

**Committed to safety, Always**



ANNUAL REPORT 2009-2010



# CAPEXIL

*Certificate of Export Recognition*

## Certificate of Merit

Presented to

M/s. Hindustan Composites Limited, Mumbai

in recognition of their export achievement in respect of

Asbestos jointing sheets and brake linings

for the year 2008-2009

*Pothanur*

Chairman  
CAPEXIL

(Sponsored by Ministry of Commerce & Industry, Govt. of India)  
Vaniya Bhavan  
1/1, Wood Street, Kolkata-700016

Date : 27th November, 2009



**CAPEXIL, Chairman Presents  
Export Performance Award 2008-09 to our Company official.**

**BOARD OF DIRECTORS**

Raghu Mody	Chairman
P. K. Choudhary	Managing Director
Vinay Sarin	Executive Director
V. D. Ingle	Executive Director
Varunn Mody	
K. M. Robinson	
D. L. Lyon	
V. B. Haribhakti	
A. B. Vaidya	
Lt. Gen. (Retd.) K.S.Brar	
Haigreve Khaitan	Alternative Director to Mr. K. M. Robinson
Amit Goenka	G. M. Finance & Company Secretary

**AUDITORS**

Lodha &amp; Co.

**SOLICITORS**

Khaitan &amp; Co.

**BANKERS**Bank of Baroda  
Union Bank of India**REGISTERED OFFICE**B-11, Paragon Condominium,  
Pandurang Budhkar Marg, Worli,  
Mumbai - 400 013.**REGISTRAR & TRANSFER AGENTS**Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (W), Mumbai - 400 076.**WORKS**

Paithan	: D-2/1, MIDC Industrial Area.
Bhandara	: C-10/1, Bhandara Indl. Area, Gadegaon.
Jalna	: C-11, Addl, Jalna Indl. Area.

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Sixth 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 Tuesday, 7<sup>th</sup> day of September 2010 to transact the following business:

### ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010 and Profit and Loss Account for the year ended 31<sup>st</sup> March 2010 together with the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31<sup>st</sup> March, 2010.
3. To appoint a Director in place of Mr. Raghu Mody, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. M. Robinson, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors 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 modifications, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Mr. Vinay Sarin as Executive Director - Marketing of the Company for a further period of 1 (one) year w.e.f. 9<sup>th</sup> August 2009, on the terms and conditions as set out in the Explanatory Statement attached to this Notice, be and is hereby approved, with 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 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 Mr. Vinay Sarin as Executive Director - Marketing of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration to him.

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

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

**"RESOLVED THAT** pursuant to provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other

applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Mr. V. D. Ingle as Executive Director - Manufacturing of the Company for a further period of 1 (one) year w.e.f. 1<sup>st</sup> April 2010, 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 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 Mr. V. D. Ingle as Executive Director - Manufacturing of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration to him.

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

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 the revision in remuneration payable to Mr. P. K. Choudhary, Managing Director of the Company for the remaining period of his tenure with effect from 1<sup>st</sup> April 2010 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 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 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 to him.

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

By order of the Board of Directors

Place: Mumbai  
Date: 20<sup>th</sup> May 2010

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

**Regd. Office :**  
B-11, Paragon Condominium,  
P. B. Marg, Worli, Mumbai 400 013

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD 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 3<sup>rd</sup> September 2010 to 7<sup>th</sup> September 2010 (both days inclusive).
3. The shares of the Company are listed on Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd., and The Kolkata Stock Exchange Association Limited. Listing fees for the financial year 2010-11 has been paid to all the stock exchanges except The Kolkata 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 for the financial years ended up 31<sup>st</sup> March 2002 has been transferred to the Investor Education and Protection Fund (IEPF). The balance amount lying in unpaid dividend account for the financial year 2002-2003 is due for transfer to the Investors Education and Protection Fund by 25<sup>th</sup> September 2010. The shareholders whose dividend is unclaimed for the aforesaid financial year 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 replies can be made available at the Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Information of Directors being proposed for re-appointment (as required under Clause 49(IV)(G) of the Listing Agreement)**

**Mr. Raghu Mody**, aged 71 years, is Chairman of the Company since 1987. He is a leading industrialist with several years of extensive and varied experience. He is also the Chairman of J. L. Morison (India) Ltd., Rasoi Ltd., and Director of many other companies. He does not hold any shares in the Company.

Mr. Mody has wide experience in setting up an operating Business in Edible oil, Health care products, Cosmetics, Auto Components and other Industrial Products. He has successfully collaborated with world renowned Companies of Germany, U.K., Switzerland etc. to bring the new generation technologies in India.

**Mr. K. M. Robinson**, aged 62 years, is a leading lawyer based in the United Kingdom. Mr. Robinson is associated with the Company for

last 15 years as a Director. Mr. Robinson possesses rich experience in Mergers & Acquisitions, International Taxation and Trade Laws.

He does not hold any shares in the Company.

**Mr. Vinay Sarin**, aged 62 years, a Post Graduate in Management from Jamnalal Bajaj Institute of Management Studies, Mumbai is associated with the Company for last 22 years having a total experience of 39 years in Automobile Industry. He does not hold directorship in any other company and does not hold any shares in the Company.

**Mr. V. D. Ingle**, aged 63 years, is a Science Graduate, associated with the Company for last 36 years and has considerable experience in the manufacturing function of the Company. He does not hold directorship in any other company and does not hold any shares in the Company.

**Item No. 6**

Mr. Vinay Sarin was re-appointed as Executive Director Marketing of the Company for a further period of 1 (one) year w.e.f. 9<sup>th</sup> August, 2009 on the following terms and conditions:

1.	Salary	Rs. 41,000/- per month, and Special Allowance of Rs. 40,000/- per month with an increase which may be decided by the Board of Directors from time to time within limits, specified in Schedule XIII of 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. 3,600/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of salary.
3.	Conveyance / Motor Car	Provision of motor car with driver or Rs. 20,000/- per month.
4.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependant children, not exceeding Rs. 15,000/- per annum.
5.	Leave Travel Concession	As per rules of the Company's Scheme not exceeding Rs. 70,000/- per annum.
6.	Provident and other funds including superannuation and gratuity	As per rules of the Company's Scheme.
7.	Personal Accident Insurance	As per rules of the Company's Scheme.
8.	Club subscription	Reimbursement of club subscription fee of one club.
9.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The above remuneration 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.

In view of considerable gain to the Company by the re-appointment of Mr. Vinay Sarin through his expertise and experience, the Directors recommend the Ordinary Resolution for approval of the members.

Except Mr. Vinay Sarin, none of the Directors are interested in this resolution.

## Item No. 7

Mr. V. D. Ingle was re-appointed as Executive Director Manufacturing of the Company for a further period of 1 (one) year from 1<sup>st</sup> April 2010 on the following terms and conditions:

1.	Salary	Rs. 41,000/- per month, and Special Allowance of Rs. 40,000/- per month with an increase which may be decided by the Board of Directors from time to time within limits, specified in Schedule XIII of 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. 3,600/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of salary.
3.	Conveyance / Motor Car	Provision of motor car with driver or Rs. 20,000/- per month.
4.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependant children, not exceeding Rs. 15,000/- per annum.
5.	Leave Travel Concession	As per rules of the Company's Scheme not exceeding Rs. 70,000/- per annum.
6.	Provident and other funds including superannuation and gratuity	As per rules of the Company's Scheme.
7.	Personal Accident Insurance	As per rules of the Company's Scheme.
8.	Club subscription	Reimbursement of club subscription fee of one club.
9.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The above remuneration 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.

In view of considerable gain to the Company by the re-appointment of Mr. V. D. Ingle through his expertise and experience, the Directors recommend the Ordinary Resolution for approval of the members.

Except Mr. V. D. Ingle, none of the Directors are interested in this resolution.

## Item No. 8

The Board of Directors of the Company has revised the 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 2010 as follows:

1.	Salary	Rs. 70,000/- per month and special allowance of Rs. 70,000/- 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. 9,000/- 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. 25,000/- per month.
4.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependant children, not exceeding Rs. 40,000/- per annum.
5.	Servant Allowance	Provision for Servant Allowance Rs. 6,000/- p.m.
6.	Leave Travel Concession	As per rules of the Company, not exceeding Rs. 75,000/- per annum.
7.	Provident and other funds Including Superannuation and gratuity	As per rules of the Company's Scheme.
8.	Personal accident insurance	As per rules of the Company's Scheme.
9.	Club subscription	Reimbursement of club subscription fees of one club.
10.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The above remuneration 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 Ordinary Resolution for approval of the members.

Except Mr. P. K. Choudhary, none of the Directors are interested in this resolution.

By order of the Board of Directors

Place: Mumbai  
Date: 20<sup>th</sup> May 2010

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

**Regd. Office :**  
B-11, Paragon Condominium,  
P. B. Marg, Worli, Mumbai 400 013



## DIRECTORS' REPORT

Your Directors present their Forty Sixth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2010.

### 1. FINANCIAL RESULTS

	<b>Rs./Lacs Year ended 31st March 2010</b>	<b>Rs./Lacs Year ended 31st March 2009</b>
<b>Net Sales</b>	<b>8990</b>	7731
Other Income	<b>549</b>	306
Profit before Interest, Depreciation and Exceptional item	<b>1471</b>	1124
Interest	<b>(193)</b>	(283)
Depreciation (Net)	<b>(382)</b>	(350)
Profit before Exceptional items and tax	<b>896</b>	491
Profit on sale of Land & Building at Ghatkopar	<b>56703</b>	-
Employees separation cost	(309)	<b>(346)</b>
<b>Profit before tax</b>	<b>57290</b>	145
<b>Provision for Taxes</b>	<b>9769</b>	104
<b>Profit after taxation</b>	<b>47521</b>	41
<b>Profit available for appropriation</b>	<b>47562</b>	41
<b>Appropriations</b>		
Proposed Dividend	<b>550</b>	-
Corporate Dividend Tax	<b>93</b>	-
Transfer to General Reserve	<b>46800</b>	-
Surplus carried to Balance Sheet	<b>119</b>	41

### 2. DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 10 per share being 100% of the paid-up equity capital of company, for the year ended 31<sup>st</sup> March, 2010. The Corporate Dividend Tax of Rs. 0.93 Crores will be payable on total dividend amount of Rs. 5.50 Crores.

