unclaimed for a period of seven years from the date it becomes first due for payment and no payment shall be made in respect of any such claim.
7. 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.
8. Dividend on Equity shares as recommended by the Board of Directors for the year ended 31<sup>st</sup> March, 2013, 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 29<sup>th</sup> August, 2013.
9. Brief resume of Directors proposed to be re-appointed at the ensuing Annual General Meeting in terms of Clause 49 of the Listing Agreement is annexed to the Notice.

---

**Information of Directors being proposed for Re-Appointment  
[as required under Clause 49(IV) (G) of the Listing Agreement]**

1. **Mr. A. B. Vaidya**, aged 73 years, possesses 50 years of rich experience in Banking, Insurance and Realty Sector. He is a member of Audit and Remuneration Committee and Chairman of Shareholders'/Investors' Grievance Committee of the Company.

As on 31<sup>st</sup> March, 2013, Mr. Vaidya does not hold any shares in the Company.

2. **Lt. Gen. (Retd.) K. S. Brar**, aged 79 years, has a rich and varied management experience. He is also Director of Al Kabeer Exports Private Limited. He is also a member of Audit, Remuneration and Shareholders'/Investors' Grievance Committee of the Company.

As on 31<sup>st</sup> March, 2013, Mr. Brar does not hold any shares in the Company.

3. **Mr. P. K. Choudhary**, aged 58 years is a Chartered Accountant and a Company Secretary is associated with the Company since last 22 years. He has rich experience of 33 years in the field of finance, manufacturing and administration. He is also director of Prabhukripa Overseas Limited.

As on 31<sup>st</sup> March, 2013, Mr. Choudhary does not hold any shares in the Company.

4. **Mr. Raghu Mody**, aged 74 years is a leading industrialist with several decades of extensive and varied experience in setting up operating business in different kinds of industrial products. He is also Director of J. L. Morison (India) Limited, Rasoi Limited, Prabhukripa Overseas Limited, The West Coast Paper Mills Limited and Rasoi Express Private Limited. He is a member of Shareholders'/Invertors Grievance Committee of J. L. Morison (India) Limited and Audit and Shareholders'/Investors' Grievance Committee of the Company. He is also a Chairman of Investment Committee of the Company.

As on 31<sup>st</sup> March, 2013, Mr. Mody does not hold any shares in the Company.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

### Item Nos. 6 & 7

Mr. P. K. Choudhary, Managing Director of the Company has been associated with the Company since last 22 years. He is a Chartered Accountant and Company Secretary and has vast knowledge and experience in the field of finance, manufacturing and administration. Considering his experience, knowledge and contribution made in growth of the Company and as recommended by Remuneration Committee, the Board of Directors revised the remuneration payable to him for remaining period of his tenure w.e.f. 1<sup>st</sup> April, 2012 as follows:

1.	Salary	Rs. 175,000/- per month and special allowance of Rs. 110,000/- per month with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule XIII to the Companies Act, 1956.
2.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises etc. not exceeding Rs. 10,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of the salary.
3.	Conveyance/Motor Car	Provision of motor car with driver or Rs. 50,000/- per month.
4.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding Rs. 72,000/- per annum.
5.	Servant Allowance	Provision for Servant Allowance Rs. 7,500/- p.m.
6.	Leave Travel Concession	As per rules of the Company, not exceeding Rs. 132,000/- per annum.
7.	Provident and other funds including superannuation and gratuity	As per rules of the Company's Scheme.
8.	Personal accident insurance	As per rules of the Company's Scheme.
9.	Club subscription	Reimbursement of club subscription fees of one club.
10.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The terms of appointment of Mr. P. K. Choudhary expired on 17<sup>th</sup> March, 2013. Considering his experience, knowledge and contribution made in growth of the Company and as recommended by Remuneration Committee, the Board of Directors has re-appointed him for a further period w.e.f. 18<sup>th</sup> March, 2013 to 30<sup>th</sup> June, 2016 on the terms and conditions as set out in the above table.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provision of Part II of Schedule XIII of the Companies Act, 1956.

The Directors recommend the Special Resolutions as set out at item nos. 6 & 7 of the notice for approval of the Members.

Except Mr. P. K. Choudhary, none of the other Directors are interested in these resolutions.

### Item Nos. 8 & 9

Mr. Varunn Mody, Executive Director of the Company has been associated with the Company since last 7 years. He is Commerce Graduate and has knowledge and experience in the field of Finance and Business Administration. Mr. Varunn Mody is re-designated as Executive Director – Treasury w.e.f. 1<sup>st</sup> April, 2013. Considering his experience, knowledge and contribution made in growth of the Company and as recommended by Remuneration Committee, the Board of Directors of the Company has revised the remuneration payable to him twice for the remaining period of his tenure once, w.e.f. 1<sup>st</sup> April, 2012 and second w.e.f. 1<sup>st</sup> April, 2013 as follows:



Sl. No.	Particulars of remuneration	w.e.f. 1 <sup>st</sup> April, 2012	w.e.f. 1 <sup>st</sup> April, 2013
1.	Salary	Rs. 4,25,000/- per month and special allowance of Rs. 1,00,000/- per month with an increase which may be decided by the Board of Directors from time to time within the limits as specified in Schedule XIII to the Companies Act, 1956.	Rs. 5,00,000/- per month and special allowance of Rs. 1,25,000/- per month with an increase which may be decided by the Board of Directors from time to time within the limits as specified in Schedule XIII to the Companies Act, 1956.
2.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises etc. not exceeding Rs. 14,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of the salary.	Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises etc. not exceeding Rs. 20,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of the salary.
3.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding Rs. 100,000/- per annum.	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding Rs. 1,20,000/- per annum.
4.	Servant Allowance	Provision for Servant Allowance Rs. 15,000/- p.m.	Provision for Servant Allowance Rs. 20,000/- p.m.
5.	Leave Travel Concession	As per rules of the Company, not exceeding Rs. 1,50,000/- per annum.	As per rules of the Company, not exceeding Rs. 1,80,000/- per annum.
6.	Provident and other funds including superannuation and gratuity	As per rules of the Company's Scheme.	As per rules of the Company's Scheme.
7.	Personal accident insurance	As per rules of the Company's Scheme.	As per rules of the Company's Scheme.
8.	Conveyance Motor Car with Driver/Club Bills	Free Conveyance, Motor Car with Driver, Club Bills etc.	Free Conveyance, Motor Car with Driver, Club Bills etc.
9.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.	Encashment of leave accumulation as per the rules of the Company.
10.	Commission	Such amount as may be decided by the Board of Directors of the Company from time to time, subject to limit prescribed under the Companies Act, 1956.	Such amount as may be decided by the Board of Directors of the Company from time to time, subject to limit prescribed under the Companies Act, 1956.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provision of Part II of Schedule XIII of the Companies Act, 1956.

The Directors recommend the Special Resolutions as set out at item nos. 8 and 9 of the notice for approval of the Members.

Except Mr. Varunn Mody and Mr. Raghu Mody, none of the other Directors are interested in these resolutions.

#### Item No. 10

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

Considering his experience, knowledge and contribution made in growth of the Company and as recommended by Remuneration Committee, the Board of Directors of the Company has appointed him as an Executive Chairman of the Company for a period of 3 years w.e.f. 1<sup>st</sup> October, 2011 on the terms and conditions as follows:

1.	Salary	Rs. 4,00,000/- per month and special allowance of Rs. 85,000/- per month with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule XIII to the Companies Act, 1956.
2.	Commission	Subject to limit prescribed under the Companies Act.
3.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas, telephone and maintenance in the premises etc.
4.	Conveyance/Motor Car	Provision of Motor Car with driver.
5.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependant children, not exceeding Rs. 60,000/- per annum.
6.	Servant Allowance	Provision for Servant Allowance Rs. 10,000/- p.m.
7.	Gratuity	As per rules of the Company's Scheme.
8.	Personal accident insurance	As per rules of the Company's Scheme.
9.	Club subscription	Reimbursement of club subscription fees of two club.
10.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provision of Part II of Schedule XIII of the Companies Act, 1956.

The Directors recommend the Special Resolution as set out at item no. 10 of the notice for approval of the Members.

Except Mr. Raghu Mody and Mr. Varunn Mody, none of the other Directors are interested in this resolution.

#### Item No. 11

Mrs. Shashi Mody, a relative of Mr. Raghu Mody and Mr. Varunn Mody, Directors of the Company, was appointed as General Manager - Corporate of the Company w.e.f. 1<sup>st</sup> September, 2012. She possesses diversified knowledge and experience in different areas of business.

Terms and conditions of appointment of Mrs. Shashi Mody are as follows:

1.	Salary	Rs. 3,60,000/- per annum.
2.	Accommodation	Free furnished accommodation for self and family.
3.	Medical	Reimbursement of medical expenses for self, spouse and dependent children, not exceeding Rs.15,000/- per annum.
4.	Leave Travel Concession	As per rules of the Company, not exceeding Rs. 52,500/- per annum.
5.	Provident fund	As per rules of the Company's Scheme.
6.	Motor Car with Driver	Free Conveyance, Motor Car with Driver.

As per the provisions of Section 314(1)(b) of the Companies Act, 1956, the approval of members by passing a Special Resolution is required if any relative of director(s) of the Company is appointed for holding any office or place of profit carrying a total monthly remuneration of not less than Rs. 50,000/- per month.

The Directors recommend the Special Resolution as set out at item no. 11 of the notice for approval of the Members.

Except Mr. Raghu Mody and Mr. Varunn Mody, none of the other Directors are interested in this resolution.

**Item No. 12**

Mr. Raghu Mody was appointed as Executive Chairman of the Company for a period of 3 years w.e.f. 1<sup>st</sup> October, 2011. During the year 2012 – 13, the Company has paid a total remuneration of Rs. 60,96,040/- to Mr. Raghu Mody, Executive Chairman of the Company.

As per the provisions of Section 198 read with Section 309(3) of the Companies Act, 1956 ('the Act'), if a company has more than one managerial person, it can pay upto 10% of its net profits as remuneration to all of them together. Further, as per provisions of Section II of Part II of Schedule XIII of the Act, if in any financial year a Company has no profits or its profits are inadequate, it may pay remuneration to its managerial person as per provisions made in this Schedule. Accordingly, as per sub-paragraph B of Section II of Part II of Schedule XIII of the Act, the Company can pay upto Rs. 4,00,000/- per month or Rs. 48,00,000/- per annum to a managerial person.

During the financial year 2012-13, due to unfavourable market conditions and global economic slowdown, the Company could not maintain high level of profits in comparison to the previous year. Therefore, a sum of Rs. 12,96,040/- being the amount paid in excess of Rs. 48,00,000/-, which is maximum allowable limit as per sub-paragraph B of Section II of Part II of Schedule XIII of the Act, becomes to be in excess remuneration paid to Mr. Raghu Mody.

As per the provisions of Section 309(5B) of the Companies Act, 1956, subject to the approval of Central Government, the Company can waive from recovery of excess remuneration paid after according approval of the members of the Company.

The Directors recommend passing of the Special Resolution as set out at Item No. 12 of the Notice.

Except Mr. Raghu Mody and Mr. Varunn Mody, none of the other Directors are interested in this resolution.

**Item No. 13**

Mr. Varunn Mody was appointed as Executive Director of the Company for a period of 5 years w.e.f. 17<sup>th</sup> January, 2011. During the year 2012 – 13, the Company has paid a total remuneration of Rs. 90,10,000/- to Mr. Varunn Mody, Executive Director of the Company.

As per the provisions of Section 198 read with Section 309(3) of the Companies Act, 1956 ('the Act'), if a Company has more than one managerial person, it can pay upto 10% of its net profits as remuneration to all of them together. Further, as per provisions of Section II of Part II of Schedule XIII of the Act, if in any financial year a company has no profits or its profits are inadequate, it may pay remuneration to its managerial person as per provisions made in this Schedule. Accordingly, as per sub-paragraph B of Section II of Part II of Schedule XIII of the Act, the Company can pay upto Rs. 4,00,000/- per month or Rs. 48,00,000/- per annum to a managerial person.

During the financial year 2012-13, due to unfavorable market conditions and global economic slowdown, the Company could not maintain high level of profits in comparison to the previous year. Therefore, a sum of Rs. 35,98,000/- being the amount paid in excess of Rs. 48,00,000/-, which is maximum allowable limit as per sub-paragraph B of Section II of Part II of Schedule XIII of the Act, becomes to be in excess remuneration paid to Mr. Varunn Mody.

As per the provisions of Section 309(5B) of the Companies Act, 1956, subject to the approval of Central Government, the Company can waive from recovery of excess remuneration paid after according approval of the members of the Company.

The Director recommend passing of the Special Resolution as set out at Item No. 13 of the Notice.

Except Mr. Raghu Mody and Mr. Varunn Mody, none of the other Directors are interested in this resolution.

**ADDITIONAL INFORMATION FOR ITEM NOS. 6, 7, 8, 9 AND 10**

The details as required under proviso (iv) to Clause B of Part II of Schedule XIII to the Companies Act, 1956, are given below:



## I. General Information

(1)	Nature of industry	The Company is engaged in the business of manufacturing of Auto Component and industrial products.
(2)	Date or expected date of commencement of commercial production	The Company is an existing Company and is in operation since 1964.
(3)	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus	N.A.
(4)	Financial performance based on given indicators	EPS : Rs. 20.72 / Return on network : 2.01%
(5)	Export performance and net foreign exchange collaborations	NIL
(6)	Foreign investments or collaborators, if any	NIL

## II. Information about the appointees

### A: MR. P. K. CHOUDHARY

(1)	Background details	Mr. P. K. Choudhary is a Chartered Accountant and also a Company Secretary. He is associated with the company since last 22 years and working as Managing Director since 2005.
(2)	Past Remuneration	Rs. 39.71 Lacs.
(3)	Recognition or awards	Mr. P. K. Choudhary is having good experience in the industry in which the company operates.
(4)	Job profile and his suitability	Being a professional (CA & CS) and having experience with Company, he will be able to discharge his responsibilities.
(5)	Remuneration proposed	Rs. 51.84 Lacs per annum (approx).
(6)	Comparative remuneration profile with respect to industry	At par with the industry standards in which the Company operates.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	No relationship with any promoter, directors or managerial personnel.