### 3. PERFORMANCE

The Company's performance for the year 2009-10 displayed higher sales and improved profitability.

Your Directors are pleased to state that during the year under review, the Company successfully sold its Land & Buildings at Ghatkopar with a realisation of Rs. 571 Crores. The entire consideration was received on 18<sup>th</sup> January, 2010, upon execution of necessary documents. This has laid to unlocking of large unutilised resources of the Company, which can hitherto be employed towards Company's expansion plan, to take advantage of the current business opportunities.

The turnover of the Company increased by 16% to Rs. 89.90 Crores from Rs. 77.31 Crores in the previous year. This growth was achieved with a focus on the Railway and Trade segments. The gross profit also increased to Rs. 14.71 Crores from Rs. 11.24 Crores. After considering interest and depreciation, the profit before exceptional items was much higher at Rs. 8.96 Crores, as against Rs. 4.91 Crores. There was a one time profit of Rs. 567.03 Crores on the sale of the Ghatkopar Land & Buildings. After considering this and cost towards employees separation of Rs. 3.09 Crores, the Profit before Tax was Rs. 572.90 Crores, as against Rs. 1.45 Crores. Profit after taxation was much higher at Rs. 475.21 Crores as against Rs. 0.41 Crores in the previous year.

With the achievement of planned production, the performance at the Company's Paithan Unit was satisfactory. The Management entered into a productivity linked agreement with the Union for a period of 3 years, during the year under review.

The Performance of the Bhandara Unit was also satisfactory with increased production of Clutch Facings and Industrial Brake Linings.

The Performance of the Jalna Unit was not upto the expectations, mainly due to stiff competition from the unorganized sector. Specific steps are being undertaken in order to increase the productivity and reduce the cost.

The Company participated in the "Auto Expo 2010" at Pragati Maidan, New Delhi, which is rated as the largest Automobile Exhibition in Asia. This would improve the Company's visibility to present and potential customers leading to increased business.

With the present improved economic business outlook specially in the Automotive & Industrial sectors, the Company is poised for future growth, in order to fully take advantage of new business opportunities. With the substantial funds now available, the Company is now exploring various avenues for business expansion. In the meanwhile, the surplus funds available with the Company are being judiciously employed to maximise returns in a prudent and efficient manner.

### 4. PUBLIC DEPOSITS

There were no deposits at the beginning of the year and the Company did not accept any deposits from the public during the year.

### 5. PERSONNEL

The information required under Section 217 (2A) of the Companies Act, 1956 is not given as none of the employee was in receipt of remuneration in excess of the limits specified there under.

## 6 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 to this Report

## 7. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earning from exports amounted to Rs 772 Lacs, on FOB value basis whilst the outgo for raw materials, components and spares amounted to Rs. 962 Lacs.

## 8. DIRECTORS

The Board of Directors re-appointed Mr. Vinay Sarin as Executive Director Marketing for a period of one year w.e.f. 9<sup>th</sup> August, 2009 and Mr. V. D. Ingle as Executive Director Manufacturing, for a period of one year w.e.f. 1<sup>st</sup> April, 2010, subject to approval at the forthcoming Annual General Meeting.

Mr. Raghu Mody and Mr. K. M. Robinson, Directors, retire by rotation and, being eligible, offer themselves for reappointment.

## 9. 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.

## 10. CORPORATE GOVERNANCE

As required by the Listing Agreement, the Corporate Governance Report, including Management Discussion and Analysis Report and the Certificate of Compliance from the Auditors, is attached and forms part of this Report.

## 11. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

## 12. ACKNOWLEDGEMENT

The Directors gratefully acknowledges the support and co-operation given by all dealers, distributors, employees, shareholders and bankers and look forward to their continued support.

For and on behalf of the Board of Directors

Raghu Mody  
Chairman

Place: Mumbai  
Date : 20<sup>th</sup> May, 2010

# ANNEXURE TO DIRECTORS' REPORT

## CONSERVATION OF ENERGY

- Major design changes in Dry-Mix Dies from individual sets to Composite dies has resulted in power saving of 7% .
- Replacement of hermetically sealed compressor on chill water plant has resulted into power saving 25% on the chill water plant.
- Specific checks and balances have been implemented to maintain the power factor at unity in all three plants.

## R & D

- Specific areas where R&D being carried out by the Company.
  - High performance Commercial Vehicle Brake Lining.
  - Development of Disc Brake Pads for LHB Coaches for Railways.

- Benefit of the above :

Additional business of OEM and Railway.

- Future Plan of Action:

Development of Noise free Disc Brake Pads and Drum Brake Linings for Passenger Car / 2-3 wheelers.

- Expenditure :

4.1 Capital	-	Rs. 2 Lacs
4.2 Recurring	-	Rs. 57 Lacs
4.3 Total	-	Rs. 59 Lacs
4.4 Total as a % of Turnover	-	0.66 %

## TECHNICAL ABSORPTION, ADAPTATION & INNOVATION

Association with the overseas consultancy firm for technical know-how continues.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### OVERALL REVIEW

The slow-down which impacted the Indian Economy in the last year, showed signs of recovery in the later part of the current year, especially on account of higher industrial output. Stimulus package unveiled by the Government comprising of various monetary and fiscal measures, gave the desired results. Despite the deficient monsoon, leading to decreased agricultural output, the Indian Economy has been upbeat with higher than expected GDP growth of over 7%. There was buoyancy in the automobile industry with Commercial Vehicle, Car and 2 Wheeler sales shown a remarkable recovery.

### PRODUCTION RANGE

Our Company is engaged in the manufacturing and marketing of fibre based composite materials, consisting of Friction and Sealing products. Friction Materials include Brake Liners, Roll Linings, Clutch Facings, Disc Brake Pads used in Heavy and Light Trucks, Passenger Cars, 2 / 3 wheelers, off-road-vehicles, Construction & Mining equipment. Composition Brake Blocks are also used by the Railways. Sealing materials include Jointings, Textile and Insulation Board used in automobiles and other industries.

### OPPORTUNITIES AND THREATS

With increased demand from automotive segment both in O.E. / Trade coupled with high demand from Railway, the company foresee the better business opportunities. Upgradation in technology, improvement in manufacturing process will continue to be a driving force for the Company. However, high inflation both in food and other commodities is posing a threat, towards increase in production cost. The recent sovereign crisis, in few European countries may dampen the recovery spirit. This threat may not impact us much since we foresee the robust local demand.

### BUSINESS OUTLOOK

Although, market conditions remains competitive during the current year, the Company expect improved results with better order book in all its product segment. The Company will continuous to focus its efforts on upgradation of process technology, improvement in productivity and cost reduction.

With availability of large surplus fund, the company is exploring various business opportunities in Auto Component and Industrial segment including putting up a new state of art Asbestos-free manufacturing facility. Company will also deploy its surplus fund in various high growth investment, which will considerably improve the profitability.

### RISKS AND CONCERNS

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

### INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company believes that Internal Control is a necessary concomitant 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 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 the competencies of 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 relations at Paithan, Bhandara & Jalna are satisfactory.

### COMPANY'S FINANCIAL PERFORMANCE AND ANALYSIS

The Company's financial performance and analysis is already discussed in detail in the Directors' Report which forms 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, compliance with statutory and legal requirements and commitment to transparency in business dealings.

#### 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 at their meeting held on 5<sup>th</sup> September 2005 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](http://www.hindcompo.com).

#### 2.2 Code of Conduct for Prevention of Insider Trading.

The Company has adopted a Code of Conduct for Prevention of Insider Trading for its management, 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 encourages 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), Ministry of Company 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 despatched 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:**

The Board of Directors as on 31<sup>st</sup> March 2010 consists of **ten** Directors and **one** alternate Director. 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 committees are given below:

Name of Director	Category	No. of Board Meetings held	Attendance particulars		No. of other Directorships	Committee Positions	
			Board	Last AGM		Member ships	Chairman
Mr. Raghu Mody	Non- Executive Chairman, Promoter	7	7	Yes	4	1	2
Mr. Varunn Mody	Non-Executive Director Promoter	7	6	No	3	-	-
Mr. V. B. Haribhakti	Independent	7	7	Yes	7	3	5
Mr. A. B. Vaidya	Independent	7	7	Yes	-	-	-
Mr. D. L. Lyon	Independent	7	0	No	1	-	-
Mr. K. M. Robinson	Independent	7	1	Yes	-	-	-
Lt.Gen.(Retd.) K.S. Brar	Independent	7	7	Yes	1	-	-
Mr. P. K. Choudhary	Managing Director	7	7	Yes	1	-	-
Mr. V. D. Ingle	Executive Director	7	6	Yes	-	-	-
Mr. Vinay Sarin	Executive Director	7	7	Yes	-	-	-
Mr. Haigreave Khaitan	Alternate Director to Mr. K. M. Robinson	5	1	N.A	15	9	-

- Number and Date of Board Meetings held:**

Seven Board Meetings were held during the year 2009 -10. The dates on which the meetings were held are as follows:

Date of Board Meeting	Strength of the Board	No. of Directors' present
20 <sup>th</sup> May, 2009	10	8
28 <sup>th</sup> July 2009	10	8
10 <sup>th</sup> September 2009	10	8
29 <sup>th</sup> October 2009	10	7
16 <sup>th</sup> December, 2009	10	8
18 <sup>th</sup> January, 2010	10	9
28 <sup>th</sup> January, 2010	10	8

- Details of the directors being proposed for re-appointment at the forthcoming Annual General Meeting** (pursuant to Clause 49(IV)(G) of the Listing Agreement).