### B : MR. VARUNN MODY

(1)	Background details	Mr. Varunn Mody is a young entrepreneur having good knowledge of business.
(2)	Past Remuneration	Rs. 93.26 Lacs (including commission).
(3)	Recognition or awards	Mr. Varunn Mody is having good experience in the industry in which the company operates.
(4)	Job profile and his suitability	He is actively involved in the business of the Company and manages day to day treasury business activities and also provides guidance in different areas of business of the Company. Taking into consideration his expertise, he is well suited for the responsibilities currently assigned to him by the Board of Directors of the Company.

(5)	Remuneration proposed	Rs. 90.00 Lacs per annum (plus commission as may be decided by the Board).
(6)	Comparative remuneration profile with respect to industry	At par with the industry standards in which the Company operates.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Varunn Mody is a part of the promoter group of the Company and is also a relative of Mr. Raghu Mody, Executive Chairman of the Company.

**C: MR. RAGHU MODY**

(1)	Background details	Mr. Raghu Mody is a leading industrialist with several decades of extensive and varied experience in setting up an operating business in different kinds of industrial products.
(2)	Past Remuneration	Nil
(3)	Recognition or awards	Mr. Raghu Mody is having good experience in the industry in which the company operates.
(4)	Job profile and his suitability	He is actively involved in the business of the Company and is Chairman of the Company. He supervises overall management of the Company. Taking into consideration his expertise, he is well suited for the responsibilities currently assigned to him by the Board of Directors of the Company.
(5)	Remuneration proposed	Rs. 61.00 Lacs per annum (approx.)
(6)	Comparative remuneration profile with respect to industry	At par with the industry standards in which the Company operates.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Raghu Mody is a part of the promoter group of the Company and is also a relative of Mr. Varunn Mody, Executive Director of the Company.

**III. Other information**

(1)	Reasons of loss or inadequate profits	Due to unfavorable market conditions the company could not achieve high levels of profits.
(2)	Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms	The Company hope increase its revenue and profit margins in coming years with introduction of new range of products.

**By order of the Board of Directors**

Place: Mumbai  
Date: 10<sup>th</sup> May, 2013

**Amit Goenka**  
**G. M. Finance & Company Secretary**

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

# HINDUSTAN COMPOSITES LTD.

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

## ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance of the AGM venue)

I hereby record my presence at the Forty Ninth Annual General Meeting of the Company to be held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 at 4.00 p.m. on Thursday, 29<sup>th</sup> August, 2013.

- I am shareholder of the Company  
 I am Proxy / Authorised Representative

My Name is : .....

Folio No./DP ID/Client ID. : .....

No. of Shares held : .....

Address : .....

.....  
.....

Signature

✂ ..... TEAR HERE ..... ✂

# HINDUSTAN COMPOSITES LTD.

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

## PROXY FORM

Regd. Folio No ..... D.P. ID/Client ID .....

No. of Shares held .....

I/We.....of..... in the district of ..... being  
a Member / Members of Hindustan Composites Limited hereby appoint ..... of  
..... in the district of ..... or failing him ..... of  
..... in the district of ..... as my/our proxy to vote for me/us, on my /our  
behalf at the Forty Ninth Annual General Meeting of the Company, to be held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road,  
Worli, Mumbai 400 018 at 4.00 p.m. on Thursday, 29<sup>th</sup> August, 2013 and at any adjournment thereof.

Signed this.....day of.....2013

Member's Signature .....

Affix  
15 paise  
Revenue  
Stamp

Notes: This form must be deposited at the Registered Office of the Company not later than 48 hours before the time of Annual General Meeting.





ANNUAL REPORT 2012-2013



## DET NORSKE VERITAS MANAGEMENT SYSTEM CERTIFICATE

Certificate No.: 88756-2010-AQ-IND-IATF  
IATF Certificate No.: 0112627  
Page 1 of 1

This is to certify that the Management System of:

### Hindustan Composites Limited

Plot no. C-10/1, MIDC, Gadgegaon, Dist. Bhandara - 441 904, Maharashtra, India  
Supporting Site Extensions: None

Remote Supporting Functions:

Site Name	Site Address	Site City	Site Country	CB	Site Main Activities
Hindustan Composites Ltd	Head office: B11, Paragon Condominium, P.B. Marg, Worli, Mumbai-400013	Mumbai	India	DNV	Sales, marketing and purchase

has been found to conform to Technical Specification:

**ISO/TS 16949:2009**

having been audited in accordance with the:  
Rules for the registration scheme for ISO/TS 16949:2009 - 3<sup>rd</sup> Edition.  
This Certificate is valid for the following products/service ranges

**MANUFACTURE OF CLUTCH FACINGS AND WOVEN ROLL LININGS.**

**EXCLUSION: 7.3 PRODUCT DESIGN AND DEVELOPMENT**

Initial Certification date:  
16 November 2010

Place and Validity Start date:  
Katy, Texas, 16 November 2010

This Certificate is valid until:  
15 November 2013

for the Accredited Unit:  
DET NORSKE VERITAS  
CERTIFICATION INC., KATY, TX, USA

**Rajendra Jagtap**  
Rajendra Jagtap  
Lead Auditor



**M. A. Kucko**  
Michael Kucko  
Management Representative

Audit Conducted by DNV Office located in Pune, India



## DET NORSKE VERITAS MANAGEMENT SYSTEM CERTIFICATE

Certificate No.: 88756CCI-2010-AQ-IND-IATF  
IATF Certificate No.: 0112628  
Page 1 of 1

This is to certify that the Management System of:

### Hindustan Composites Limited

Plot no. D-2/1 MIDC, Paithan, Dist. Aurangabad - 431 148, Maharashtra, India  
Supporting Site Extensions: None

Remote Supporting Functions:

Site Name	Site Address	Site City	Site Country	CB	Site Main Activities
Hindustan Composites Ltd	Head office: B11, Paragon Condominium, P.B. Marg, Worli, Mumbai-400013	Mumbai	India	DNV	Sales, marketing and purchasing

has been found to conform to Technical Specification:

**ISO/TS 16949:2009**

having been audited in accordance with the:  
Rules for the registration scheme for ISO/TS 16949:2009 - 3<sup>rd</sup> Edition.  
This Certificate is valid for the following products/service ranges

**MANUFACTURE OF BRAKE LININGS, DISC BRAKE PADS AND ROLL LININGS.**

**EXCLUSION: 7.3 PRODUCT DESIGN AND DEVELOPMENT**

Initial Certification date:  
16 November 2010

Place and Validity Start date:  
Katy, Texas, 16 November 2010

This Certificate is valid until:  
15 November 2013

for the Accredited Unit:  
DET NORSKE VERITAS  
CERTIFICATION INC., KATY, TX, USA

**Rajendra Jagtap**  
Rajendra Jagtap  
Lead Auditor



**M. A. Kucko**  
Michael Kucko  
Management Representative

Audit Conducted by DNV Office located in Pune, India.



## DET NORSKE VERITAS MANAGEMENT SYSTEM CERTIFICATE

Certificate No. 29997-2008-AQ-IND-RvA Rev. 03

This is to certify that

### HINDUSTAN COMPOSITES LIMITED

at

Head Office: B11, Paragon Condominium, P.B. Marg, Worli, Mumbai - 400 013, INDIA  
Paithan Plant: Plot No. D-2/1, MIDC Industrial Area, Paithan - 431 148, Dist.- Aurangabad, Maharashtra, INDIA  
Bhandara Plant: Plot No. C-10/1, MIDC Gadgegaon, Bhandara - 441 904, Dist.- Bhandara, Maharashtra, INDIA

has been found to conform to the Quality Management System Standard:

**ISO 9001:2008**

This certificate is valid for the following scope:

**DESIGN, DEVELOPMENT, MANUFACTURING AND MARKETING OF  
- NON ASBESTOS AND ASBESTOS BRAKE LINING, DISC BRAKE PADS,  
ROLL LINING AND COMPOSITES BRAKE BLOCKS - PAITHAN PLANT  
- NON ASBESTOS AND ASBESTOS CLUTCH FACINGS, WOVEN ROLL LINING,  
FRICTION SHEETS YARN AND WOVEN ROLLS - BHANDARA PLANT**

Initial Certification date:  
12 April 2002

Place and date of issue:  
Chennai, 11 March 2011

This Certificate is valid until:  
12 April 2014

for the Accredited Unit:  
DET NORSKE VERITAS CERTIFICATION B.V.,  
THE NETHERLANDS

The audit has been performed under the supervision of:

**Sandeep Patwardhan**  
Lead Auditor



**Bhupalam Ajit**  
Management Representative

Lack of fulfillment of conditions as set out in the Certification Agreement & the annexure to this certificate may render this Certificate invalid.

DET NORSKE VERITAS CERTIFICATION B.V., Zoelweg 1, 2799 LA Barendrecht, The Netherlands, TEL: +31 10 9722 080 - www.dnv.com  
100-10101 DET NORSKE VERITAS AS, ENDRUP GRONDEN, 18 CEN T, Busk, 2800 SØRØ, DENMARK, TEL: +45 99 59 00 00, DENMARK - www.dnv.com



भारत सरकार  
GOVERNMENT OF INDIA  
वाणिज्य एवं उद्योग मंत्रालय  
MINISTRY OF COMMERCE & INDUSTRY  
कार्यालय, अपर महानिदेशक, विदेश व्यापार  
OFFICE OF THE ADDITIONAL DIRECTOR GENERAL OF FOREIGN TRADE

मान्यता प्रमाण पत्र  
Certificate of Recognition

निर्यात सदन  
EXPORT HOUSE

STATUS HOLDER NO.:03/14/0255/130503

मैसर्स

(आई ई सी सॉ. और आयकर पैन सॉ. )  
को विदेश व्यापार नीति, 2009-2014 के प्रावधानों के अनुसार निर्यात सदन का  
स्तर प्रदान किया जाता है। यह प्रमाण पत्र 1 अप्रैल से 31 मार्च तक

वर्षों को अवधि के लिए वैध है।  
HINDUSTAN COMPOSITES LIMITED PENINSULA  
BUSINESS PARK A TOWER 8<sup>TH</sup> FLOOR S.B.MARG  
LOWER PAREL MUMBAI MAHARASHTRA - 400013

(IEC No. 0388052210 and Income Tax PAN No. AAACH0973N) are hereby accorded the status of Export House in accordance with the provisions of the Foreign Trade Policy, 2009-2014. This Certificate is valid for a period of FIVE Years, effective from 1st April 2012 To 31st March 2017

सं./No. AA/ 0255

तारीख/Date: 03.05.2013

स्थान/Place: MUMBAI

(फाइल सं./File No.)



**Kavita Singh**  
Additional Director General  
of Foreign Trade

03/85/105/00018/AM13

**BOARD OF DIRECTORS**

Raghu Mody	Executive Chairman
P. K. Choudhary	Managing Director
Ramchandra Rao	Joint Managing Director (Resigned w.e.f. 1 <sup>st</sup> July, 2013)
Varunn Mody	Executive Director
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 GM Finance & Company Secretary

**AUDITORS**  
LODHA & CO.

**SOLICITORS**  
KHAITAN & CO.

**BANKERS**  
Bank of Baroda  
ICICI Bank

<b>CONTENTS</b> .....	<b>Page</b>
Directors' Report .....	1
Management Discussion and Analysis Report .....	3
Report on Corporate Governance .....	4
Auditors' Report .....	11
Balance Sheet .....	15
Statement of Profit and Loss .....	16
Cash Flow Statement .....	17
Notes on the Financial Statements .....	18

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

**REGISTRAR & SHARE TRANSFER AGENTS**  
Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai – 400 078

**WORKS**  
Paithan : D-2/1, MIDC Industrial area, Paithan,  
Dist. Aurangabad - 431107  
  
Bhandara : C-10/1, Bhandara Industrial Area, Gadegaon  
Dist. Bhandara - 441904

## DIRECTORS' REPORT

Your Directors present their Forty Ninth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2013.

### 1. FINANCIAL RESULTS

(Rupees in Lacs)

	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
<b>Net Sales and Income from Investments</b>	11,699	11,902
Other Operating Income	44	40
Profit before Interest, Depreciation and exceptional item	1,860	3,025
Interest	(29)	(157)
Depreciation (Net)	(615)	(455)
Profit before Exceptional items and tax	1,216	2,413
Profit on sale of Fixed Assets	-	347
<b>Profit Before Tax</b>	1,216	2,760
<b>Provision for Tax</b>	196	668
<b>Profit After Tax</b>	1,020	2,092

### 2. DIVIDEND

The Directors are pleased to recommend a dividend of Re. 1 per share, being 10% of the paid-up equity capital of the Company for the year ended 31<sup>st</sup> March, 2013. The Corporate Dividend Tax of Rs. 10 Lacs will be payable on the total dividend amount of Rs. 49 Lacs.

### 3. PERFORMANCE

The Company's turnover increased by 10% to Rs. 93.01 Crores, from Rs. 84.27 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 Railway and Institutional business.

Investment income during the year was lower at Rs. 23.98 Crores, as against Rs. 34.74 Crores. This was mainly due to prevailing conditions of lower interest rates and the Company's cautious approach towards safer investment opportunities.

The gross profit of the Company was Rs. 18.60 Crores, as against Rs. 30.25 Crores. After considering interest and depreciation, profit before tax was Rs. 12.16 Crores and net profit after providing for tax was Rs. 10.20 Crores.

Although, the Company increased its turnover in its manufacturing division, operating margins continued to remain under severe pressure due to its limited ability in obtaining price increases commensurate with increases in raw material and fuel costs, in view of depressed economic conditions in the Automotive sector.