**Mr. Raghu Mody**, aged 71 years, is Chairman of the Company since 1987. He is a leading industrialist with several years of extensive and varied experience. He is also the Chairman of J. L. Morison (India) Ltd., Rasoi Ltd., and Director of other companies. He does not hold any shares in the Company.

Mr. Mody has wide experience in setting up an operating Business in Edible oil, Health care products, Cosmetics, Auto Components and other Industrial Products. He has successfully collaborated with world renowned Companies of Germany, U.K., Switzerland etc. to bring the new generation technologies in India.

**Mr. K. M. Robinson**, aged 62 years, is a leading lawyer based in the United Kingdom. Mr. Robinson is associated with the Company for last 15 years as a Director. Mr. Robinson possesses rich experience in Mergers & Acquisitions, International Taxation and Trade Laws.

He does not hold any shares in the Company.

**Mr. Vinay Sarin**, aged 62 years, a Post Graduate in Management from Jamnalal Bajaj Institute of Management Studies, Mumbai is associated with the Company for last 22 years having a total experience of 39 years in Automobile Industry. He does not hold directorship in any other company and does not hold any shares in the Company.

**Mr. V. D. Ingle**, aged 63 years, is a Science Graduate, associated with the Company for last 36 years and has considerable experience in the manufacturing function of the Company. He does not hold directorship in any other company and does not hold any shares in the Company.

## 5. Audit Committee

### • Composition:

The Audit Committee comprises of Mr. V. B. Haribhakti, Mr. Raghu Mody, Mr. A. B. Vaidya and Lt. Gen. (Retd.) K. S. Brar. Mr. V. B. Haribhakti is 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 Concurrent Auditors and Internal Audit department and to review the weakness in internal controls reported by Concurrent, 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 & 49(II)D of the Listing Agreement and Section 292A of the Companies Act, 1956.

### • Meetings and attendance during the year:

During the year 2009 - 10 the Audit Committee met four times on 20<sup>th</sup> May 2009, 28<sup>th</sup> July 2009, 29<sup>th</sup> October 2009 & 28<sup>th</sup> January 2010. The attendance at the Committee meetings was as follows:

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

## 6. Remuneration Committee

### • Composition:

The Remuneration Committee comprises of Mr. V. B. Haribhakti, Mr. A. B. Vaidya and Mr. Haigreave Khaitan. Mr. V. B. Haribhakti is 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 2009 - 10 the Remuneration Committee

met two time on 28<sup>th</sup> July 2009 and 28<sup>th</sup> January, 2010. The attendance at the Committee meetings was as follows:

Sl. No.	Name of Directors	Status	No. of meetings attended
1	Mr. V. B. Haribhakti	Chairman	2
2	Mr. A. B. Vaidya	Member	2
3	Mr. Haigreave Khaitan	Member	-

### • Remuneration policy:

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

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

(Amount in Rs.)

Name	Salary	Perquisites or Allowances	Contribution to PF & others	Sitting fees	Total
Mr. Raghu Mody	-	-	-	85,000	85,000
Mr. Varunn Mody	-	-	5,00,000	30,000	5,30,000
Mr. K. M. Robinson	-	-	-	5,000	5,000
Mr. D. L. Lyon	-	-	-	NIL	NIL
Mr. V. B. Haribhakti	-	-	-	90,000	90,000
Mr. A. B. Vaidya	-	-	2,00,000	90,000	2,90,000
Lt. Gen. (Retd.) K.S. Brar	-	-	-	55,000	55,000
Mr. Haigreave Khaitan	-	-	-	20,000	20,000
Mr. P. K. Choudhary	6,48,000	6,74,450	1,74,960	-	14,97,410
Mr. Vinay Sarin	4,63,733	7,69,907	55,648	-	12,89,288
Mr. V. D. Ingle	4,63,733	7,69,907	55,648	-	12,89,288

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 Director(s).

As on 31<sup>st</sup> March 2010 the following Non-Executive Director(s) of the Company.

Sl.No	Name of the Non-Executive Director	No.of Shares
1	Mr.Varunn Mody	150

## 7. Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee comprises of Mr. Raghu Mody and Mr. V. B. Haribhakti. 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 : B-11-Paragon Condominium,  
Pandurang Budhkar Marg,  
Worli, Mumbai-400013  
Phone : 66530101 04  
Fax : 66530105  
Email : amitgoenka@hindcompo.com

During the year 2009 -10 the Shareholders' / Investor Grievance Committee met once on 28<sup>th</sup> January 2010. The attendance at the Committee meeting was as follows:

Sl. No.	Name of Directors	Status	No. of meetings attended
1	Mr. V. B. Haribhakti	Chairman	1
2	Mr. Raghu Mody	Member	1

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 the said date.

## 8. General Body Meetings

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

Financial year	Time	Date	Location
2006-07	4.00 p.m.	September 03, 2007	Baba Saheb Dahanukar Hall, MCCI & A, Orion House, 6th Floor, 12 K Dubhash Road, Fort, Mumbai – 400 001
2007-08	4.00 p.m.	September 30, 2008	Baba Saheb Dahanukar Hall, MCCI & A, Orion House, 6th Floor, 12 K Dubhash Road, Fort, Mumbai – 400 001
2008-09	4.00 p.m.	September 10, 2009	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

- Special resolutions at last three AGMs**

AGM	Particulars of Special Resolutions
September 10, 2009	For payment of commission to the Non-Executive Directors of the Company upto 1% of the net profit of the Company for 5 financial years commencing from 1st April, 2009.
September 30, 2008	Nil
September 03, 2007	Nil

No special resolution is proposed to be passed at ensuing Annual General Meeting through Postal Ballot Process.

## Postal Ballot

The Company issued Postal Ballot Notice to its shareholders on 20<sup>th</sup> January 2010 to accord their consent for the following matters:

- Special Resolution u/s 372A of the Companies Act, 1956 for giving authority to the Board of Directors of the Company to invest funds of the Company;
- Special Resolution u/s 17 of the Companies Act, 1956 for alteration in Object Clause of Memorandum of Association of the Company;
- Special Resolution u/s 149(2A) of the Companies Act, 1956 for commencement of new business activities.

The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Mr. Manish L. Ghia, Practicing Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process. The result of the Postal Ballot process was announced on 22<sup>nd</sup> February 2010.

The details of resolutions passed through postal ballot and the voting pattern for the same are as follows:

Sr. No.	Business	Postal Ballot forms received		Valid Votes Casted		
		Total	Valid	Total	In favour	Against
1	Special Resolution u/s 372A of the Companies Act, 1956 for giving authority to the Board of Directors of the Company to invest funds of the Company.	68	60	3592315	3452291 (96.10%)	140024 (3.90%)
2	Special Resolution u/s 17 of the Companies Act, 1956 for alteration in Object Clause of Memorandum of Association of the Company.	68	60	3592315	3452091 (96.10%)	140224 (3.90%)
3	Special Resolution u/s 149(2A) of the Companies Act, 1956 for commencement of new business activities.	68	60	3592315	3452291 (96.10%)	140024 (3.90%)

All the resolutions were passed with requisite majority.

## 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 March 31, 2010 by the members of the Board, 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 2009-10, 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 of the Company on the financial statements of the company was placed before the Board.

### viii. Review of Directors' Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended 31st March 2010 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.

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 or 'The Free Press Journal' (English) and 'Navshakti' (Marathi) as per the details mentioned below;

News Paper	Date of Board Meeting	Date of Publishing
Free Press Journal & Navshakti	20.05.2009	21.05.2009
Free Press Journal & Navshakti	28.07.2009	29.07.2009
Free Press Journal & Navshakti	29.10.2009	30.10.2009
Free Press Journal & Navshakti	28.01.2010	29.01.2010

## 10.1 EDIFAR FILING

As per the requirement of Clause 51 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern etc., are being electronically filed on the EDIFAR website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) within the time frame prescribed in this regard. Also in Company's website i.e [www.hindcompo.com](http://www.hindcompo.com). Any important news releases are also displayed in Company's website.

## 11. General Shareholder information

- Annual General Meeting** : 7th day of September 2010, at 4:00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018.

### 2) Financial Calendar 2010-11

Result for the quarter ending June 30th 2010 - by August 15<sup>th</sup> 2010

Result for the quarter ending September 2010 - by November 15<sup>th</sup> 2010

Result for the quarter ending December 2010 - by February 15<sup>th</sup> 2011

Audited Result for the year ending March 31, 2011 - by May 30<sup>th</sup> 2011.

- Date of Book closure** : 3<sup>rd</sup> September 2010 to 7<sup>th</sup> September 2010 (both days inclusive)

### 4) Listing on Stock Exchanges

- Bombay Stock Exchange
- National Stock Exchange
- The Kolkata Stock Exchange Association Ltd. (Applied for delisting)

## • Stock Code

BSE : 509635  
NSE : HINDCOMPOS  
ISIN : INE310C01011

## • Listing Fees

The Company has paid the listing fees for the year 2010-11 to all the stock exchanges where the shares are listed, except The Kolkata Stock Exchange Association Ltd., where the Company has applied for delisting.

## • Market Price Data : High/low during each month in last financial year:

Month	Share price of the Company on BSE (Rs.) (Rs.)		BSE Sensex (Points)	
	High	Low	High	Low
April 2009	107.95	91.00	11492.10	9546.29
May 2009	169.90	91.00	14930.54	11621.30
June 2009	178.00	142.00	15600.30	14016.95
July 2009	174.75	147.00	15732.81	13219.99
August 2009	240.15	167.00	16002.46	14684.45
September 2009	324.90	222.35	17142.52	15356.72
October 2009	356.00	309.90	17493.17	15805.20
November 2009	367.60	302.00	17290.48	15330.56
December 2009	409.95	342.00	17530.94	16577.78
January 2010	458.65	351.00	17790.33	15982.08
February-10	453.50	360.00	16669.25	15651.99
March-10	480.00	336.00	17793.01	16438.45

## • Registrar and 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

## • Share Transfer System:

Shares sent for physical transfer are generally registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects.