The year witnessed an unprecedented decline in demand from the Indian Automotive sector, more particularly for commercial vehicles, largely linked to the general economic slow-down. This resulted in a sharp reduction in volumes from the OEM's and to lesser extent from the aftermarket, leading to lower profitability. This was partly compensated by higher Railway & Institutional business through tenders, at competitive prices. Although, there are signs of economic stability due to recent Government Policy initiatives, the forecast remains uncertain due to the prevailing political uncertainty.

In order to successfully meet this challenge, the Company has embarked aggressively to introduce products in new segments and will continue to emphasis on higher productivity with prudent cost control measures.

Due to the prevailing uncertainties in financial markets, the Company will continue to adopt a cautious and prudent investment approach for its available funds prioritising safety over high interest revenues.

During the year, the Company entered into a Long Term Settlement with the Workmen in its Paithan Plant for a period of 3 years effective from 1<sup>st</sup> December, 2012.

The Company participated at the Automechanika Fair at Frankfurt, Germany in September, 2012, thus improving its exposure to new products and global markets.

### 4. RECOGNITION

The Ministry of Commerce and Industry has awarded status of "Export House" to the Company for 5 years w.e.f. 1<sup>st</sup> April, 2012.

### 5. 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.

### 6. 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.

### 7. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Particulars 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.

**8. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange earnings from exports amounted to Rs. 731 Lacs, on FOB value whilst the outgo for Raw Materials, Capital Goods and Spares amounted to Rs. 743 Lacs.

**9. DIRECTORS**

Mr. A. B. Vaidya and Lt. Gen (Retd.) K. S. Brar will retire by rotation and being eligible, offer themselves for re-appointment.

Mr. P. K. Choudhary was re-appointed as Managing Director for a period from 18<sup>th</sup> March, 2013 to 30<sup>th</sup> June, 2016.

**10. AUDITORS**

M/s Lodha & Co., the Auditors of your Company who hold office until the conclusion of the forthcoming Annual General Meeting, being eligible, offer themselves for re-appointment.

**11. COST AUDITOR**

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and in terms of order no. 53/26/CAB-2010 dated 24<sup>th</sup> January, 2012 issued by Central Government, the Company with the prior approval of Central Government has appointed M/s M. R. Pandit & Co., Aurangabad as Cost Auditors of the Company for audit of the cost accounting records for the financial year 2012-13.

**12. CORPORATE GOVERNANCE**

As required by the Listing Agreement, the Corporate Governance Report, including Management Discussion and Analysis Report, alongwith the Certificate of

Compliance from the Auditors, is attached and forms part of this Report.

**13. DIRECTORS' RESPONSIBILITY STATEMENT**

On the basis of information placed before them, the Directors state that –

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) appropriate accounting policies have been selected and applied consistently and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) 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;
- (iv) the annual accounts have been prepared on a going concern basis.

**14. ACKNOWLEDGEMENT**

The Directors gratefully acknowledge the support and co-operation given by all its customers, suppliers, employees, shareholders and bankers and look forward to their continued support.

**By order of the Board of Directors**

**Raghu Mody  
Executive Chairman**

Place: Mumbai  
Date : 10<sup>th</sup> May, 2013

**ANNEXURE TO DIRECTORS' REPORT**

**CONSERVATION OF ENERGY**

- (1) Transformers are fitted with OLTC arrangement resulting in reduction of electricity consumption by 4%.
- (2) Energy conservation achieved by insulating electrically heated moulds on the presses.

**R & D**

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

- Development of dry and oil immersed tractor brake linings.
- Development of NAO type Disc Brake Pads for Railway and other applications.

**(2) Benefit of the above**

- Additional business and cost saving.

**(3) Future Plan of Action**

- Noise Free HCV Brake Linings.
- High life Brake Linings for Buses.

**(4) Expenditure**

4.1 Capital	-	Rs. Nil
4.2 Recurring	-	Rs. 65 Lacs
4.3 Total	-	Rs. 65 Lacs
4.4 Total as a % of Turnover	-	0.70%

**(5) TECHNICAL ABSORPTION, ADAPTION & INNOVATION**

- Collaboration discussion with a globally renowned manufacturer of Disc Pads.
- Arrangement with the overseas consultant firm for Technical Knowhow continues.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### OVERALL REVIEW

The continued global slow-down, fuelled by the Euro-crisis had a considerable adverse impact on the home economy as well. The year witnessed inflationary pressures largely due to steep escalation in major raw materials like Oil, Coal and other commodities combined with a weaker Rupee. This led to a significant slow-down in the general economy and particularly in the Automotive segment. Recent fiscal measures announced by the Government had a positive impact, although, long term trends remain uncertain due to political uncertainties within the country and a depressed economic outlook overseas.

### 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 AND THREATS

Although, demand from the Automotive sector, particularly from the OEM segment continued to be low, the Company foresees better opportunities in the Railway and Export segments. Upgradation in technology and improvement in manufacturing processes will continue to be the driving force for the Company. However, on account of the current slow-down and with increased competition from small players in the Indian market, prices have remained under constant pressure, resulting in lower realization.

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.

### BUSINESS OUTLOOK

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 and 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 to 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.
- 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.
- Effected share transfers and dispatched the certificates within the time prescribed under the Act and the rules made thereunder.
- Complied with all the requirements of the Listing Agreement entered into with the Stock Exchanges wherever the Company's shares are listed.

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

#### 4. Board of Directors:

- Composition:**

As on 31<sup>st</sup> March, 2013, the Board of Directors consisted of eight Directors. The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of directorships in other companies and Chairmanship/ Membership in committees are given below:

Name of Director	Category	No. of Board Meetings held	Attendance particulars		No. of other Directorships	Committee Positions (Including Company)	
			Board Meeting	Last AGM		Member	Chairman
Mr. Raghu Mody	Executive Chairman, Promoter	4	4	Yes	4	3	-
Mr. Varunn Mody	Executive Director, Promoter	4	4	Yes	1	-	-
Mr. A. B. Vaidya	Independent Director	4	4	Yes	-	1	1
Mr. K. M. Robinson	Independent Director	4	1	Yes	-	1	-
Lt. Gen. (Retd.) K. S. Brar	Independent Director	4	4	Yes	-	2	-
Mr. P. K. Choudhary	Managing Director	4	4	Yes	1	-	-
Mr. Ramchandra Rao*	Joint Managing Director	4	4	Yes	-	-	-
Mr. Brijmohan Rai Bahl**	Independent Director	4	4	Yes	3	-	1

\* Appointed as a Director and Joint Managing Director of the Company w.e.f. 16<sup>th</sup> May, 2012

\*\* Appointed as an Independent Director of the Company w.e.f. 16<sup>th</sup> May, 2012

- Number and date of Board Meetings held:**

Four Board Meetings were held during the year 2012-2013. The dates on which the meetings were held are as follows:

Date of Board Meeting	Strength of the Board	No. of Directors present
16 <sup>th</sup> May, 2012	8	7
10 <sup>th</sup> August, 2012	8	8
8 <sup>th</sup> November, 2012	8	7
6 <sup>th</sup> February, 2013	8	7

#### 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 2012-2013, the Audit Committee met four times on 16<sup>th</sup> May, 2012, 10<sup>th</sup> August, 2012, 8<sup>th</sup> November, 2012 and 6<sup>th</sup> February, 2013. The attendance at the Committee meetings are as follows:

Sl. No.	Name of Directors	Status	No. of meetings attended
1.	Mr. Brijmohan Rai Bahl (w.e.f. 16 <sup>th</sup> May, 2012)	Chairman	4
2.	Mr. A.B.Vaidya (Chairman upto 16 <sup>th</sup> May, 2012)	Member	4
3.	Mr. Raghu Mody	Member	4
4.	Lt. Gen. (Retd.) K.S. Brar	Member	4

#### 6. Remuneration Committee:

- Composition:**

The Remuneration Committee comprises of Mr. Brijmohan Rai Bahl, Mr. A. B. Vaidya, Lt. Gen. (Retd.) K. S. Brar and Mr. K. M. Robinson. 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 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 2012 - 13 the Remuneration Committee met twice on 16<sup>th</sup> May, 2012 and 10<sup>th</sup> August, 2012. The attendance at the Committee meetings was as follows:

Sl. No.	Name of Directors	Status	No. of meetings attended
1.	Mr. Brijmohan Rai Bahl (w.e.f. 16 <sup>th</sup> May, 2012)	Chairman	1
2.	Mr. A.B.Vaidya (Chairman upto 16 <sup>th</sup> May, 2012)	Member	2
3.	Lt. Gen. (Retd.) K.S. Brar	Member	2
4.	Mr. K. M. Robinson	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 Rs.)

Name	Salary	Perquisites or allowances	Contribution to PF & others	Commission	Sitting fees	Total
Mr. Raghu Mody	48,00,000	12,96,040	-	-	-	60,96,040
Mr. Varunn Mody	51,00,000	17,98,000	6,12,000	15,00,000	-	90,10,000
Mr. P. K. Choudhary	21,00,000	25,17,072	5,67,000	-	-	51,84,072
Mr. K. M. Robinson	-	-	-	-	5,000	5,000
Mr. A. B. Vaidya	-	-	-	-	55,000	55,000
Lt. Gen. (Retd.) K.S. Brar	-	-	-	-	55,000	55,000
Mr. Ramchandra Rao	33,70,000	36,24,838	4,04,400	-	-	73,99,238
Mr. Brijmohan Rai Bahl	-	-	-	-	35,000	35,000

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

- Shareholding of Non-Executives Directors.**

As on 31<sup>st</sup> March, 2013, no Non-Executive directors held any share in the Company.

#### 7. Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance 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 – G.M Finance & Company Secretary is the Compliance Officer of the Company. His address and contact details are given below:

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

Phone : 66880100

Fax : 66880105

Email : [amitgoenka@hindcompo.com](mailto:amitgoenka@hindcompo.com)

During the year 2012 -13 the Shareholders' / Investors' Grievance Committee met once on 6<sup>th</sup> February, 2013. 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	1
2.	Mr. Raghu Mody	Member	1
3.	Lt. Gen. (Retd.) K. S. Brar	Member	1
4.	Mr. K. M. Robinson	Member	-

Status of investors' complaints / service requests:

Opening balance at the beginning of the year : Nil

Received and disposed during the year : 45

Closing balance at the end of the year : Nil

There were no share transfers pending for registration for more than 15 days on 31<sup>st</sup> March, 2013.

## 8. General Body Meetings

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

Financial year	Time	Date	Location
2009-10	4.00 p.m.	7 <sup>th</sup> September, 2010	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2010-11	11.00 a.m.	9 <sup>th</sup> August, 2011	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2011-12	11.30 a.m.	10 <sup>th</sup> August, 2012	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

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

AGM	Particulars of Special Resolutions
7 <sup>th</sup> September, 2010	Nil
9 <sup>th</sup> August, 2011	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 <sup>th</sup> August, 2012	Nil

## Postal Ballot:

No special resolution was passed through Postal Ballot during the financial year 2012-13. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

## 9. Disclosures:

### i. Related Party Transactions:

None of the related party transactions was in conflict with the interests of the Company. Details on materially significant related party transactions are given in the appended financial statement 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 in respect of the financial year ended on 31<sup>st</sup> March, 2013 by the members of the Board, 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 2012-

13, 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 minimisation procedures. The Company has framed the risk assessment and minimisation 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, GM 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 31<sup>st</sup> March, 2013 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.

**10. 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	16 <sup>th</sup> May, 2012	17 <sup>th</sup> May, 2012
Free Press Journal and Navshakti	10 <sup>th</sup> August, 2012	11 <sup>th</sup> August, 2012
Free Press Journal and Navshakti	8 <sup>th</sup> November, 2012	9 <sup>th</sup> November, 2012
Free Press Journal and Navshakti	6 <sup>th</sup> February, 2013	7 <sup>th</sup> February, 2013

**11. General Shareholder information:**

1) **Annual General Meeting** : Thursday, 29<sup>th</sup> August, 2013 at 4.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

2) **Financial Calendar 2013-14:**

Result for the quarter ending June, 2013 – by August 14, 2013

Result for the quarter ending September, 2013 – by November 14, 2013

Result for the quarter ending December, 2013 – by February 14, 2014

Audited Result for the year ending March, 2014 – by May 30, 2014.

3) **Date of Book closure** : 26<sup>th</sup> August, 2013 to 29<sup>th</sup> August, 2013 (both days inclusive)

4) **Dividend Payment Date:** Credit / Dispatch between 3<sup>rd</sup> September, 2013 to 6<sup>th</sup> September, 2013

5) **Listing on Stock Exchanges:**

- a) BSE Limited
- b) National Stock Exchange of India Limited
- c) The Calcutta Stock Exchange Association Ltd. (Applied for delisting)

6) **Stock Code:**

BSE: 509635  
NSE: HINDCOMPOS  
ISIN: INE310C01011

7) **Listing Fees:**

The Company has paid the listing fees for the year 2013- 14 to all the stock exchanges where the shares are listed, except The Calcutta Stock Exchange Association Ltd., where the Company has applied for delisting.

8) **Stock Market Price Data:**

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

Month	Share price of the Company on BSE (Rs.)*		BSE Sensex (Points)*	
	High	Low	High	Low
April, 2012	462.00	408.00	17664.10	17010.16
May, 2012	444.95	388.00	17,432.33	15,809.71
June, 2012	460.00	393.05	17,448.48	15,748.98
July, 2012	425.00	390.05	17,631.19	16,598.48
August, 2012	424.90	376.05	17,972.54	17,026.97
September, 2012	407.25	374.50	18,869.94	17,250.80
October, 2012	405.00	370.00	19,137.29	18,393.42
November, 2012	399.95	340.10	19,372.70	18,255.69
December, 2012	374.75	333.95	19,612.18	19,149.03
January, 2013	413.00	339.90	20,203.66	19,508.93
February, 2013	374.95	290.00	19,966.69	18,793.97
March, 2013	349.85	280.50	19,754.66	18,568.43

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

#### 9) Registrar and Share Transfer Agents:

Link Intime India Pvt. Ltd  
 C-13, Pannalal Silk Mills Compound,  
 LBS Marg, Bhandup (W), Mumbai-400 078  
 e-mail: [rnt.helpdesk@linkintime.co.in](mailto: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 Agents (RTA) within 15 days of the lodgment, if documents, are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

#### 11) Distribution of Shareholding as on 31<sup>st</sup> March, 2013:

Shares having nominal value of Rs. From To	No. of holders	%	No. of shares	%
1 - 5000	11567	98.8460	558072	11.3360
5001 - 10000	75	0.6410	55568	1.1290
10001 - 20000	31	0.2650	43027	0.8740
20001 - 30000	4	0.0340	9393	0.1910
30001 - 40000	4	0.0340	14758	0.3000
40001 - 50000	1	0.0090	4446	0.0900
50001 - 100000	2	0.0170	13209	0.2680
100001 and above	18	0.1540	4224527	85.8120
<b>TOTAL</b>	<b>11702</b>	<b>100.00</b>	<b>4923000</b>	<b>100.00</b>

#### 12) Categories of Shareholders on 31<sup>st</sup> March, 2013

Category	No. of shares of Rs.10 each	%
Promoters		
- Indian	3691010	74.97
- Persons acting in concert	0	0.00
Indian Institutional Investors / Mutual Funds	798	0.02
Bodies Corporate	521825	10.60
Indian Public	702298	14.26
NRIs	6386	0.13
Clearing Members	683	0.01
Directors / Relatives	0	0.00
<b>Total</b>	<b>4923000</b>	<b>100.00</b>

#### 13) Dematerialization of Shares:

As on 31<sup>st</sup> March, 2013, 92.09 % of the total shares of the Company were held in dematerialized form.

#### 14) Convertible Instrument:

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

#### 15) Plant Locations:

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

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

#### 16) Registered Office & Address for Correspondence:

Hindustan Composites Limited  
 Peninsula Business Park, 'A' Tower,  
 8<sup>th</sup> Floor, Senapati Bapat Marg,  
 Lower Parel, Mumbai - 400013  
 Telephone: 66880100  
 Fax: 66880105  
 e-mail: [investor@hindcompo.com](mailto: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

As provided under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct during the year ended 31<sup>st</sup> March, 2013.

**For Hindustan Composites Ltd.**

Place: Mumbai  
Date: 10<sup>th</sup> May, 2013

**P. K. Choudhary**  
Managing Director

---

## AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

### To the Members of Hindustan Composites Limited

We have examined the compliance of the conditions of Corporate Governance by Hindustan Composites Limited for the year ended 31<sup>st</sup> March, 2013 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 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: 10<sup>th</sup> May, 2013

**(A. M. Hariharan)**  
Partner  
Member No: 38323

---

## 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 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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 the 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. 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, and the notes accompanying 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 31<sup>st</sup> March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company 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") 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 purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **LODHA & COMPANY**  
CHARTERED ACCOUNTANTS  
ICAI Firm Registration No: 301051E

Place : Mumbai  
Dated : 10<sup>th</sup> May, 2013

**A.M.HARIHARAN**  
PARTNER  
Membership No: 38323

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

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

1. 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.
  2.
    - 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.
  3.
    - (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 Rs. 725 lacs and the year end balance is Rs. 502 lacs. 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.
  4. 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.
  5.
    - (a) According to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Act have been so entered.
    - (b) In our opinion and according to the information and explanations given to us, the transactions have been made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding Rs. five lacs or more in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
  6. 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.
  7. The Company has an internal audit system commensurate with the size of the company and nature of its business.
  8. 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.
  9.
    - 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 regularly deposited by the Company during the year with the appropriate authorities and there were no arrears as at 31<sup>st</sup> March, 2013 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 :

<b>Name of the Statutes</b>	<b>Nature of Dues</b>	<b>Amount (Rs. in lacs)</b>	<b>Period to which amount relates</b>	<b>Forum where Disputed</b>
Income Tax Act, 1961	Income tax	4.52	2009-10 (A.Y.)	C.I.T. (Appeals), Mumbai.
Central Sales Tax Act, 1956	Sales tax	2.37	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	9.44	2001-02 & 2002-03	Joint Commissioner of Sales Tax (Appeal), Nagpur.

10. The Company does not have accumulated losses as at 31<sup>st</sup> March, 2013 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.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
12. 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.
13. 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.
14. In our opinion, during the year, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. 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.
16. According to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. 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.
18. 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.
19. The Company has not issued any debentures during the year or in the recent past.
20. The Company has not raised any money by way of public issue during the year or in the recent past.
21. 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  
 Dated : 10<sup>th</sup> May, 2013

**A.M.HARIHARAN**  
 PARTNER  
 Membership No: 38323

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2013 Rs.	As at 31 <sup>st</sup> March, 2012 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	49,230,000	49,230,000
(b) Reserves and surplus	2	5,030,266,493	4,934,023,249
		<u>5,079,496,493</u>	<u>4,983,253,249</u>
<b>(2) NON-CURRENT LIABILITIES</b>			
(c) Long-term borrowings	3	47,605,355	52,637,133
(d) Deferred tax liabilities (Net)	4	90,501,452	88,357,520
		<u>138,106,807</u>	<u>140,994,653</u>
<b>(3) CURRENT LIABILITIES</b>			
(f) Short-term borrowings	5	29,151,073	17,267,722
(g) Trade payables		112,753,806	87,280,246
(h) Other current liabilities	6	79,490,875	58,356,637
(i) Short-term provisions	7	5,759,664	48,705,048
		<u>227,155,418</u>	<u>211,609,653</u>
<b>Total</b>		<u><u>5,444,758,718</u></u>	<u><u>5,335,857,555</u></u>
<b>II ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed assets	8		
Tangible assets		1,144,677,562	477,112,086
Intangible assets		2,387,109	3,392,901
Capital work-in progress		14,303,160	431,935,347
(b) Non-current investments	9	2,967,919,196	2,014,306,099
(c) Long-term loans and advances	10	289,609,359	309,010,081
		<u>4,418,896,386</u>	<u>3,235,756,514</u>
<b>(2) CURRENT ASSETS</b>			
(d) Current investments	11	445,062,537	805,659,434
(e) Inventories	12	78,169,054	89,590,491
(f) Trade receivables	13	189,056,603	155,332,102
(g) Cash and Bank Balances	14	18,682,284	99,689,378
(h) Short-term loans and advances	15	230,656,338	886,959,951
(i) Other current assets	16	64,235,516	62,869,685
		<u>1,025,862,332</u>	<u>2,100,101,041</u>
<b>Total</b>		<u><u>5,444,758,718</u></u>	<u><u>5,335,857,555</u></u>

**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 and on behalf of the Board of Directors**
**For Lodha & Co.**

Chartered Accountants

**A.M.Hariharan**  
 Partner

**P. K. Choudhary**  
 Managing Director

 Place: Mumbai  
 Date: 10<sup>th</sup> May, 2013

**Amit Goenka**  
 G.M.Finance & Company Secretary

**Varunn Mody**  
 Executive Director

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

Particulars	Note No.	Year ended 31 <sup>st</sup> March, 2013 Rs.	Year ended 31 <sup>st</sup> March, 2012 Rs.
<b>I Revenue</b>			
(a) Revenue from Operation	17	1,044,672,800	921,955,376
Less: Excise Duty		114,563,243	79,234,212
Revenue from Operation (Net)		<u>930,109,557</u>	<u>842,721,164</u>
(b) Income from Investments	18	239,830,992	347,473,252
(c) Other Operating Income		4,413,848	4,010,928
<b>Total Revenue</b>		<u>1,174,354,398</u>	<u>1,194,205,344</u>
<b>II Expenses</b>			
(a) Cost of materials consumed	19	475,781,439	417,999,951
(b) Purchases of Stock-in-Trade		19,957,768	6,826,501
(c) Decrease / (Increase) in inventories	20	(1,986,586)	8,790,698
(d) Employee benefits expense	21	150,736,967	124,891,898
(e) Finance Cost	22	2,853,382	15,666,715
(f) Depreciation and Amortization expense		61,522,681	45,489,617
(g) Other expenses	23	343,843,584	333,199,461
<b>Total Expenses</b>		<u>1,052,709,235</u>	<u>952,864,841</u>
<b>III Profit Before Exceptional Items And Taxation (I-II)</b>		<u>121,645,163</u>	<u>241,340,503</u>
<b>IV Exceptional Items</b> (Profit on sale of Fixed Assets)		-	34,678,718
<b>V Profit Before Taxation (III+IV)</b>		<u>121,645,163</u>	<u>276,019,221</u>
<b>VI Tax Expenses</b>			
Current Tax		17,498,321	54,700,000
Deferred Tax		2,143,932	12,113,669
<b>VII Profit After Taxation (V-VI)</b>		<u>102,002,910</u>	<u>209,205,552</u>
<b>VIII Basic and diluted earnings per equity share before Exceptional Items (Equity Share of Rs. 10 each)</b>		20.72	35.45
<b>IX Basic and diluted earnings per equity share after Exceptional Items (Equity Share of Rs. 10 each)</b>		20.72	42.50

### 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 & Co.**  
 Chartered Accountants

For and on behalf of the Board of Directors

**A.M.Hariharan**  
 Partner

**P. K. Choudhary**  
 Managing Director

Place: Mumbai  
 Date: 10<sup>th</sup> May, 2013

**Amit Goenka**  
 G.M.Finance & Company Secretary

**Varunn Mody**  
 Executive Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

	2012-2013 (Rs.)	2011-2012 (Rs.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>121,646,279</b>	241,340,503
Adjustment for		
Depreciation	61,521,564	45,489,617
Income from Investment (Net)	(144,770,865)	(249,028,590)
Loss on Sale of Fixed Assets	1,186,115	334,525
Excess Provision & Unclaimed Balance W/Back	(768,327)	(855,653)
Interest expenditure	<u>2,140,064</u>	<u>15,147,470</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>40,954,830</b>	52,427,872
Adjustment for		
(Increase)Decrease in Trade and other receivable	(36,244,629)	25,120,544
(Increase)Decrease in Inventories	11,421,436	20,347,000
(Decrease)Increase in Trade and other payables	<u>68,614,728</u>	<u>(37,186,000)</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXCEPTIONAL ITEMS</b>	<b>84,746,366</b>	60,709,416
Proceeds from Exceptional Items	-	36,982,000
<b>NET CASH FLOW FROM OPERATING ACTIVITIES AND EXCEPTIONAL ITEMS (A)</b>	<b>84,746,366</b>	97,691,416
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(311,676,292)	(114,606,479)
Proceeds from Sale of Fixed Assets	-	200,000
Purchase of Investments (Net)	(611,750,337)	(12,550,139)
(Increase)/Decrease in Inter- Corporate Deposits	657,930,000	(88,375,000)
Income from Investment (Net)	144,449,289	245,203,590
Direct Taxed Paid (Net of Refund)	<u>(36,799,777)</u>	<u>(606,000)</u>
<b>NET CASH FLOW (USED IN)/ FROM INVESTING ACTIVITIES (B)</b>	<b>(157,847,117)</b>	29,265,972
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings ( Net)		
(Decrease)/Increase in Long Term borrowings	(3,834,819)	4,003,000
Increase/(Decrease) in Short Term borrowings	11,883,352	(84,465,000)
Dividend Paid ( including Corporate Dividend Tax)	(11,257,786)	(11,442,614)
Interest paid	<u>(2,109,711)</u>	<u>(15,090,613)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(5,318,965)</b>	(106,995,227)
<b>Net Increase/ Decrease in cash and cash equivalent ( A+B+C)</b>	<b>(78,419,716)</b>	19,962,161
<b>Cash and Cash equivalents</b>		
Opening Balance	92,311,994	72,349,833
Closing Balance	<b>13,892,278</b>	92,311,994

**Notes:-**

- The above cash flow statement has been prepared by using indirect method as per Accounting Standards 3- Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents exclude balance in margin money deposit, dividend accounts and fixed deposits pledge for temporary over draft aggregating to Rs. 47,90,006 (previous year Rs. 73,77,385).
- Previous year's figures have been regrouped / rearranged wherever necessary to confirm to current year's classification.

As per our attached report of even date

**For and on behalf of the Board of Directors**
**For Lodha & Co.**

Chartered Accountants

**A.M.Hariharan**  
 Partner

**P. K. Choudhary**  
 Managing Director

 Place: Mumbai  
 Date: 10<sup>th</sup> May, 2013

**Amit Goenka**  
 G.M.Finance & Company Secretary

**Varunn Mody**  
 Executive Director



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

**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/disposed off/discarded during year is provided on pro-rata basis with reference to the month of addition/disposal/discarding.

Depreciation on spares purchased for specific machinery and having irregular use is provided 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 or market value.

**g) Inventories:**

Inventories are valued at the lower of the cost (computed

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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.