## • Distribution of Shareholding as on 31<sup>st</sup> March, 2010

Range of ordinary shares	No. of holders	%	No. of shares	%
1-500	12080	97.98	620551	11.283
501 – 1000	109	0.884	86273	1.569
1001-2000	59	0.479	85589	1.556
2001-3000	18	0.146	46432	0.844
3001-4000	5	0.041	17663	0.321
4001-5000	5	0.041	23825	0.433
5001-10000	18	0.146	136016	2.473
10001 and above	35	0.284	4483651	81.521
<b>TOTAL</b>	<b>12329</b>	<b>100</b>	<b>5500000</b>	<b>100</b>

## Categories of Shareholders on March 31, 2010

Category	No. of shares of Rs.10 each	%
Promoters		
- Indian	3602438	65.50
- Persons acting in concert	250	0.00
Indian Institutional Investors / Mutual Funds	823	0.01
Bodies Corporate	421238	7.66
Indian Public	1454123	26.44
NRIs	13431	0.25
Clearing Members	7697	0.14
<b>Total</b>	<b>5500000</b>	<b>100.00</b>

## • Dematerialization of Shares:

As on March 31, 2010, 31.83 % of the total shares of the Company are dematerialised.

The Company has not issued any Global Depository Receipt/American Depository Receipt/warrants or any convertible instrument, which is likely to have impact on the company's equity.

## • Plant Locations :

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

Jalna : C-11, Addl. Jalna Indl. Area, Aurangabad

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

## • Regd. Office & Address for Correspondence

Hindustan Composites Limited  
B-11, Paragon Condominium,  
Pandurang Budhkar Marg,  
Worli, Mumbai 400 013.  
Telephone: 66530101/2/3/4  
Fax: 66530105  
e-mail: investor@hindcompo.com

## • 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.

## • Compliance Certificate for Code of Conduct

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



## 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, 2010 as stipulated in clause-49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and explanations given to us representations made by the management, we certify that the Company has complied with the conditions of Corporate

Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

For **LODHA & Co.**  
Chartered Accountants

Place: Mumbai  
Dated: 20<sup>th</sup> May 2010

(**A. M. Hariharan**)  
Partner  
Member No: 38323  
Firm Registration No.301051E

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## 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, 2010.

For **Hindustan Composites Ltd.,**

Place : Mumbai  
Date : 20<sup>th</sup> May 2010

**P. K.Choudhary**  
Managing Director

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## AUDITORS' REPORT

To  
The Members,  
Hindustan Composites Limited.

1. We have audited the attached Balance Sheet of **Hindustan Composites Limited** as at 31<sup>st</sup> March, 2010, the Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, 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, the Profit and Loss Account 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Act, to the extent applicable;
  - e) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of Section 274 (1)(g) of the Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with "Significant Accounting Policies and notes to accounts" appearing in Schedule 18 and those appearing elsewhere in 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 accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For LODHA & COMPANY**  
Chartered Accountants

Place: Mumbai  
Date: 20th May 2010

**A. M. Hariharan**  
Partner  
Membership No. 38323  
Firm Registration No 301051E

## ANNEXURE TO THE AUDITORS' REPORT

**Annexure referred to in paragraph 3 of our report of even date to the Members of HINDUSTAN COMPOSITES LIMITED on the financial statements as at and for the year ended 31<sup>st</sup> March, 2010**

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. Substantial part of fixed assets viz. Land & Building at Ghatkopar was disposed off during the year, which has not affected the going concern status of the Company.
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 company, covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. / Thousand 20,000 and the year end balance is Rs. Nil. The rate of interest and other terms and conditions of loan given, prima facie, are not prejudicial to the interest of the Company.
  - (b) The Company has taken unsecured loan from a Company covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. (in thousand) 46,700 and the year end balance is Rs. Nil. The rate of interest and other terms and conditions of loan taken, prima facie, are not prejudicial to the interest of the Company.
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 Rupees 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 adequate internal audit system commensurate with the size 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 generally 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, 2010 for a period of more than six months from the date they became payable.

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

Name of the Statutes	Nature of Dues	Amount (Rs. in Thousands)	Period to which amount relates	Forum Where Disputed
Income Tax Act, 1961	Income tax	4,032	2003-04 to 2007-08	C.I.T. (Appeals), Mumbai.
Central Sales Tax Act, 1956	Sales tax	1,238	1997-98 to 2003-04	Deputy Commissioner of Sales Tax (Appeal), Nagpur.

10. The Company does not have accumulated losses as at 31<sup>st</sup> March, 2010 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 against 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

Place: Mumbai  
Date: 20th May 2010

**A. M. Hariharan**  
Partner  
Membership No. 38323  
Firm Registration No 301051E

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	<b>Schedule No.</b>	<b>As at 31<sup>st</sup> March 2010 Rupees</b>	<b>As at 31<sup>st</sup> March 2009 Rupees</b>
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholders' Funds :</b>			
(a) Share Capital	1	55,000,000	55,000,000
(b) Reserves and Surplus	2	4,864,564,862	1,77,015,994
		<b>4,919,564,862</b>	<b>232,015,994</b>
<b>Loan Funds :</b>			
(a) Secured Loans	3	171,527,314	169,299,583
(b) Unsecured Loans	4	47,613,885	79,329,505
		<b>219,141,199</b>	<b>248,629,088</b>
<b>Deferred Tax Liabilities (Net)</b>		<b>74,559,166</b>	<b>59,700,059</b>
<b>Total</b>		<b>5,213,265,227</b>	<b>540,345,141</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets:</b>			
(a) Gross Block	5	662,473,852	589,042,199
(b) Less: Depreciation		288,670,536	262,284,264
(c) Net Block		<b>373,803,316</b>	<b>326,757,935</b>
<b>Investments</b>	6	<b>3,536,956,631</b>	<b>64,590,554</b>
<b>Current Assets, Loans and Advances :</b>			
(a) Inventories	7	104,063,506	94,369,488
(b) Sundry Debtors	8	184,352,167	153,818,801
(c) Cash and Bank Balances	9	891,586,420	12,171,641
(d) Other Current Assets	10	18,411,460	255,023
(e) Loans and Advances	11	334,818,695	21,683,837
		<b>1,533,232,248</b>	<b>282,298,790</b>
<b>Less : Current Liabilities and Provisions:</b>			
(a) Current Liabilities	12	161,316,484	157,815,180
(b) Provisions	13	69,410,484	6,413,707
		<b>230,726,968</b>	<b>164,228,887</b>
<b>Net Current Assets</b>		<b>1,302,505,280</b>	<b>118,069,903</b>
<b>Miscellaneous Expenditure</b>			
Early Voluntary Retirement Scheme Compensation		-	30,926,749
<b>Total</b>		<b>5,213,265,227</b>	<b>540,345,141</b>

**Significant Accounting Policies and Notes to the Financial Statements 19**

Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date

**For LODHA & COMPANY**

Chartered Accountants

**A.M. HARIHARAN**

Partner

Membership No. 38323

Firm Registration No. 301051E

Mumbai, 20th May 2010

**Amit Goenka**

G.M. Finance &amp; Company Secretary

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

Chairman

**P. K. Choudhary**

Managing Director

**Varunn Mody**

Director

Mumbai, 20th May 2010

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

		Year ended 31 <sup>st</sup> March 2010 Rupees	Year ended 31 <sup>st</sup> March 2009 Rupees
<b>INCOME</b>			
Sales		1,007,541,730	867,842,663
Less : Excise Duty		<u>108,535,510</u>	<u>94,760,875</u>
Net Sales		899,006,220	773,081,788
Other Income	14	54,870,175	30,598,738
Increase/(Decrease) in Stocks	15	<u>(717,091)</u>	<u>(5,279,992)</u>
		<u>953,159,304</u>	<u>798,400,534</u>
<b>EXPENDITURE</b>			
Consumption of Raw Materials and Components		404,231,551	343,962,958
Power and Fuel		58,819,663	49,592,966
Stores and Spare parts consumed		19,865,431	17,984,970
Employees' cost	16	98,371,285	87,987,654
Other Expenses	17	224,704,840	186,450,420
Interest Expenses	18	19,310,877	28,259,310
Depreciation		38,475,009	39,398,648
Less : Transfer from Revaluation Reserve		<u>(232,435)</u>	<u>(4,364,198)</u>
		<u>863,546,221</u>	<u>749,272,728</u>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION</b>		<u>89,613,084</u>	<u>49,127,806</u>
Exceptional Items			
- Profit on sale of Land & Building at Ghatkopar		5,670,316,325	-
- Employees' Separation Cost		<u>(30,926,749)</u>	<u>(34,613,862)</u>
<b>PROFIT BEFORE TAXATION</b>		5,729,002,660	14,513,944
<b>Provision for Taxes</b>			
Current Tax		962,015,000	1,822,500
Deferred Tax		<u>14,859,107</u>	<u>8,617,834</u>
<b>PROFIT AFTER TAXATION</b>		4,752,128,553	4,073,610
Surplus brought forward		<u>4,073,610</u>	<u>                    </u>
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<u>4,756,202,163</u>	<u>4,073,610</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		55,000,000	-
Corporate Dividend Tax		9,347,250	-
General Reserve		4,680,000,000	-
Balance carried to Balance Sheet		<u>11,854,913</u>	<u>4,073,610</u>
		<u>4,756,202,163</u>	<u>4,073,610</u>
<b>Basic and diluted earnings per equity share before Exceptional Items</b>		14.82	8.93
<b>Basic and diluted earnings per equity share after Exceptional Items</b>		864.02	0.74