**l) Research and Development Expenditure:**

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

**j) Foreign Currency Transaction:**

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

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

**k) Borrowing Costs:**

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

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

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

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

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

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

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

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**B. NOTES ON ACCOUNTS :**

Particulars	As at 31 <sup>st</sup> March, 2013 Rs.	As at 31 <sup>st</sup> March, 2012 Rs.
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
5,500,000 Equity Shares of Rs. 10 each	55,000,000	55,000,000
500,000 Unclassified Shares of Rs.10 each	5,000,000	5,000,000
	<u>60,000,000</u>	<u>60,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
4,923,000 Equity Shares of Rs.10 each, fully paid-up	49,230,000	49,230,000

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

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

**1.2 Rights attached to equity shares:**

The Company has only one class of equity shares having a par value of ₹ 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				
	2012-13	2011-12	2010-11	2009-10	2008-09
<u>Equity shares fully paid up</u>					
Balance as at the beginning of the year	4,923,000	4,923,000	5,500,000	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	5,500,000	5,500,000

**2. RESERVES AND SURPLUS**

**CAPITAL REDEMPTION RESERVE**

As per last Balance Sheet	5,770,000	5,770,000
	<u>5,770,000</u>	<u>5,770,000</u>

**GENERAL RESERVE**

As per last Balance Sheet	4,829,627,933	4,679,627,933
Add : Transferred from Profit & Loss Account	100,000,000	150,000,000
	<u>4,929,627,933</u>	<u>4,829,627,933</u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 <sup>st</sup> March, 2013 Rs.	As at 31 <sup>st</sup> March, 2012 Rs.
<b>2. RESERVES AND SURPLUS (Contd.)</b>		
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Balance as at the beginning of the year	98,625,316	50,863,032
Add: Profit during the year	102,002,909	209,205,552
Less : Transferred to General Reserve	100,000,000	150,000,000
Less : Proposed Dividend	4,923,000	9,846,000
Less : Corporate Dividend Tax	836,664	1,597,268
Balance as at the end of the year	<u>94,868,560</u>	<u>98,625,316</u>
	<u>5,030,266,493</u>	<u>4,934,023,249</u>
<b>3. LONG TERM BORROWINGS</b>		
<b>Term Loans</b>		
(For Terms & Conditions Refer Note No. 26)		
<b>Secured</b>		
From Bank - Vehicle Loans	1,905,524	5,492,239
<b>Unsecured</b>		
From SICOM Ltd. by way of deferral of sales tax liability	45,699,831	47,144,894
	<u>47,605,355</u>	<u>52,637,133</u>
<b>4. DEFERRED TAX LIABILITIES</b>		
<b>Deferred Tax Liabilities</b>		
Depreciation	88,734,439	87,273,876
Others	4,001,616	1,411,694
<b>Total Deferred Tax Liabilities</b>	<u>92,736,055</u>	<u>88,685,570</u>
<b>Deferred Tax Assets – Gratuity</b>	<u>2,234,603</u>	<u>328,050</u>
<b>Net Deferred Tax Liability</b>	<u>90,501,452</u>	<u>88,357,520</u>
<b>5. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
(For Terms & Conditions Refer Note No. 26)		
<b>From Bank</b>		
Working Capital Loans	29,151,073	17,267,722
	<u>29,151,073</u>	<u>17,267,722</u>
<b>6. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt	4,777,947	3,580,988
(For Terms & Conditions Refer Note No. 26)		
Interest accrued but not due on borrowings	30,353	56,857
Unpaid dividends	2,351,722	2,167,800
Other payables	53,174,814	31,772,015
Employee Benefit Expenses	19,156,039	20,778,977
	<u>79,490,875</u>	<u>58,356,637</u>
<b>7. SHORT TERM PROVISIONS</b>		
Provision for Income Tax (Net of Advance Tax Rs. Nil, Previous year Rs. 1,049,704,025)	-	37,261,780
Proposed Dividend	4,923,000	9,846,000
Provision for Corporate Dividend Tax	836,664	1,597,268
	<u>5,759,664</u>	<u>48,705,048</u>

**Significant Accounting Policies and Notes to Financial Statement**

**8. FIXED ASSETS**

(Rs.)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 <sup>st</sup> April 2012	Additions	Adjustments / Deductions \$	Balance as at 31 <sup>st</sup> March 2013	Balance as at 1 <sup>st</sup> April 2012	Depreciation charge for the year	Adjustments / Deductions \$	Balance as at 31 <sup>st</sup> March 2013	Balance as at 31 <sup>st</sup> March 2013	Balance as at 1 <sup>st</sup> April 2012
<b>(a) Tangible Assets</b>										
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's	438,386,936	42,518,350	33,861,561	447,043,725	265,922,053	33,729,717	32,906,252	286,745,518	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
<b>Total (a)</b>	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>(b) Intangible Assets</b>										
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
<b>Total (b)</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
<b>(c) Capital work-in-progress</b>										
Buildings	424,574,474	-	410,487,314	14,087,160	-	-	-	-	14,087,160	424,574,474
Plant & equipment's	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
<b>Total (a) + (b) + (c)</b>	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
AS AT 31 <sup>ST</sup> MARCH 2012	1,134,380,797	114,606,479	4,549,089	1,244,438,187	288,219,018	45,489,617	1,710,782	331,997,853	912,440,334	

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

@ 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 Rs.36,838,372 & Rs. 1,148,476, respectively (Previous Year Rs. Nil & Rs. Nil )being unserviceable assets discarded during the year.

# Motor Vehicles include Rs 5,256,408 (previous year Rs 9,073,227) being assets acquired on hire purchase basis.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 <sup>st</sup> March, 2013 Rs.	As at 31 <sup>st</sup> March, 2012 Rs.
<b>9. NON CURRENT INVESTMENTS</b>		
(Refer Note No. 35)		
Equity instruments	653,186,403	794,452,236
Debentures and bonds	1,331,842,864	522,344,930
Mutual Funds	975,000,000	688,597,526
Bullion	7,889,929	8,911,406
	<u>2,967,919,196</u>	<u>2,014,306,098</u>
<b>10. LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good</b>		
Capital Advances	10,726,459	38,383,390
Electricity Deposits	1,679,693	1,397,400
Rent Deposits	131,044,328	130,392,328
Other Deposits	2,138,855	1,540,000
<b>Other loans and advances</b>		
Balances with Central Excise and Service Tax	5,401,859	4,917,527
Interest Free Loan to Employee Welfare Trust	120,000,000	100,000,000
Advance for Income Tax (Net)	14,589,128	-
Others	4,029,037	32,379,436
	<u>289,609,359</u>	<u>309,010,081</u>
<b>11. CURRENT INVESTMENTS</b>		
(Refer Note No. 36)		
Debentures and bonds	184,939,997	555,595,080
Mutual Funds	260,122,540	250,064,354
	<u>445,062,537</u>	<u>805,659,434</u>
<b>12. INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Raw Materials and components	38,875,691	48,812,094
Goods-in transit (Raw Materials)	-	948,484
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
Stores and spares	5,441,457	7,964,593
	<u>78,169,054</u>	<u>89,590,491</u>
<b>13. TRADE RECEIVABLES</b>		
<b>Unsecured, considered good</b>	2,913,655	1,080,547
Outstanding over six months from the due date	186,142,948	154,251,555
Others	189,056,603	155,332,102

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 <sup>st</sup> March, 2013 Rs.	As at 31 <sup>st</sup> March, 2012 Rs.
<b>14. CASH AND BANK BALANCES</b>		
<b>Cash and cash Equivalents</b>		
<b>Balances with Banks</b>		
In Current Accounts	6,566,340	85,341,536
Cheques in hand	7,219,154	6,874,324
Cash in hand	106,783	96,133
<b>Others</b>		
In Dividend Accounts	2,351,722	2,167,800
In Margin money	2,438,285	5,209,585
	<u>18,682,284</u>	<u>99,689,378</u>
<b>15. SHORT-TERM LOANS AND ADVANCES</b>		
<b>Secured, considered good</b>		
Inter Corporate Deposit *	152,600,000	668,800,000
<b>Unsecured, considered good</b>		
Inter Corporate Deposit	73,270,000	215,000,000
Loans and Advances to Employees	2,315,915	1,453,421
Prepaid Expenses	2,470,424	1,706,530
	<u>230,656,338</u>	<u>886,959,951</u>
* Net of Provision of Rs. 21,000,000 (Rs.15,700,000)		
<b>16. OTHER CURRENT ASSETS</b>		
Interest accrued on Investments	63,639,388	58,991,962
Interest accrued on Inter Corporate / Other Deposits	596,128	3,877,723
	<u>64,235,516</u>	<u>62,869,685</u>
	Year ended 31 <sup>st</sup> March, 2013 Rs.	Year ended 31 <sup>st</sup> March, 2012 Rs.
<b>17. REVENUE FROM OPERATIONS</b>		
Sale of Composite Products		
Manufactured	1,019,542,613	903,763,947
Traded	25,130,187	18,191,429
	<u>1,044,672,800</u>	<u>921,955,376</u>
Less: Excise duty	114,563,243	79,234,212
	<u>930,109,557</u>	<u>842,721,164</u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	Year ended 31 <sup>st</sup> March, 2013 Rs.	Year ended 31 <sup>st</sup> March, 2012 Rs.
<b>18. INCOME FROM INVESTMENT INCOME</b>		
<b>Income from Long Term Investments</b>		
Dividend	6,649,557	9,892,522
Interest	110,221,244	91,891,936
Profit/(Loss) on sale	34,693,414	68,005,641
<b>Income from Current Investments</b>		
Dividend	18,267,552	20,702,139
Interest	70,110,793	155,739,440
Profit/(Loss) on sale	(111,568)	1,241,574
	<u>239,830,992</u>	<u>347,473,252</u>
<b>19. COST OF MATERIALS CONSUMED</b>		
Consumption of Raw Materials and Components	455,732,025	402,697,556
Stores and Spare parts consumed	20,049,414	15,302,396
	<u>475,781,439</u>	<u>417,999,952</u>
<b>20. DECREASE / (INCREASE) IN INVENTORIES</b>		
<b>Opening Stock :</b>		
Work-in-progress	18,886,189	24,242,102
Finished goods	11,945,328	11,334,979
Stock in Trade	1,033,803	5,078,937
	<u>31,865,320</u>	<u>40,656,018</u>
<b>Closing Stock :</b>		
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>
<b>Decrease / (Increase) in Inventories</b>	<u>(1,986,586)</u>	<u>8,790,698</u>
<b>21. EMPLOYEES BENEFIT EXPENSE</b>		
Salaries and incentives	134,486,947	110,320,781
Contributions to:		
Provident fund	7,078,165	5,927,791
Superannuation scheme	437,220	352,080
Gratuity fund	2,233,685	2,878,057
Staff welfare expenses	6,500,952	5,413,189
	<u>150,736,968</u>	<u>124,891,898</u>



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	Year ended 31 <sup>st</sup> March, 2013 Rs.	Year ended 31 <sup>st</sup> March, 2012 Rs.
<b>22. FINANCE COST</b>		
Interest expense	2,140,064	15,147,470
Other borrowing costs	713,318	519,244
	<u>2,853,382</u>	<u>15,666,714</u>
<b>23. OTHER EXPENSES</b>		
Packing materials consumed	17,348,277	17,163,796
Power and Fuel	66,043,646	56,242,754
Rent	6,455,601	4,420,023
Rates and taxes	2,187,078	1,280,204
Insurance (including transit insurance)	1,675,412	1,632,812
Freight and Forwarding	38,956,003	29,800,005
Repairs & Maintenance:		
Plant & Equipments	7,527,699	5,538,407
Buildings	4,268,309	3,301,011
Job charges	47,121,650	42,368,875
Increase / (Decrease) in Excise Duty on Closing Stock	318,180	242,800
Travelling & Conveyance	36,893,239	37,027,501
Postage, Printing, Stationery & Telephones	6,879,576	6,392,078
Rebates, Discounts, etc.	48,079,369	47,077,008
Loss on sale/discarding of Fixed Assets (net)	1,186,115	334,525
Provision for doubtful Corporate Loan	5,300,000	15,700,000
Management & Professional Fees	15,780,191	15,303,701
Miscellaneous Expenses	37,823,239	49,373,961
	<u>343,843,584</u>	<u>333,199,461</u>
<b>24. Contingent Liabilities not provided for in respect of :</b>		
(a) Certain Sales Tax matters, mainly on account of pending concession forms (excluding interest) Rs.1,584,766 (Rs. 1,641,654)		
(b) Disputed Income Tax matters Rs.452,259 (Rs.400,113)		
(c) Disputed labour matter related to ex-workmen amount unascertainable.		
<b>25. Commitments:</b>		
(a) Estimated amount of contract remaining to be executed and not provided for (net of advance, unsecured considered good), on capital account are Rs. 1,663,541 (net of advance Rs.10,726,459 ); Previous Year Rs. 2,361,610 (net of advance Rs. 38,383,390).		
(b) In respect of long term investment made with private equity fund, the Company is further committed to invest Rs. 1041 lacs (Rs.890 lacs).		
<b>26. Secured Loans:</b>		
(a) Working capital loans (Interest @ base rate plus 2.75% per annum) and non fund based limit utilised Rs. 42,862,700 (Rs. 48,529,216) are secured by hypothecation of stocks and debtors and charge on immovable properties of Bhandara unit.		

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

- (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%.

Unsecured Loans:

Interest free Sales tax Loans is repayable within 12 years.

27. (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.
28. The amount of exchange difference (net) credited to profit and loss account is Rs. 1,648,712 (Rs.1,427,385).
29. Miscellaneous Expenses include:

	<b>(2012-13)</b>	(2011-12)
	<b>Rs.</b>	Rs.
Audit fees :	<b>550,000</b>	(450,000)
Certification fees :	<b>12,725</b>	(55,422)
Reimbursement of out of pocket expenses Including Services Tax Rs. 8,784 (Rs.7,389) :	<b>79,854</b>	(79,129)

30. Earnings Per Share:

	<b>Rs.</b>	Rs.
Net Profit as per Profit & Loss Account :	<b>102,002,909</b>	(209,205,552)
Weighted average number of equity shares out standing :	<b>4,923,000</b>	(4,923,000)
Basic and Diluted EPS before Exceptional Items (Net of Tax Expenses) :	<b>20.72</b>	(35.45)
Basic and Diluted EPS after Exceptional Items (Net of Tax Expenses) :	<b>20.72</b>	(42.50)

31. Provision for current tax includes Rs.2,00,000 (Rs.2,00,000) in respect of wealth tax.

32. Research and Development Expenditure

	<b>Rs.</b>	Rs.
Debited to respective expenses heads in the Statement of Profit & Loss :	<b>6,495,819</b>	(7,766,612)

33. (a) Value of Imports on CIF basis

	<b>Rs.</b>	Rs.
Raw Material :	<b>73,806,875</b>	(73,577,288)
Capital Goods :	<b>Nil</b>	(3,921,940)
Components and Spare Parts :	<b>451,737</b>	(25,179)

Note: Where items have been invoiced by suppliers on F.O.B. or C & F basis, the freight and insurance paid aggregating to Rs. Nil (Rs.6,753,689) in local currency has been included in the above figures.