### Significant Accounting Policies and Notes to the Financial Statements 19

Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date

**For LODHA & COMPANY**

Chartered Accountants

**A.M. HARIHARAN**

Partner

Membership No. 38323

Firm Registration No. 301051E

Mumbai, 20th May 2010

**Amit Goenka**

G.M. Finance & Company Secretary

**For and on behalf of the Board of Directors**  
**Raghu Mody** Chairman

**P. K. Choudhary** Managing Director

**Varunn Mody** Director

Mumbai, 20th May 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	2009-2010 ( Rs. In Lacs)	2008-2009 ( Rs. In Lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>896.13</b>	<b>491.28</b>
Adjustment for		
Depreciation	382.43	350.35
Loss on sale of Investment (Net)	5.70	0.51
Dividend received	(305.65)	(7.27)
Interest earned	(211.57)	(4.00)
Profit on Sale of Fixed Assets	-	(187.68)
Employee Seperation Cost -Paid/Incurred during the year	-	(4.23)
Excess Provision & Unclaimed Balance W/Back	(2.33)	-
Interest expenditure	193.10	282.59
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>957.81</b>	<b>430.27</b>
Adjustment for		
(Increase)Decrease in Trade and other receivable	(257.07)	(140.24)
(Increase)Decrease in Inventories	(96.93)	(103.95)
(Decrease)Increase in Trade and other payables	9.62	(284.76)
<b>Cash Generated from operations</b>	<b>613.43</b>	<b>392.60</b>
Direct Taxed Paid	(80.54)	(18.23)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXCEPTIONAL ITEMS</b>	<b>532.89</b>	<b>374.37</b>
Income from Exceptional Items (net of tax expenses)	47,256.16	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES AND EXCEPTIONAL ITEMS (A)</b>	<b>47,789.05</b>	<b>374.37</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(1,088.60)	(807.15)
Proceeds from sale of Fixed Assets	-	1,850.18
Purchase of Investments	(82,485.07)	-
Proceeds from sale of Investments	46,912.41	-
(Increase)/Decrease in Inter- Corporate Deposits	(2,910.00)	-
Interest Received	211.57	4.00
Dividend Received	305.65	7.27
<b>NET CASH FLOW (USED IN)/ FROM INVESTING ACTIVITIES (B)</b>	<b>(39,054.04)</b>	<b>1,054.29</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings ( Net)		
(Decrease)/Increase in Long Term borrowings	(457.09)	(1,167.01)
Increase/(Decrease) in Short Term borrowings	162.22	50.42
Dividend Paid ( including Corporate Dividend Tax)	(0.74)	0.05
Interest paid	(198.03)	(284.87)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(493.65)</b>	<b>(1,401.40)</b>
<b>Net Increase/ Decrease in cash and cash equivalent ( A+B+C)</b>	<b>8,241.36</b>	<b>27.26</b>
<b>Cash and Cash equivalents</b>		
Opening Balance	92.14	64.88
Closing Balance	8,333.50	92.14

**Notes:-**

- 1 The above cash flow statement has been prepared by using indirect method as per Accounting Standards 3- Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- 2 Cash and cash equivalents exclude balance in margin money deposit, dividend accounts and fixed deposits pledge for temporary over draft aggregating to Rs. 582 lacs (previous year Rs.29.57 Lacs)
- 3 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 LODHA & CO.**

Chartered Accountants

**A.M. Hariharan**

Partner

Membership No.38323

Firm Registration No. 301051E

Mumbai , 20th May, 2010

**Amit Goenka**

G.M. Finance &amp; Company Secretary

**For and on behalf of Board of Directors****Raghu Mody**

Chairman

**P. K. Choudhary**

Managing Director

**Varunn Mody**

Director

Mumbai , 20th May, 2010



**SCHEDULES TO THE FINANCIAL STATEMENTS**

	As at 31 <sup>st</sup> March 2010 Rupees	As at 31 <sup>st</sup> March 2009 Rupees
<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>		
5,500,000 Equity Shares of Rs.10 each, fully paid-up	<u>55,000,000</u>	<u>55,000,000</u>
Out of the above :		
(a) 1,449,992 Equity Shares were allotted as fully paid-up pursuant to a contract without payment having been received in cash.		
(b) 1,985,362 Equity Shares were allotted as fully paid-up bonus shares by capitalisation of Securities Premium and General reserve.		
<b>2. RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	<u>65,455</u>	<u>65,455</u>
<b>SECURITIES PREMIUM ACCOUNT</b>		
As per last Balance Sheet	<u>2,492,830</u>	<u>2,492,830</u>
<b>REVALUATION RESERVE</b>		
As per last Balance Sheet	7,263,590	160,239,980
Less : Transferred to General Reserve	-	148,612,192
Less : Transferred to Profit & Loss Account	232,435	4,364,198
	<u>7,031,155</u>	<u>7,263,590</u>
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	163,120,509	65,021,601
Add : Transferred from Profit & Loss Account	4,680,000,000	-
Add : Transferred from Revaluation Reserve	-	148,612,192
Less : Deferred Tax impact on sale of properties	-	50,513,284
	<u>4,843,120,509</u>	<u>163,120,509</u>
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Surplus as per annexed account	<u>11,854,913</u>	<u>4,073,610</u>
	<u>4,864,564,862</u>	<u>177,015,994</u>

**SCHEDULES TO THE FINANCIAL STATEMENTS**

	As at 31 <sup>st</sup> March 2010 <u>Rupees</u>	As at 31 <sup>st</sup> March 2009 <u>Rupees</u>
<b>3. SECURED LOANS</b>		
(For nature of security Refer Note 3 in Schedule 19)		
<b>From Banks</b>		
<b>Term Loans</b>		
- Rupee Loans	-	37,192,165
- Housing Loans	10,376,361	18,893,657
- Vehicle Loans	2,214,197	2,661,175
<b>Working Capital Loans</b>		
- Foreign Currency Loan	-	50,000,000
- Rupee Loans	108,926,872	60,552,586
- Temporary Over Draft (against fixed deposit)	50,009,884	-
	<u>171,527,314</u>	<u>169,299,583</u>
<b>4. UNSECURED LOANS</b>		
From SICOM Ltd. by way of deferral of sales tax liability	47,613,885	47,613,885
From Others ( Short Term)		
- Banks	-	1,715,620
- Inter Corporate Deposit	-	30,000,000
	<u>47,613,885</u>	<u>79,329,505</u>

# SCHEDULES TO THE FINANCIAL STATEMENTS AS ON 31<sup>ST</sup> MARCH, 2010

## 5. FIXED ASSETS

Description	GROSS BLOCK (AT COST/BOOK VALUE)				DEPRECIATION			NET BLOCK	
	As at 1st April, 2009 Rs.	Additions Rs.	Adjustments/ Deductions Rs.	As at 31st March, 2010 Rs.	As at 1st April, 2009 Rs.	Additions Rs.	Adjustments/ Deductions Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<u>Land:</u>									
-Freehold	403,894	-	403,894	-	-	-	-	-	403,894
-Leasehold in perpetuity	830,761	-	830,761	-	-	-	-	-	830,761
-Leasehold-long term	546,153	-	-	546,153	300,309	8,647	-	237,197	245,844
Buildings @	162,895,188	63,139,135	8,034,582	217,999,741	33,565,584	5,369,287	7,506,856	186,571,726	129,329,604
Plant & Machinery	401,780,331	23,765,244	6,340,951	419,204,624	219,242,151	31,424,405	4,156,799	172,694,867	182,538,180
Furniture & Fixtures	8,284,020	65,058	-	8,349,078	4,672,265	363,247	-	3,313,566	3,611,755
Motor Vehicles #	8,997,640	2,811,339	738,935	11,070,044	2,725,643	854,504	425,082	7,914,979	6,271,997
Technical Know-How	5,304,212	-	-	5,304,212	1,778,312	454,919	-	3,070,981	3,525,900
<b>Total</b>	<b>589,042,199</b>	<b>89,780,776</b>	<b>16,349,123</b>	<b>662,473,852</b>	<b>262,284,264</b>	<b>38,475,009</b>	<b>12,088,737</b>	<b>373,803,316</b>	<b>326,757,935</b>
AS AT 31ST March 2009	694,062,854	88,020,782	193,041,437	589,042,199	249,677,843	39,398,648	26,792,227	326,757,935	

@ Building includes one flat, the title to which is evidenced by 5 shares of Rs. 50 each, fully paid in a Co-operative Housing Society.

# Motor Vehicles include Rs 50,37,312 (previous year Rs 4,721,464) being assets acquired on hire purchase basis.

## SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31 <sup>st</sup> March 2010 Rupees	As at 31 <sup>st</sup> March 2009 Rupees
<b>6. INVESTMENTS</b>		
(Refer Note No.17 in Schedule No. 19)		
<b>NON - TRADE, LONG TERM</b>		
<b>- EQUITY SHARES</b>		
- Quoted	139,153,107	53,965,477
- Unquoted	10,625,077	10,625,077
<b>- INDEX FUND (Quoted)</b>	4,982,754	-
<b>- MUTUAL FUNDS (Unquoted)</b>	872,223,136	-
<b>- GOVERNMENT BONDS</b>		-
- Quoted	201,786,993	-
- Unquoted	55,074,354	-
<b>- OTHER BONDS &amp; DEBENTURES</b>		
- Quoted	471,019,960	-
- Unquoted	191,486,857	-
<b>- BULLION - Gold (Unquoted)</b>	1,711,748	-
	<u>1,948,063,986</u>	<u>64,590,554</u>
<b>NON - TRADE, CURRENT &amp; UNQUOTED</b>		
<b>- MUTUAL FUNDS</b>	1,574,462,423	-
<b>- ARBITRAGE FUND</b>	14,430,221	-
	<u>1,588,892,644</u>	<u>-</u>
<b>AGGREGATE COST :</b>	<u>3,536,956,631</u>	<u>64,590,554</u>
 AGGREGATE COST OF QUOTED INVESTMENTS :	 816,942,814	 53,965,477
AGGREGATE COST OF UNQUOTED INVESTMENTS :	2,720,013,817	10,625,077
AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS :	933,866,735	97,903,724
 <b>7. INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Stores and spare parts	9,612,484	8,125,690
Raw materials including components	56,051,145	47,126,829
Work-in-progress	22,535,381	20,932,882
Finished goods	15,864,496	18,184,087
	<u>104,063,506</u>	<u>94,369,488</u>
 <b>8. DEBTORS - Unsecured</b>		
Considered good -		
Outstanding over six months	6,163,511	3,762,971
Others	178,188,656	150,055,830
	<u>184,352,167</u>	<u>153,818,801</u>

## SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31 <sup>st</sup> March 2010 Rupees	As at 31 <sup>st</sup> March 2009 Rupees
<b>9. CASH AND BANK BALANCES</b>		
Cash in hand	125,618	190,663
Cheques in hand	8,449,943	7,261,712
Balances with Scheduled Banks		
- in Current Accounts	29,774,554	761,962
- in Fixed Deposit Accounts *	850,000,000	1,000,000
- in Margin Deposit Accounts **	2,626,691	2,274,106
- In Dividend Accounts	609,614	683,198
	<u>891,586,420</u>	<u>12,171,641</u>
* Refer Note No. 3 in Schedule No. 19		
** Against letters of credit and guarantees issued by the Bank		
<b>10. OTHER CURRENT ASSETS</b>		
Interest accrued on investments	9,664,458	-
Interest receivable on fixed deposit	8,747,002	255,023
	<u>18,411,460</u>	<u>255,023</u>
<b>11. LOANS AND ADVANCES</b>		
(Unsecured and considered good, except otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	34,357,513	7,433,618
Inter-Corporate Deposits		
- Secured (against shares)	25,000,000	-
- Unsecured	266,000,000	-
Deposits	7,069,681	8,532,914
Balances with Central Excise, Cenvat Credit & Service Tax Receivable	2,391,501	2,705,588
Advance payments of Taxation (net of provision Rs. Nil, previous year Rs. 8,192,669)	-	3,011,717
	<u>334,818,695</u>	<u>21,683,837</u>
<b>12. CURRENT LIABILITIES</b>		
Sundry Creditors		
- Due to Micro and Small Enterprises	899,099	-
(Refer Note No.19 in Schedule No. 19)		
- Others	103,497,975	91,281,992
Other Liabilities	56,253,341	65,301,284
Interest accrued but not due on Loans	56,455	548,706
Investor Education and Protection Fund shall be credited by the following amount - Unpaid Dividend*	609,614	683,198
	<u>161,316,484</u>	<u>157,815,180</u>
* There is no amount due as at the Balance Sheet date		
<b>13. PROVISIONS</b>		
Provision for Gratuity	893,654	4,857,479
Provision for Leave Entitlement	2,181,472	1,556,228
Proposed Dividend	55,000,000	-
Provision for Corporate dividend tax	9,347,250	-
Provision for taxation (net of advance tax Rs. 967,358,378, previous year Rs. Nil)	1,988,108	-
	<u>69,410,484</u>	<u>6,413,707</u>

**SCHEDULES TO THE FINANCIAL STATEMENTS**

	Year ended 31 <sup>st</sup> March 2010 Rupees	Year ended 31 <sup>st</sup> March 2009 Rupees
<b>14. OTHER INCOME</b>		
Income from Long Term Investments		
- Dividend	11,952,540	726,757
- Interest	5,346,835	-
- Profit on sale	136,113	-
Income from Current Investments		
- Dividend	18,612,542	-
- Interest	15,810,243	400,075
- Profit/(Loss) on sale	(706,148)	-
Compensation on Surrender of Premises (net)	-	7,150,000
Profit on sale / discarding of Fixed Assets (net)	-	18,768,485
Miscellaneous income	3,718,051	3,553,421
	<b>54,870,175</b>	<b>30,598,738</b>
<b>15. INCREASE/(DECREASE) IN STOCKS</b>		
Opening Stock :-		
Work-in-progress	20,932,882	25,586,775
Finished goods	18,184,087	18,810,186
	<b>39,116,969</b>	<b>44,396,961</b>
Closing Stock :-		
Work-in-progress	22,535,382	20,932,882
Finished goods	15,864,496	18,184,087
	<b>38,399,878</b>	<b>39,116,969</b>
Increase/(Decrease) in stocks	<b>(717,091)</b>	<b>(5,279,992)</b>
<b>16. EMPLOYEES' COST</b>		
Salaries, Wages and Bonus	85,488,723	71,649,044
Gratuity	3,267,629	2,388,324
Contribution to Provident and other Funds	5,003,547	8,757,966
Staff Welfare	4,611,386	5,192,320
	<b>98,371,285</b>	<b>87,987,654</b>

**SCHEDULES TO THE FINANCIAL STATEMENTS**

	Year ended 31 <sup>st</sup> March 2010 Rupees	Year ended 31 <sup>st</sup> March 2009 Rupees
<b>17. OTHER EXPENSES</b>		
Packing materials consumed	16,934,345	12,419,561
Rent (including lease rent)	3,227,574	2,354,681
Rates and taxes	4,636,305	5,176,448
Insurance(including transit insurance, net of recoveries)	996,007	1,435,639
Freight and delivery(net of recoveries)	29,978,613	26,717,016
Repairs & Maintenance:		
Plant & Machinery	7,340,595	6,150,727
Buildings	2,880,048	2,415,271
Job charges	45,501,260	38,403,894
Increase / (Decrease) in Excise Duty on Closing Stock	14,487	(1,009,377)
Travelling & Conveyance	23,998,155	15,781,119
Postage,Printing,Stationery & Telephones	7,505,050	6,286,838
Rebates, discounts, etc.	41,857,098	43,070,228
Investments written off	-	51,192
Loss on sale of Fixed Assets(net)	290,528	-
Miscellaneous Expenses	39,544,776	27,197,183
	<b>224,704,840</b>	<b>186,450,420</b>
<b>18. INTEREST</b>		
Interest :		
On loans for fixed periods	6,900,765	10,752,238
On Others	12,410,112	17,507,072
	<b>19,310,877</b>	<b>28,259,310</b>



**SCHEDULE 19.****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010****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 principles 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) Use of estimates :**

The preparation of financial statements to be in conformity with generally accepted accounting principles (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 the period of loan /investment.
- 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 except in case of residential premises, which are stated at revalued amounts 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 condition for its intended use.
- ii) Impairment of Assets :

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:	Rate applied	Rates prescribed under Schedule XIV
a) Factory	3.5%	3.34%
b) Office	3.0%	1.63%
c) Residential	3.0%	1.63%

Depreciation on the fixed assets added/disposed off/discarded during the 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 amortized at the rate of 2.5% per annum on the original cost.

Revaluation: - In case of increase on Revaluation of Residential Premises, depreciation is provided at the rate of 3% broadly in conformity with the life of the assets as appraised by the approved valuer. In case of revalued assets, the incremental depreciation attributable to the revaluation is transferred from the revaluation reserve.

Intangible assets :- Technical know-how is depreciated, as per the rate applicable to plant and machinery prescribed under schedule XIV to the Companies Act, 1956 and also in accordance with the requirements of Accounting Standard 26.

**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 the lower of the cost and fair value.

**g) Inventories:**

Inventories are valued at the lower of the cost (computed on weighted average basis) and estimated net realizable 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 inventories to their present location and condition.

h) Employee benefits:

i) Provident Fund and Superannuation Fund:

Retirement benefits in the form of Provident fund / Superannuation fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

ii) Gratuity:

Gratuity liability is defined benefit obligation. 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 employee 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.

iv) Deferred Revenue Expenditure:

Compensation paid to employees who retire under the Early Voluntary Retirement Scheme is amortized over a period of 36 months from the month following the end of the scheme.

i) Research and Development Expenditure:

Revenue expenditure is charged to the Profit & Loss Account and Capital expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

j) Translation of foreign currency:

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/losses are recognised in the profit and loss account.

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

k) Borrowing costs :

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets upto 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 :

i) Income Tax expenses comprises current tax , fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income tax law ) and deferred tax charge or credit ( reflecting the tax effects of timing differences between accounting income and taxable income for the year).

ii) Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized 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 realization 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 realized.

iii) 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 recognised only when there is a 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 obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made . Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

**B NOTES TO ACCOUNTS:**

1. Contingent Liabilities not provided for in respect of :

(a) Certain Sales tax matters, mainly on account of pending concessional forms (excluding interest): Rs.1,237,750 (Rs.1,387,750).

(b) Disputed Income Tax matters : Rs. 4,032,148 (Rs. 2,889,059 ).

2. Estimated amount of contracts remaining to be executed and not provided for [Net of advances, unsecured, considered good, on capital account of Rs.4,324,875 ( Rs.Nil)] Rs. 11,334,028 ( Rs.Nil ) and on investment account Rs. 19,078,937 ( Rs. Nil ) Rs. 54,511,250 (Nil)

3. Loan from Banks:

a) Working Capital Loans and non fund based limit utilized amount Rs. 37,784,164 ( Previous year Rs. 27,624,077 ) are secured by

hypothecation of stocks & debtors and charge on immovable properties of Bhandara Unit.

- b) Housing Term Loans are secured against equitable mortgage of Two residential flat and an office premises situated at Mumbai.
- c) Vehicle Loans are secured by way of hypothecation of motor vehicles purchased there against.
- d) Temporary overdraft is secured by lien on fixed deposit with bank.