- (b) Expenditure in foreign currency:

	<b>Rs.</b>	Rs.
Travelling & Other Expenses :	<b>3,904,416</b>	(6,402,776)
Commission/Brokerage :	<b>729,348</b>	(2,223,184)

- (c) Earnings in foreign currency on account of

	<b>Rs.</b>	Rs.
Export on FOB Basis :	<b>73,063,119</b>	(77,002,722)
Others (Freight, Insurance Etc) :	<b>2,547,291</b>	(2,575,572)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

Type of Instruments	Currency Type	As on 31 <sup>st</sup> March, 2013 Amount (In Rs.)		As on 31 <sup>st</sup> March, 2012 Amount (In Rs.)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Debtors	Dollar	191,007	10,167,778	162,670	7,888,526
Debtors	GBP	3,980	318,980	-	-
Commission Payable	Dollar	27,384	1,506,381	16,100	808,647
Creditors for Goods	Dollar	205,944	11,250,509	344,310	17,998,145
Creditors for Goods	CAD	-	-	183,945	9,223,916

34. Cost of Materials Consumed:

(a) Raw Material	%	Rs.	%	Rs.
Imported Material	18.11	86,077,877	(20.12)	(81,008,096)
Indigenous Material	81.89	389,256,244	(79.88)	(321,689,460)
	<u>100.00</u>	<u>475,334,121</u>	<u>(100.00)</u>	<u>(402,697,556)</u>
(b) Spare parts and Components	%	Rs.	%	Rs.
Imported Material	2.64	530,243	-	-
Indigenous Material	97.36	19,519,170	(100.00)	(15,302,396)
	<u>100.00</u>	<u>20,049,414</u>	<u>(100.00)</u>	<u>(15,302,396)</u>

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

35. Non-Current Investments: (Long term & Fully paid up)

	Face Value		As on 31 <sup>st</sup> March, 2013		As on 31 <sup>st</sup> March, 2012	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
<b>Equity Instruments (Quoted)</b>						
Allcargo Global Log. Ltd.	2	-	-	(10,400)	(1,532,128)	
Alstom Projects India Ltd.	10	1,929	1,159,133	(1,929)	(1,159,133)	
Amara Raja Batteries Ltd.	1	17,353	3,868,191	-	-	
Andhra Bank Ltd.	10	-	-	(6,000)	(975,293)	
Apar Industries Ltd.	10	-	-	(1,888)	(442,324)	
Ashok Leyland Ltd.	1	70,000	2,475,006	(70,000)	(2,475,006)	
Asian Paints Ltd.	10	1,687	5,813,490	-	-	
Axis Bank Ltd.	10	6,645	7,257,818	(6,820)	(7,548,540)	
Bajaj Auto Ltd.	10	3,021	3,449,958	(4,396)	(3,449,953)	
Bajaj Electrical .Ltd.	2	12,353	2,726,918	(12,353)	(2,726,918)	
Bajaj Finance Ltd.	10	-	-	(5,473)	(3,176,682)	
Bajaj Fin. Serv Ltd.	5	9,449	6,080,639	-	-	
Balkrishna Industries Limited	2	5,800	1,763,200	-	-	
Balmer Lawrie & Company Ltd.	10	-	-	(4,000)	(2,562,181)	
Bank Of Baroda	10	2,900	2,981,474	(2,900)	(2,981,474)	

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Face Value		As on 31 <sup>st</sup> March, 2013		As on 31 <sup>st</sup> March, 2012	
	Rs.	Nos.	Rs.	Nos.	Nos.	Rs.
BGR Energy Systems Ltd.	10	2,970	1,547,723	(2,970)	(1,547,723)	
Bharat Heavy Electricals Ltd.	2	-	-	(7,115)	(2,942,931)	
BHEL	2	7,115	2,548,200	-	-	
Biocon Ltd.	5	16,000	5,504,722	(16,000)	(5,504,722)	
Cadila Healthcare Ltd.	5	2,100	1,889,330	-	-	
Canara Bank Ltd.	10	3,600	2,469,335	(3,600)	(2,469,335)	
CCL Products India Ltd.	10	-	-	(13,000)	(3,226,187)	
Central Bank Of India	10	29,320	4,458,214	(29,320)	(4,458,214)	
Century Textiles Ltd.	10	-	-	(5,400)	(1,927,800)	
Cesc Ltd.	10	6,000	2,460,511	(6,000)	(2,460,511)	
Clariant Chemicals (India) Ltd.	10	5,000	3,719,208	(5,000)	(3,719,208)	
Coromandel International Ltd.	2	-	-	(16,127)	(3,905,959)	
Corporation Bank Ltd.	10	4,500	2,592,395	(4,500)	(2,592,395)	
Cox & Kings Ltd.	5	12,900	2,877,452	(14,150)	(3,299,639)	
Crompton Greaves Ltd.	10	-	-	(3,127)	(797,232)	
Dabur India Ltd.	1	47,541	5,004,736	(48,316)	(4,993,220)	
Dewan Housing Finance Corporation Ltd.	10	-	-	(3,126)	(977,093)	
Diamond Power Infrastructure Ltd.	10	-	-	(4,647)	(916,835)	
Divis Laboratories Ltd.	2	7,992	5,933,676	(7,992)	(5,933,660)	
Dr. Reddy'S Laboratories Ltd.	5	1,761	2,861,976	(1,761)	(2,362,769)	
Eclers Services Limited	10	8,788	6,519,299	-	-	
Edelweiss Financial Services Ltd.	1	23,139	1,282,629	(23,139)	(1,282,629)	
Educomp Solutions Ltd.	2	-	-	(4,000)	(889,863)	
Elder Pharmaceuticals Ltd.	10	-	-	(62,000)	(22,717,421)	
Electrosteel Integrated Ltd.	10	200,000	2,370,000	(200,000)	(2,370,000)	
Elpro International Ltd.	10	-	-	(70,334)	(29,789,040)	
Emkay Global Financial Services Ltd.	10	-	-	(3,904)	(410,597)	
Everest Kanto Cylinder Ltd.	2	31,017	3,487,930	(31,017)	(3,487,930)	
Exide Industries Ltd.	1	10,500	1,240,762	(51,802)	(6,996,476)	
Firstsource Solutions Ltd.	10	200,000	2,031,537	(300,000)	(6,747,279)	
GEI Industrial Systems Ltd.	10	-	-	(3,463)	(636,306)	
Geojit BNP Paribas Financial Services Ltd.	1	-	-	(15,802)	(601,977)	
GIC Housing Finance Ltd.	10	-	-	(6,123)	(809,218)	
Greaves Cotton Ltd.	2	-	-	(52,814)	(4,039,215)	
Gujarat State Petronet Ltd.	10	50,000	4,589,069	(50,000)	(4,589,069)	
HCL Technologies Ltd.	2	-	-	(3,250)	(1,301,802)	
HDFC Bank Ltd.	10	-	-	(11,845)	(4,939,106)	
HDFC Ltd.	2	1,538	1,070,457	(1,538)	(1,070,457)	
Hero Motocorp Ltd.	2	-	-	(2,565)	(5,261,892)	
Hexaware Technologies Ltd.	2	-	-	(63,500)	(2,502,085)	
Himanchal Futuristic Communication Ltd.	10	2,255	139,408	(2,255)	(139,408)	
Hindalco Industries Ltd.	1	7,250	909,598	(7,250)	(960,899)	
Hindustan Dorr-Oliver Ltd.	2	-	-	(9,000)	(1,012,935)	
ICICI Bank Ltd.	5	3,001	2,603,226	(4,301)	(3,762,397)	

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Face Value		As on 31 <sup>st</sup> March, 2013		As on 31 <sup>st</sup> March, 2012	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
IDBI Bank Ltd.	10	10,000	1,766,049	(10,000)	(1,766,049)	
IFCI Ltd.	10	22,000	1,497,348	(22,000)	(1,497,348)	
IL&FS Transportation Networks Ltd.	10	4,874	1,288,970	(4,874)	(1,288,970)	
India Infoline Ltd.	2	29,195	3,009,915	(29,195)	(3,009,915)	
Indo Borax & Chemicals Ltd.	10	-	-	(179,361)	(14,991,646)	
Infosys Technologies Ltd.	5	-	-	(650)	(1,887,334)	
ING Vysya Bank Ltd.	10	4,600	1,372,962	(4,600)	(1,372,962)	
IPCA Laboratories Ltd.	2	5,400	1,749,341	(4,700)	(1,507,008)	
ITC Ltd.	1	-	-	(16,762)	(3,075,818)	
IVRCL Ltd	2	23,500	439,554	(23,500)	(3,961,270)	
Jammu & Kashmir Bank Ltd..	10	2,300	1,659,576	(2,200)	(1,543,850)	
Jain Irrigation Systems	2	24,700	2,110,171	(19,000)	(1,614,430)	
J.K. Cement Ltd.	10	-	-	(8,000)	(1,491,760)	
J.K.Paper Ltd.	10	-	-	(10,458)	(371,228)	
Jaiprakash Associates Ltd.	2	-	-	(7,500)	(992,331)	
Jyoti Structures Ltd.	2	16,427	2,135,285	(16,427)	(2,135,285)	
K S Oils Ltd.	1	-	-	(212,482)	(2,368,735)	
Kajaria Ceramics Ltd.	2	15,200	1,573,352	(15,200)	(1,573,352)	
Kaveri Seeds Company Limited	10	2,390	3,221,507	-	-	
KEC International Ltd.	2	14,290	1,322,203	(14,290)	(1,322,203)	
Kiri Industries Ltd.	10	-	-	(1,048)	(351,337)	
Kotak Mahindra Bank Ltd.	5	9,322	4,679,644	(10,217)	(5,119,841)	
KPIT Cummins Infosystems Limited	2	15,100	1,689,614	-	-	
Larsen & Toubro Ltd.	2	4,110	6,078,076	(4,110)	(6,078,076)	
Lupin Ltd.	2	15,648	5,867,084	(19,355)	(7,171,818)	
Mahindra & Mahindra Financial Services Ltd.	10	15,500	2,185,391	-	-	
Mahindra & Mahindra Ltd.	10	2,000	1,364,759	(3,500)	(2,356,229)	
Mahindra Holidays & Resort India Ltd.	10	5,700	2,766,057	(6,300)	(3,066,777)	
Manappuram Finance Ltd.	2	-	-	(48,298)	(2,801,017)	
Maruti Suzuki India Ltd..	5	-	-	(6,300)	(8,070,979)	
Mercator Lines Ltd.	1	-	-	(35,800)	(865,968)	
Mindtree Ltd.	10	2,350	1,387,511	-	-	
Motherson Sumi Systems Ltd.	1	31,702	4,685,873	-	-	
Motilal Oswal Financial Services Ltd.	1	-	-	(5,061)	(898,695)	
Mphasis Ltd.	10	6,000	3,840,495	(6,000)	(3,840,495)	
Oil & Natural Gas Corporation Ltd.	5	-	-	(14,800)	(4,689,943)	
Opto Circuits (I) Ltd.	10	32,430	6,617,804	(56,688)	(11,828,156)	
Oracle Financial Services Software Ltd.	5	475	1,073,765	(625)	(1,424,275)	
Page Industries Ltd.	10	1,887	5,445,433	-	-	
Pantaloon Retail (India)Ltd.	2	5,561	2,008,878	(5,561)	(2,008,878)	
PI Industries Limited	1	5,557	3,499,058	-	-	
Pidilite Industries Ltd.	1	24,134	4,060,594	(24,355)	(4,148,631)	
Piramal Healthcare Ltd.	2	-	-	(11,040)	(5,618,551)	

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Face Value		As on 31 <sup>st</sup> March, 2013		As on 31 <sup>st</sup> March, 2012	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
PSL Ltd.	10	10,072	1,555,890	(10,072)	(1,555,890)	
Redington (India) Ltd.	2	-	-	(18,100)	(1,360,215)	
Rallis India Ltd.	10	-	-	(38,289)	(4,540,310)	
Reliance Industries Ltd.	10	7,214	7,619,735	(7,214)	(7,619,735)	
Rural Electricity Corporation Ltd.	10	5,000	1,586,413	(5,000)	(1,586,413)	
S. Kumars Nationwide Ltd.	10	-	-	(25,675)	(1,483,245)	
Schneider Electric Infrastructure Ltd.	2	-	-	(1,955)	(121,439)	
Sobha Developers Ltd.	10	-	-	(3,093)	(1,030,792)	
Shree Cements Limited	10	1,418	5,050,184	-	-	
SRF Ltd.	10	13,336	3,389,155	(13,336)	(3,389,155)	
Standard Chartered Plc	0	-	-	(96,985)	(10,086,440)	
State Bank Of India	10	1,230	2,327,586	(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	(12,087)	(6,001,679)	
Sun Tv Network Ltd.	5	11,100	3,916,413	(11,100)	(3,916,413)	
Sundaram Multi Pap Ltd.	1	-	-	(1,400,000)	(59,837,672)	
Talwalkar Fitness Ltd.	10	10,000	1,602,300	-	-	
Tata Consultancy Services Ltd.	1	3,604	4,009,940	(6,106)	(6,646,725)	
Tata Motors (DVR)	2	13,625	2,271,949	(13,625)	(2,484,475)	
Tata Motors Ltd.	2	26,850	3,425,120	-	-	
Tata Power Company Ltd.	10	-	-	(26,850)	(3,425,120)	
Tata Steel Ltd.	10	1,100	475,686	(1,100)	(475,686)	
Techno Electric & Engineering Co Ltd.	2	-	-	(3,495)	(947,745)	
Thermax Ltd.	2	5,376	3,567,510	(13,807)	(9,452,244)	
Titan Industries Ltd.	1	21,532	2,968,205	(24,935)	(3,371,461)	
Torrent Pharmaceuticals Ltd.	5	3,717	2,357,875	(3,717)	(2,053,330)	
TTK Prestige Limited	10	1,688	6,099,218	-	-	
Tulip Telecom Ltd.	2	13,500	116,405	(13,500)	(2,437,389)	
Tyroon Tea Company Limited	10	9,931	535,341	-	-	
Union Bank Of India	10	6,975	1,986,897	(6,975)	(1,986,897)	
United Phosphorus Ltd.	2	22,300	3,645,007	(22,300)	(3,645,005)	
United Spirits Ltd.	10	-	-	(1,800)	(2,297,340)	
Usher Agro Ltd.	10	-	-	(389,650)	(50,028,460)	
Voltas Ltd	1	-	-	(12,295)	(1,427,453)	
West Coast Paper Mills Ltd.	2	-	-	(25,000)	(2,568,470)	
Wipro Ltd.	2	-	-	-	-	
Yes Bank Ltd..	10	6,989	3,614,152	(19,736)	(5,388,450)	
NIFTY Jr. Benchmark Exchange Traded Fund	1.25	60,303	6,563,345	(75,836)	(8,253,948)	
ZF Steering Gear (I) Ltd.	10	100	2,749	(100)	(2,749)	
			<b>263,531,069</b>	-	<b>(519,244,157)</b>	