4. a) In the opinion of the Board, current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- b) The accounts of Sundry Debtors, Sundry Creditors and Loans and advances are, subject to confirmations/reconciliation and adjustments, if any. The management does not expect any material difference affecting the current year's financial statements.

5. The amount of exchange difference (net) credited to the Profit and Loss Account is Rs.1,039,607 (Previous year credited Rs.1,063,135).

6. "Rebates, discounts, etc." under "Other Expenses" in the profit and loss account includes:

		Rs.	Rs.
Commission to selling agents	:	608,320	(468,349)
Brokerage on sales and cash discount	:	12,667,641	(10,338,852)

7. **Miscellaneous Expenses include:**

Auditors' remuneration:

Audit fees	:	450,000	(300,000)
Certification	:	Nil	(47,500)
Reimbursement of out of pocket expense	:	45,950	(67,043)

Including Service Tax Rs. 2,404 ( Rs. 8,336 )

8. (a) Remuneration to Directors (exclusive of provision for incremental liability for gratuity and Leave entitlement on actuarial valuation determined on an overall basis for the Company as a whole):

Salaries	:	1,575,466	(1,534,400)
Allowances and Perquisites	:	2,214,264	(1,945,284)
Contribution to Provident Fund and Superannuation Fund	:	286,256	(326,128)
Sitting Fees	:	375,000	(1,75,000)
Commission to Non-Executive Directors	:	7,00,000	(Nil)
		<b>5,150,986</b>	<b>(3,980,812)</b>

- (b) Computation of Net Profit in accordance with section 198 (1) read with the Section 309 (5) of the Companies Act, 1956.

Profit before Tax as per Profit & Loss Accounts	5,729,002,660	14,513,944
Add:		
1) Directors Remuneration (including commission)	5,150,986	3,980,812
2) Loss of Sale of Fixed Assets	290,528	Nil
3) Depreciation under sec 350 of the Companies act. 1956	38,242,574	35,034,450
4) Profit on sale of assets to the extent of entitlement	8,337,618	Nil
Less :		
1) Profit on Sale of Land & Building ( As per accounts )	5,670,316,325	17,005,091
2) Depreciation under sec 350 of the Companies act 1956	38,242,574	35,034,450
3) Profit on sale long term investment.	136,113	Nil
Net Profit under Section 349 of the Companies Act, 1956	<b>72,329,357</b>	<b>1,489,665</b>
Eligible Commission @1% of above	723,294	14,896
Commission payable to Non Executive Directors (as decided by Board of Directors)	700,000	Nil

(c) The remuneration paid to Executive Director- Marketing and Executive Director Manufacturing for the period from 9<sup>th</sup> August, 2009 to 31<sup>st</sup> March, 2010 aggregating to Rs. 8,65,548 each respectively is subject to the approval of the shareholders in the forthcoming Annual General Meeting.

## 9. Earnings Per Share:-

	Rs.	Rs.
Net Profit / ( Loss ) as per Profit and Loss account	4,752,128,553	(4,073,610)
Weighted average number of equity shares outstanding	5,500,000	(5,500,000)
Basic and Diluted EPS before Exceptional Items (Net of Tax Expenses)	14.82	(8.93)
Basic and Diluted EPS after Exceptional Items (Net of Tax Expenses)	864.02	(0.74)
(Face value Rs.10 per share)		

## 10. a) The break-up of net deferred tax liability is as under:

Deferred Tax Liabilities		
- Depreciation / Amortization	81,340,416	(72,850,909)
- Early Voluntary Retirement	(6,477,497)	(2,442,994)
Deferred Tax Assets		
- Gratuity /others	303,753	(1,651,057)
- Carry Forward Business Loss	Nil	(9,056,799)
<b>Net deferred tax liability</b>	<b>74,559,166</b>	<b>(59,700,059)</b>

b) (I) Provision for current tax includes Rs. Nil (Rs. 1,802,500) in respect of Fringe Benefit Tax and Rs. 15,000 (Rs.20,000) in respect of Wealth Tax.

c) (II) Provision for current tax is net of MAT credit for the year of Rs. 6,449,466 ( Rs.1,562,103.)

## 11. Research and Development expenditure:

(a) Fixed assets	:	217,280	(Nil)
(b) Profit and loss account	:	5,680,337	(5,587,735)
(Debited to respective expense heads into Profit & Loss A/c)			

## 12. (a) Value of imports on C.I.F. Basis:-

Raw Materials	:	96,155,960	(81,031,670)
Components and spare parts	:	Nil	(343,076)

Note: Where items have been invoiced by suppliers on F.O.B. or C & F basis, the freight and insurance paid aggregating to Rs. 10,280,163. (Rs.8,776,647 ) in local currency has been included in the above figures.

## (b) Expenditure in foreign currency (on actual payment basis)

Travelling and other expenses	:	3,084,960	(938,659)
Commission	:	156,167	(352,608)
Interest on Foreign Currency Loans	:	3,447,069	(5,338,062)

## (c) Earnings in foreign currency on account of:

Exports on F.O.B. basis.	:	77,232,304	(95,032,516)
Others (freight, insurance, etc.)	:	1,775,533	(3,158,443)

## (d) (i) Foreign Exchange Currency exposures covered by derivative instruments as on 31<sup>st</sup> March, 2010

Type of Instruments	Currency Type	As on 31st March, 2010 Amount (In Rs.)		As on 31st March, 2009 Amount (In Rs.)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
FCNR (B) Working Capital Loan	Dollar	Nil	Nil	1,007,252	51,123,086

(ii) Foreign Exchange Currency exposures not covered by derivative instruments as on 31<sup>st</sup> March, 2010

Type of Instruments	Currency Type	As on 31st March, 2010 Amount (In Rs.)		As on 31st March, 2009 Amount (In Rs.)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Debtors	Dollar	184,498	8,238,800	412,625	20,627,530
Debtors	GBP	9,740	656,987	22,140	1,749,060
Debtors	Euro	48,164	2,886	Nil	Nil
Commission Payable	Euro	346	21,145	Nil	Nil
Commission Payable	Dollar	3,347	150,807	3,535	168,442
Creditors for Goods	Dollar	49,485	2,301,439	215,721	10,743,691
Creditors for Goods	CAD	331,800	14,860,866	Nil	Nil

## 13. Raw materials and Components consumed:

	Unit	Quantity	Rs.	Quantity	Rs.
Rubber	Tonnes	356	40,597,869	(301)	(31,939,434)
Chemicals & Solvents	Tonnes	3868	148,710,377	(3544)	(133,063,788)
Fibres	Tonnes	3740	121,004,648	(2786)	(86,815,424)
Ferrous Materials	Tonnes	1013	51,168,104	(815)	(50,793,262)
Yarn / Intermediate Product	Tonnes	208	20,371,527	(151)	(14,808,395)
Rivets / Ceramic Spares	Nos.000	22181	22,379,027	(27895)	(26,542,655)
			<b>404,231,551</b>		<b>(343,962,958)</b>
		%	Rs.	%	Rs.
Imported materials		19.36	78,243,626	(27.16)	(93,424,883)
Indigenous materials		80.64	325,987,925	(72.84)	(250,538,075)
		<b>100.00</b>	<b>404,231,551</b>	<b>(100.00)</b>	<b>(343,962,958)</b>

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

## 14. Stores and Spare parts consumed:

	%	Rs.	%	Rs.
Imported	0	0	(0.78)	(140,756)
Indigenous	100	19,865,431	(99.22)	(17,844,214)
	<b>100</b>	<b>19,865,431</b>	<b>(100.00)</b>	<b>(17,984,970)</b>

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

## 15. Capacities/production of Finished Goods

	Unit	Installed capacity		Production*	
			Per annum		
Brake Linings	Tonnes	5100	(4850)	5034	(4119)
Clutch facings	Nos.'000	3000	(2760)	2751	(2533)
Industrial Textiles	Tonnes	576	(576)	314	(321)
Jointings/Limpet sheets	Tonnes	1490	(1490)	963	(1050)
Compestos	Tonnes	50	(30)	39	(37)
Others	Tonnes	180	(180)	161	(204)

Notes :

1. Licensed Capacity: Delicensed

2. The installed capacities have been certified by the management and relied upon by the Auditors without verification, this being a technical matter.

\* Including production for inter-unit use.

## 16. Turnover and Stocks.

## (a) Goods Manufactured by the Company

Class of Finished Goods*	Unit	Net Turnover**		Stocks (Inclusive of Excise)			
		Quantity	Rs.	Opening Quantity	Closing Quantity	Opening Rs.	Closing Rs.
Brake linings	Metres '000	833 (830)	74,817,862 (73,699,603)	0 (2)	4 (0)	1035 (204,820)	201573 (1035 )
Brake liners	Nos. '000	5541 (5207)	506,562,579 (404,266,645)	212 (189)	201 (212)	11,645,378 (13,260,690)	7,720,729 (11,645,378)
Clutch facings	Nos. '000	2748 (2521)	125,962,518 (112,487,413)	46 (34)	49 (46)	2,157,519 (2,186,408 )	2,577,214 (2,157,519)
Asbestos Textiles	Tonnes	310 (315)	68,110,231 (51,207,235)	8 (2)	12 (8)	1,371,192 (230,757)	2,048,371 (1,371,192)
Jointings/Limpet Sheets	Tonnes	959 (1052)	75,772,097 (86,788,739)	35 (37)	39 (35)	2,015,993 (2,325,114)	2,515,423 (2,015,993)
Compestos	Nos.	6133 (5430)	11,685,752 (8,917,773)	21 (2)	16 (21)	754,219 (17,193)	490,660 (754,219)
Others	-	165 (208)	14,712,740 (17,063,422)	8 (12)	4 (8)	238,751 (585,203)	126,329 (238,751)

## (b) Goods Traded-in by the Company

Ceramic Spares	Nos ' 000	260 (198 )	21,382,441 (18,650,958)	0 (0)	2 Nil	0 Nil	184,197 Nil
			<b>899,006,220</b>			<b>18,184,087</b>	<b>15,864,496</b>
			<b>(773,081,788)</b>			<b>(18,810,186)</b>	<b>(18,184,087)</b>

\* Various types/sizes

\*\* Scrap has been excluded in terms of quantity and included in terms of value.