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Face Value		As on 31 <sup>st</sup> March, 2013		As on 31 <sup>st</sup> March, 2012	
	Rs.	Nos.	Rs.	Nos.	Rs.	
<b>Equity Instruments (Unquoted)</b>						
<b>Equity Instruments</b>						
Arch Pharma Labs Ltd	10	36,780	15,006,240	(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	(157,500)	(9,450,000)	
			<u>24,457,317</u>	-	<u>(24,457,317)</u>	
<b>Preference Instruments (Unquoted)</b>						
L&T Finance Holding Limited - Cumulative Preference Share	100	608,753	60,875,300	-	-	
			<u>60,875,300</u>	-	<u>-</u>	
<b>Private Equity and Real Estate Funds (Unquoted)</b>						
India Business Excellence Fund	-	-	45,936,928	-	(44,669,809)	
IL&FS Milestone Fund	10	2,000,000	20,000,000	(2,000,000)	(20,000,000)	
IDFC Hybrid Fund	-	-	22,089,118	-	(18,506,543)	
Multiples Private Equity Fund Scheme II	-	-	23,175,000	-	(12,839,219)	
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	15,386,480	(1,920)	(20,000,000)	
Kotak Real Estate Yield Fund	-	-	20,000,000	-	(4,000,000)	
Aditya Birla Real Estate Fund	-	-	10,000,000	-	(10,000,000)	
IIFL Real Estate Fund	-	-	10,000,000	-	(5,000,000)	
IIFL Income Opportunity Fund(AIF Category II)	-	-	12,000,000	-	-	
India Business Excellence Fund - II	-	-	10,000,000	-	-	
			<u>228,586,806</u>		<u>(175,014,851)</u>	
<b>Investment in Associate Company</b>						
<b>Equity Instruments (Quoted)</b>						
J.L.Morison (India) Ltd.	10	272,800	51,549,275	(10)	(51,549,275)	
Rasoi Ltd.	10	175,068	23,061,636	(10)	(23,061,636)	
			<u>74,610,911</u>		<u>(74,610,911)</u>	
<b>Equity Instruments (Unquoted)</b>						
Look Link Finance Ltd.	10	22,500	1,125,000	(22,500)	(1,125,000)	
			<u>1,125,000</u>	-	<u>(1,125,000)</u>	
<b>Total Equity Instruments</b>			<u>653,186,403</u>		<u>(794,452,236)</u>	

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Face Value	As on 31 <sup>st</sup> March, 2013		As on 31 <sup>st</sup> March, 2012	
	Rs.	Nos.	Rs.	Nos.	Rs.
<b>Debentures and Bonds (Quoted)</b>					
Nabard Zero Coupon Bond-Jan 2019	8,450	10,010	103,375,475	(8,450)	(103,375,475)
6.85% 22 JN14 IIFCL-Jan 2014	10,000	-	-	(10,000)	(99,105,301)
6.30 % IRFC Bonds-Mar 2017	10,000	500	50,063,644	(10,000)	(50,063,644)
8.20% HUDCO Tax Free Bond-Mar 2027	1,000	97,310	96,470,179	(1,000)	(24,011,250)
8.10% HUDCO Tax Free Bond -Mar 2022	1,000	30,000	30,000,000	(1,000)	(30,000,000)
8% IRFCL Tax Free Bonds-Feb 2022	1,000	15,225	15,225,000	(1,000)	(15,225,000)
7.93% REC-Tax Free Bond -Mar 2022	1,000	30,619	30,619,000	(1,000)	(30,619,000)
8.20% NHAI-Tax Free Bonds- Jan 2022	1,000	12,362	12,362,000	(1,000)	(12,362,000)
8.30% PFC- Tax Free Bonds- Feb 2027	1,000	7,120	7,120,000	(1,000)	(7,120,000)
8.33% GOI 09/07/2026	50,000,000	1	50,000,000	-	-
9.29% PFC Bonds (Series 92-C) 21/08/2022	1,000,000	50	50,037,579	-	-
8.28% GOI 15 Feb 2032 (In0020060086)	50,000,000	2	100,732,463	-	-
8.26% GOI 02 Aug. 2027	50,000,000	1	51,126,610	-	-
13.75% Peninsula Land Limited -Ncd	1,000,000	25	25,000,000	-	-
11.90% IISL 2016	1,000	29,747	28,675,126	-	-
9.90% Ing Vysa Bank Ltd. Bond	1,000,000	50	50,000,000	-	-
16.00% Lodha Dwellers Pvt. Ltd.- NCD (Ine957L07058)	1,000,000	2	6,816,878	-	-
9.90% IFCI Ltd Bonds Series 58 - 05/11/2022	25,000	3,900	97,500,000	-	-
9.02% Rec Bonds 19/11/20122	1,000,000	50	50,667,791	-	-
9.30% HDFC Ltd 2017	1,000,000	150	150,322,597	-	-
13% Muthoot Finance Limited NCD	1,000,000	25	25,000,000	-	-
Marathon Realty Private Limited NCD	10,000,000	3	30,000,000	-	-
Barclays Index Linked Principal Protected Debentures-Jun 2013	1,000,000	25	25,330,900	(25)	(25,330,900)
Principal Protected Secured Non Convertible Debentures-IIFL-May 2013	100,000	300	30,000,000	(300)	(30,000,000)
INR Index Linked Principal Protected Debenture- RBS Fin Services (India) Pvt. Ltd. -May 2013	100,000	300	30,132,360	(300)	(30,132,360)
Principal Protected Secured -Deutsche Investments India Private Limited-Aug 2013	100,000	500	50,000,000	(500)	(50,000,000)
Principal Protected 44.50% IIFL Debt Structure Product	100,000	250	25,000,000	-	-
			<b>1,221,577,602</b>		<b>(507,344,930)</b>
<b>Debentures and Bonds (Unquoted)</b>					
REC 54 Ec -Bonds	5,000	1,000	5,000,000	(10,000)	(15,000,000)
12% Manappuram Finance Limited	1,000,000	25	25,000,000	-	-
Lily Realty Pvt. Ltd. (Pasma) -Debenture	100,000	300	30,857,384	-	-
Omkar Realtors & Developers Pvt. Ltd. NCD Unquoted Debenture	96,823	300	29,407,878	-	-
Navjyoti Overseas Pvt Ltd.-Tdi NCD- Unquoted Debenture	10,000,000	2	20,000,000	-	-
			<b>110,265,262</b>		<b>(15,000,000)</b>
<b>Total Debentures and Bonds</b>			<b>1,331,842,864</b>		<b>(522,344,930)</b>



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Face Value	As on 31 <sup>st</sup> March, 2013		As on 31 <sup>st</sup> March, 2012	
	Rs.	Nos.	Rs.	Nos.	Rs.
<b>Mutual Funds (Quoted)</b>					
J M Fixed Maturity Fund - Series XIX- Plan D - 375 days -Growth	10			(2,000,000)	(20,000,000)
L&T FMP - VII (MAR 753DA) - GROWTH	10	2,000,000	20,000,000	-	-
ICICI FMP -Series 57- 3 Year Plan B- Growth	10	2,500,000	25,000,000	(2,500,000)	(25,000,000)
DWS Fixed Term Fund-Series 91-3yrs-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	(2,500,000)	(25,000,000)
HDFC FMP 36M -Oct 2011 -Series XIX (1)-Growth	10	3,000,000	30,000,000	(3,000,000)	(30,000,000)
IDFC FMP- 3 Years -Series 5-Growth	10	2,000,000	20,000,000	(2,000,000)	(20,000,000)
Birla Sunlife Fixed Term Plan Series - ED-Growth	10	3,000,000	30,000,000	(3,000,000)	(30,000,000)
Kotak FMP Series 74-370 days-Growth	10	-	-	(2,000,000)	(20,000,000)
ICICI Prudential FMP- Series 61-3Years -Growth	10	3,000,000	30,000,000	(3,000,000)	(30,000,000)
IDFC FMP Yearly Series 62 -Yearly-Growth	10	-	-	(2,000,000)	(20,000,000)
UTI FMP Series XI-Plan IV-367 days- Growth	10	-	-	(2,000,000)	(20,000,000)
L&T FMP - Series V-368 Days-Growth	10	-	-	(2,000,000)	(20,000,000)
IDBI FMP -370 days-Series II-Mar 2012-Growth	10	-	-	(2,500,000)	(25,000,000)
Tata Income Fund -Growth	10	940,230	30,000,000	(940,230)	(30,000,000)
			<u>230,000,000</u>		<u>(335,000,000)</u>
<b>Mutual Funds (Unquoted)</b>					
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	(967,118)	(20,000,000)
DSP Blackrock Small And Mid Cap Fund - Dividend	10	2,835,782	44,000,000	(2,860,468)	(42,000,000)
DSP Blackrock Top 100 Equity Fund - Regular Plan - Dividend	10	2,572,086	57,000,000	(2,558,336)	(54,000,000)
HDFC Equity Fund - Dividend	10	738,910	27,500,000	(626,297)	(30,000,000)
HDFC Mid Cap opportunities Fund - Dividend	10	2,781,211	45,000,000	-	-
HDFC Top 200 Fund - Dividend	10	804,425	36,500,000	(1,392,525)	(62,539,409)
ICICI Prudential Focused Bluechip Equity fund - Dividend	10	621,504	10,000,000	(3,375,295)	(52,029,567)
IDFC Premier Equity Fund- Plan A Dividend	10	705,992	15,000,000	(1,944,815)	(45,747,930)
Reliance Small Cap Fund-Growth	10			(2,000,000)	(20,000,000)
SBI Dynamic Bond Fund - Growth	10	4,455,870	65,000,000	-	-
Fidelity Equity Fund	10	-	-	(933,010)	(20,000,000)
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	-	-
ICICI Prudential Dynamic Plan - Dividend	10			(394,500)	(7,280,620)
			<u>745,000,000</u>		<u>(353,597,526)</u>
<b>Total Mutual Funds</b>			<u>975,000,000</u>		<u>(688,597,526)</u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Face Value		As on 31 <sup>st</sup> March, 2013		As on 31 <sup>st</sup> March, 2012	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
<b>Bullion</b>						
E- Silver (Quoted)	-	58 kg	3,063,853		89 kg	(4,701,430)
Gold 24 K 99.999% (Unquoted)	-	2415.60 gm	4,826,076		2215.6 gm	(4,209,976)
<b>Total Bullion</b>			<b>7,889,929</b>			<b>(8,911,406)</b>
<b>Total Non Current Investment</b>			<b>2,967,919,196</b>			<b>(2,014,306,098)</b>
<b>Aggregate Cost of Quoted Investments</b>			<b>1,792,783,435</b>			<b>(1,440,901,428)</b>
<b>Aggregate Cost of Unquoted Investments</b>			<b>1,175,135,761</b>			<b>(573,404,670)</b>
(Aggregate amount of provision for diminution in unquoted investment Rs. Nil (Previous year Rs. Nil))						
<b>Aggregate Market Value of Quoted Investments</b>			<b>1,920,284,030</b>			<b>(1,479,560,143)</b>

## 36. Current Investment:

	Face Value		As on 31 <sup>st</sup> March, 2013		As on 31 <sup>st</sup> March, 2012	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
<b>Debentures and Bonds (Quoted)</b>						
Principal Protected Secured Non Convertible Debentures-IIFL-Sep 2012	100,000	-	-		(300)	(30,000,000)
Principal Protected Secured-Deutsche Investments India Private Limited-Oct 2012	100,000	-	-		(400)	(40,000,000)
100 Series 23 Secured Debentures- Morgan Stanley India Capital Private Ltd.-April 2012	1,000,000	-	-		(35)	(35,000,000)
150 Series 25 Secured Debentures - Morgan Stanley India Capital Private Ltd.- Jan 2013	1,000,000	-	-		(25)	(25,000,000)
Anand Rathi Structured Product Series 1- ECL Finance Ltd-Aug 2014	1,000,000	-	-		(300)	(30,000,000)
6.85% 22 JN14 IIFCL-Jan 2014	10,000	830	83,419,997		-	-
			<b>83,419,997</b>			<b>(160,000,000)</b>
<b>Debentures and Bonds (Unquoted)</b>						
9.90% Sundaram Finance Ltd-April 2012	1,000,000	-	-		(1,000,000)	(25,000,000)
SkyDeck Zero 270113 -Sky Deck Properties & Developers -Jan 2013	1,000,000	-	-		(1,000,000)	(50,282,616)
Avantha Holdings Ltd. Debentures- Sep 2012	10,000,000	-	-		(10,000,000)	(75,377,356)
L&T Aruna Excello Realty Pvt Ltd. - Debentures-Mar 2013	95,833	-	-		(95,833)	(9,327,100)
Ankur Energy Resources Pvt Ltd. - Debentures -Dec 2013	100,000	-	-		(100,000)	(50,000,000)
Lily Realty Pvt. Ltd. (Pasmina) - Debentures-Dec 2013	100,000	-	-		(100,000)	(50,700,000)
Educomp Infrastructure And School Management Ltd.- Dec 2012	1,000,000	-	-		(1,000,000)	(29,723,550)
Sunshine Housing & Infrastructure Pvt. Ltd - Debentures-Jun 2013	100,000	-	-		(100,000)	(16,500,000)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Face Value	As on 31 <sup>st</sup> March, 2013		As on 31 <sup>st</sup> March, 2012	
	Rs.	Nos.	Rs.	Nos.	Rs.
19% Sheth Developers Pvt. Ltd. Debentures - April 2014	100,000	-	-	(100,000)	(30,407,458)
Manappuram Finance Limited - ZCB-Jan 2013	1,000,000	-	-	(1,000,000)	(29,937,000)
REC 54 Ec -Bonds	5,000	1,000	5,000,000	-	-
Gold Loan PTC	100,000	494	49,400,000	-	-
Vijay Associates (Wadhwa) Constructions Private Ltd-Debentures-	13,440	500	6,720,000	(93,280)	(28,340,000)
17.50% Neelkanth Urban Developers Pvt. Ltd. - NCD	10,000,000	3	20,400,000	-	-
Devadatta Build Tech Private Limited - NCD	4,000,000	5	20,000,000	-	-
			<b>101,520,000</b>		<b>(395,595,080)</b>
<b>Total Debentures and Bonds</b>			<b>184,939,997</b>		<b>(555,595,080)</b>
<b>Mutual Funds (Quoted)</b>					
Sundaram Fixed Term Plan 18 M- Growth	10	5,000,000	50,000,000	(5,000,000)	(50,000,000)
SBI Magnum Debt Fund Series -18M- (7) - Growth	10	2,500,000	25,000,000	(2,500,000)	(25,000,000)
HDFC FMP-24M- Sep 2011(1)- Series XIX - Growth	10	3,000,000	30,000,000	(3,000,000)	(30,000,000)
ICICI Prudential FMP Series 60- 3 Year Plan E - Growth	10	2,000,000	20,000,000	(2,000,000)	(20,000,000)
Religare FMP Series XII-182 days- Plan D-Growth	10	2,000,000	20,000,000	(2,000,000)	(20,000,000)
			<b>145,000,000</b>		<b>(145,000,000)</b>
<b>Liquid Mutual Funds (Unquoted)</b>					
Canara Robeco Liquid Fund - Growth	1,000	-	-	(6,264)	(12,100,000)
Pramerica Liquid Fund - Growth	1,000	-	-	(13,113)	(15,000,000)
Baroda Pioneer Liquid Fund-Institutional-Growth	1,000	12,293	16,500,000	(21,425)	(26,000,000)
IDBI Liquid Fund - Growth	1,000	-	-	(6,701)	(5,200,000)
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	(373,158)	(900,247)
JM High Liquidity Fund -Institutional Growth	10	1,800,876	57,500,000	(902,951)	(15,900,000)
L&T Liquid Fund -Growth	1,000	-	2,000,000	(1,303)	(2,800,000)
Daiwa Liquid Fund- Institutional- Growth	1,000	-	-	(9,998)	(12,000,000)
DWS Insta Cash Plus- Regular Bonus Plan - Bonus	10	-	-	(354,550)	(3,484,723)
Principal Cash Management- Growth	10	1,711	1,943,293	(8,388)	(8,049,980)
Reliance Liquid Fund - Treasury Plan-Institutional - Weekly Dividend	10	4,234	6,486,174	(236,912)	(3,629,404)
			<b>115,122,540</b>		<b>(105,064,354)</b>
<b>Total Mutual Funds</b>			<b>260,122,540</b>		<b>(250,064,354)</b>
<b>Total Current Investment</b>			<b>445,062,537</b>		<b>(805,659,434)</b>
<b>Aggregate Cost of Quoted Investments</b>			<b>228,419,997</b>		<b>(305,000,000)</b>
<b>Aggregate Cost of Unquoted Investments</b>			<b>216,642,540</b>		<b>(500,659,434)</b>
<b>Aggregate Market Value of Quoted Investments</b>			<b>253,789,600</b>		<b>(330,369,603)</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**37. Micro and small enterprises development Act, 2006 ('MSMED')**

<b>Particulars</b>	<b>Rs.</b>
Principal Amount due to suppliers under MSMED Act,2006, Beyond appointed Day	1,006,439
Interest accrued and due to suppliers under MSMED Act, on the above amount	25,891
Payment made to suppliers ( other than interest ) beyond the appointed day, during the year	Nil
Interest paid to suppliers under MSMED Act ( Other than section 16 )	Nil
Interest paid to suppliers under MSMED Act ( Section 16 )	Nil
Interest due and payable to suppliers under MSMED Act, for the payment already made	Nil
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	Nil
Note : The information has been given in respect of such vendors to the extent they could be identified as “ Micro and Small enterprises” on the basis of information available with Company.	- -

**38. Segment Reporting:**

<b>Particulars</b>	<b>Year ended March, 2013</b>	<b>Year ended March, 2012</b>
<b>Segment Revenue</b>		
Composite Products	<b>933,776,109</b>	(846,828,589)
Investment	<b>240,578,288</b>	(347,376,755)
	<b><u>1,174,354,398</u></b>	<b><u>(1,194,205,344)</u></b>
<b>Segment Results</b>		
Profit/(Loss) before Interest, Tax and Exceptional Items from each segment)		
Composite Products	<b>(3,535,048)</b>	(15,852,227)
Investment	<b>144,770,865</b>	(255,565,594)
	<b><u>141,235,817</u></b>	<b><u>(271,417,821)</u></b>
Unallocated Expenses	<b>(16,737,272)</b>	14,410,604
Interest Expenses	<b>(2,853,382)</b>	15,666,715
Exceptional Income (net)	-	(34,678,718)
Tax Expenses	<b>(19,642,253)</b>	66,813,669
<b>Profit after taxation</b>	<b><u>102,002,910</u></b>	<b><u>(209,205,552)</u></b>
<b>Segment Assets</b>		
Composite Products	<b>725,777,404</b>	(672,365,932)
Investment	<b>4,284,997,726</b>	(4,050,742,545)
Unallocated Assets	<b>433,983,588</b>	(612,749,079)
	<b><u>5,444,758,718</u></b>	<b><u>(5,335,857,556)</u></b>
<b>Segment Liabilities</b>		
Composite Products	<b>220,643,667</b>	(214,934,092)
Unallocated Liabilities	<b>97,473,663</b>	(90,525,320)
	<b><u>318,117,330</u></b>	<b><u>(305,459,412)</u></b>
<b>Other Information:</b>		
Capital Expenditure	<b>729,308,482</b>	(79,366,063)
Depreciation & Amortisation	<b>61,522,683</b>	(45,489,617)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

(i) Associates 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.

(ii) Key Management Personnel:

Mr. Raghu Mody, Chairman  
Mr. Varunn Mody, Executive Director  
Mr. P. K. Choudhary, Managing Director  
Mr. Ramchandra Rao, Joint Managing Director (w.e.f. 16<sup>th</sup> May, 2012)

(iii) Relatives of Key Managerial Personnel :

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

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

Particulars	Year ended March, 2013 Rs.	Year ended March, 2012 Rs.
<b>Inter-Corporate Deposit Given</b>		
J. L. Morison (India) Limited	115,000,000	(85,000,000)
Silver Trading & Services Ltd.	Nil	(12,500,000)
Others	Nil	(9,195,000)
<b>Deposit for Rented Property</b>		
Rasoi Limited	Nil	(50,000,000)
Surdas Trading & Mfg. Co. Ltd.	5,000,000	(10,000,000)
Pallawi Resources Ltd.	17,500,000	(7,500,000)
<b>Inter-Corporate Deposit Received back</b>		
J. L. Morison (India) Limited	(65,000,000)	(85,000,000)
Noble Trading Co. Ltd.	Nil	(38,500,000)
Silver Trading & Services Ltd.	(12,500,000)	Nil
Others	Nil	(11,145,000)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	Year ended March, 2013 Rs.	Year ended March, 2012 Rs.
<b>Interest Received</b>		
J. L. Morison (India) Limited	(3,965,753)	(552,192)
Noble Trading Co. Ltd.	Nil	(2,469,123)
Goodpoint Advisory Services and Investments Ltd.	Nil	(1,662,474)
Others	(61,644)	(317,235)
<b>Service Tax Paid on Rent Payment</b>		
Rasoi Limited	151,410	(75,808)
Pallawi Resources Ltd.	11,124	(Nil)
<b>Reimbursement of Expenses from</b>		
J. L. Morison (India) Limited (Insurance)	(55,340)	(Nil)
<b>Rent Received</b>		
J. L. Morison (India) Limited	(800,000)	(Nil)
<b>Rent Paid</b>		
Rasoi Limited	1,260,000	(736,000)
J. L. Morison (India) Limited	1,200,000	(1,281,975)
Silver Trading & Services Ltd.	600,000	(300,000)
Pallawi Trading & Mfg. Co. Ltd.	600,000	(226,667)
Others	510,000	(237,000)
<b>Others</b>		
J. L. Morison (India) Limited (Purchase of Assets)	208,125	(Nil)
Rasoi Express Pvt. Ltd. (Travelling)	4,765,175	(6,048,015)
<b>Dividend Received</b>		
J. L. Morison (India) Limited	(272,800)	(249,349)
Rasoi Limited	(350,136)	(437,670)
<b>Dividend Given</b>		
Rasoi Limited	4,101,148	(4,101,148)
J. L. Morison (India) Limited	738,468	(738,468)
Others	892,016	(892,016)
<b>(B) Nature of Transaction with Key Management Personnel:</b>		
<b>Salary and Allowances</b>		
Mr. Raghu Mody	6,096,040	(3,438,750)
Mr. Varunn Mody	7,510,000	(6,776,250)
Mr. P.K. Choudhary	5,184,072	(3,971,000)
Mr. Ramchandra Rao	7,399,238	-
Others	274,575	(500,000)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	Year ended March, 2013 Rs.	Year ended March, 2012 Rs.
<b>Commission to Directors</b>		
Mr. Varunn Mody	1,500,000	(2,550,000)
<b>(C) Closing Balance with Associates /Relatives:</b>		
Rasoi Ltd.	100,000,000	(100,000,000)
J L Morison (India) Limited	50,000,000	(Nil)
Pallawi Resources Ltd	25,550,000	(8,050,000)
Surdas Trading & Mfg. Co. Ltd.	5,000,000	(10,000,000)
Silver Trading & Services Ltd.	Nil	(12,500,000)
Rasoi Express Pvt. Ltd.	252,223	(Nil)
<b>Interest Receivable (Net of TDS)</b>		
J L Morison (India) Limited	(160,274)	(Nil)
Silver Trading & Services Ltd.	Nil	(199,726)
<b>Investment in</b>		
J L Morison (India) Limited	51,549,275	(51,549,275)
Rasoi Limited	23,061,636	(23,061,636)
Look Link Finance Ltd.	1,125,000	(1,125,000)

Note:

- i) No amount pertaining to related parties has been provided for as doubtful debts. Also no amount has been written off/back
  - ii) The related parties are as identified by the Company and relied upon by the Auditors.
40. The company is in process of making necessary applications to the Central Government for seeking waiver from excess managerial remuneration paid over and above the limit prescribed in Schedule XIII of Companies Act, 1956 amounting to Rs. 4,894,040.
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 31 <sup>st</sup> March, 2013 Rs.	Maximum amount Outstanding During the year Rs.
Employees (as per general rules of the Company)	1,008,000 (660,500.00)	1,467,100 (856,000.00)
Employees' Welfare Trust	120,000,000 (100,000,000)	125,000,000 (100,000,000)

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

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

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

**P. K. Choudhary**  
Managing Director

Place: Mumbai  
Date: 10<sup>th</sup> May, 2013

**Amit Goenka**  
G.M.Finance & Company Secretary

**Varunn Mody**  
Executive Director

## GREEN INITIATIVE

Dear Sir / Madam,

The Ministry of Corporate Affairs, vide its Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has taken a "Green Initiative" by allowing paperless compliances by the companies to serve the requisite documents to its members vide e-mode, in pursuance to Section 53 of the Companies Act, 1956. Accordingly, the Company shall be required to update its database by incorporating your designated e-mail ID in its records.

You are thus requested to kindly submit your e-mail ID vide the e-mail updation form attached with this note. The same could be done by filling up and signing at the appropriate place in the said form and by returning this letter by post or by sending scan copy through e-mail at [investor@hindcompo.com](mailto:investor@hindcompo.com).

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.

Thanking you,

Yours faithfully,  
For **Hindustan Composites Limited**

**Amit Goenka**  
**G. M. - Finance & Company Secretary**

---



Date \_\_\_\_\_

The G. M. - Finance & Company Secretary,  
 Hindustan Composites Limited  
 Peninsula Business Park, 'A' Tower,  
 8<sup>th</sup> Floor, Senapati Bapat Marg,  
 Lower Parel, Mumbai - 400013

**Sub: E-mail updation**

Dear Sir,

In view of the MCA Circular no. 17/2011 dated April 21, 2011, I/we :

Name of the sole / Joint holder(s)	Father's/Husband's Name

holding \_\_\_\_\_ nos. of shares of Hindustan Composites Limited vide Folio No. \_\_\_\_\_ DP ID-Client ID \_\_\_\_\_, do hereby wish to receive all future correspondence of the Company at the following e-mail ID :

E-mail ID : \_\_\_\_\_

I/we hereby declare that the particulars given herein are true, correct and complete. I/we hereby undertake to promptly inform Hindustan Composites Limited (HCL) of any changes to the information provided hereinabove.

You are requested to please update the same in your records.

Thanking you,  
 Yours truly,

\_\_\_\_\_  
 Sole/ First holder

\_\_\_\_\_  
 Second holder

\_\_\_\_\_  
 Third holder

(Specimen as registered with the Company)

Note : Kindly submit your e-mail ID by filling up and signing at the appropriate place provided hereinabove and furnishing this form :

- i) by post; or
- ii) by way of a scan copy through e-mail at investor@hindcompo.com

The e-mail ID provided shall be updated subject to successful verification of your signatures.





**“Our participation in Auto Mechanika Exhibition, 2012 the largest Auto-Component Exhibition held at Frankfurt, Germany”**

## Book post

If undelivered, please return to :



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