## 17. Detail of Investments.

	Face Value Rupees	As on 31/03/2010 Nos.	Rupees	As on 31/03/2009 Nos.	Rupees
<b>NON - TRADE, LONG TERM</b>					
<b>- EQUITY SHARES</b>					
<b>- Quoted</b>					
ABAN OFFSHORE LTD.	2	339	414,074	-	-
ACTION CONSTRUCTION EQUIPMENT LTD.	2	4,593	193,427	-	-
ADANI ENTERPRISES LTD.	1	339	163,127	-	-
ADITYA BIRLA NUVO LTD.	10	920	795,483	-	-
ALLCARGO GLOBAL LOGISTICS LTD.	2	1,229	227,645	-	-
ALLIED DIGITAL SERVICES LTD.	5	1,108	246,376	-	-
ALSTOM PROJECTS INDIA LTD.	10	266	156,528	-	-
AMARA RAJA BATTERIES LTD.	2	1,146	190,306	-	-
AMBUJA CEMENTS LTD.	2	5,204	611,109	-	-
ANANT RAJ INDUSTRIES LTD.	2	1,312	178,835	-	-
ASHOK LEYLAND LTD.	1	3,593	193,608	100	525
ASSOCIATED CEMENT COMPANIES LTD.	10	778	729,561	-	-
AUROBINDO PHARMA LTD.	5	278	261,664	-	-
AUTOLITE INDUSTRIES LTD.	10	-	-	100	3,216
BAJAJ AUTO FINANCE LTD.	10	464	149,159	10	1,000

	Face Value Rupees	Nos.	As on 31/03/2010 Rupees	Nos.	As on 31/03/2009 Rupees
BAJAJ AUTO LTD.	10	2,550	4,979,825	10	1,000
BAJAJ HOLDINGS & INVESTMENT LTD.	10	-	-	10	1,000
BANK OF BARODA LTD.	10	1,313	798,451	-	-
BHARAT HEAVY ELECTRICALS LTD.	10	94	223,916	-	-
CARIN INDIA LTD.	10	4,645	1,261,394	-	-
CENTURY ENKA LTD	10	-	-	120	26,100
CESC LTD.	10	737	294,047	-	-
CIPLA LTD.	2	4,085	1,432,325	-	-
CLUTCH AUTO LTD	10	-	-	50	455
CORE PROJECTS AND TECHNOLOGIES LTD.	2	941	237,848	-	-
CORPORATION BANK LTD.	10	897	406,733	-	-
CROMPTON GREAVES	2	1,147	280,843	-	-
CUMMINS INDIA LTD.	2	897	446,195	-	-
DAEWOO MOTORS INDIA LTD.	10	10	-	10	-
DB CORP LTD.	10	463	117,645	-	-
DISH TV INDIA LTD.	1	31,415	1,229,886	-	-
DIVIS LABORATORIES LTD.	2	365	232,422	-	-
EASUN REYROLLE LTD.	2	2,139	196,241	-	-
EICHER MOTORS LTD.	10	207	129,492	-	-
EXIDE INDUSTRIES LTD.	1	43,100	5,111,470	-	-
GAIL (INDIA) LTD.	10	4,103	1,667,308	-	-
GAMMON INDIA LTD.	2	1,070	242,461	-	-
GUJARAT NRE COKE LTD.	10	3,951	317,192	-	-
HDFC BANK LTD.	10	619	1,191,774	-	-
HERO HONDA MOTORS LTD.	2	462	913,447	10	1,693
HEXAWARE TECHNOLOGIES LTD.	2	13,900	989,788	-	-
HIMACHAL FUTURISTIC COMMUNICATION LTD.	10	2,255	139,408	2,255	139,408
HINDALCO INDUSTRIES LTD.	1	11,343	1,982,912	-	-
HINDUSTAN UNILEVER LTD.	1	4,375	994,833	-	-
HOTEL LEELA VENTURE LTD.	2	3,967	192,500	-	-
INDIAN OVERSEAS BANK LTD.	10	11,000	996,394	-	-
INFO EDGE (INDIA) LTD.	10	339	293,682	-	-
INFOSYS TECHNOLOGIES LTD.	5	697	1,972,901	-	-
INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LTD.	10	6,104	986,956	-	-
IVRCL INFRASTRUCTURES & PROJECT LTD.	2	7,340	1,238,679	-	-
J.K. CEMENT LIMITED	10	8,000	1,493,620	-	-
J.KUMAR INFRAPROJECTS LTD.	10	716	150,027	-	-
J.L.MORISON (INDIA) LTD.	10	233,849	36,504,049	219,400	30,709,480
JAIPRAKASH ASSOCIATES LTD.	2	6,739	976,201	-	-
L.I.C. HOUSING FINANCE LTD.	10	1,850	1,504,129	-	-
LANCO INFRATECH LTD.	1	4,959	264,600	-	-
LARSEN & TOUBRO LTD.	2	232	374,949	-	-
LML LTD.	10	-	-	10	274
LUMAX AUTOMOTIVE SYSTEM LTD.	10	-	-	50	1,793
LUMAX INDUSTRIES LTD.	10	-	-	100	3,599
MAHARASHTRA SEAMLESS LTD.	5	555	198,599	-	-
MAHINDRA & MAHINDRA LTD.	10	-	-	20	1,251
MBL INFRASTRUCTURES LTD.	10	1,054	228,913	-	-
MIC ELECTRONIC LTD.	2	12,458	572,516	-	-
MINDTREE LTD.	10	1,084	603,280	-	-
MPHASIS LTD.	10	267	179,400	-	-
MSK PROJECTS INDIA LTD.	10	1,816	261,952	-	-
MUNDRA PORT AND SPECIAL ECONOMIC ZONE LTD.	10	127	91,631	-	-



	Face Value Rupees	Nos.	As on 31/03/2010 Rupees	Nos.	As on 31/03/2009 Rupees
NAGARJUNA CONSTRUCTION COMPANY LTD.	2	5,539	876,930	-	-
NATIONAL THERMAL POWER CORPORATION LTD.	10	699	141,859	-	-
NAVA BHARAT VENTURES LTD.	2	635	252,056	-	-
ORACLE FINANCIAL SERVICES SOFTWARE LTD.	5	650	1,520,775	-	-
PANTALOON RETAIL (INDIA)LTD.	2	2,044	807,854	-	-
PATEL ENGINEERING LTD.	1	405	182,136	-	-
PIPAVAV SHIPYARD LTD.	10	2,703	161,842	-	-
POLARIS SOFTWARE LAB	5	691	119,985	-	-
PUNJ LLOYD LTD.	2	2,026	352,668	-	-
PUNJAB NATIONAL BANK LTD.	10	2,435	2,440,333	-	-
PVR LTD.	10	990	175,288	-	-
RANBAXY LABORATORIES LTD.	5	6,946	3,267,050	-	-
RANE (MADRAS) LTD.	10	-	-	50	2,151
RANE BRAKE LINING LTD.	10	-	-	20	550
RANE HOLDINGS LTD.	10	-	-	65	2,151
RASOI LTD.	10	175,068	23,061,636	175,068	23,061,636
REINZ TALBROS LTD	10	-	-	100	-
RELIANCE CAPITAL LTD.	10	746	599,222	-	-
RELIANCE INFRASTRUCTURE LTD.	10	2,023	2,032,664	-	-
S. KUMARS NATIONWIDE LIMITED	10	27,800	1,565,978	-	-
SADBHAV ENGINEERING LTD.	10	304	393,925	-	-
SATYAM COMPUTER SERVICES	2	1,782	174,242	-	-
SIEMENS LTD.	2	236	173,593	-	-
SONA KOYO STEERING SYSTEMS LTD.	1	-	-	2,000	4,679
SPICE JET LTD.	10	3,535	206,956	-	-
STEEL AUTHORITY OF INDIA LTD.	10	9,767	2,370,824	-	-
STERLITE INDUSTRIES (I) LTD.	2	1,657	1,354,027	-	-
STRIDES ARCOLAB LTD.	10	414	145,252	-	-
SUN PHARMACEUTICAL INDUSTRIES LTD.	5	1,681	2,891,429	-	-
SUNDRAM FASTENERS LTD.	1	3,375	178,438	-	-
TATA CONSULTANCY SERVICES LTD.	1	3,313	2,748,922	-	-
TATA MOTORS LTD.	10	1,058	767,940	10	767
TATA POWER COMPANY LTD.	10	151	206,146	-	-
TATA STEEL LTD.	10	1,902	1,176,814	-	-
TATA TEA LTD.	10	1,050	1,010,069	-	-
TEXMACO LTD.	1	2,110	300,161	-	-
THE PHOENIX MILLS LTD.	2	5,050	993,716	-	-
THERMAX LTD.	2	235	160,215	-	-
TORRENT POWER LTD.	10	757	230,703	-	-
TRF LTD.	10	172	160,637	-	-
TVS MOTOR COMPANY LTD.	1	1,874	149,061	-	-
UNION BANK OF INDIA LTD.	10	3,750	987,353	-	-
UNITECH LTD.	2	18,500	1,443,888	-	-
VOLTAMP TRANSFORMERS LTD.	10	222	196,617	-	-
VOLTAS LTD.	1	1,272	224,425	-	-
WABCO-TVS INDIA LTD.	5	432	316,611	-	-
WIPRO LTD.	2	1,375	1,000,517	-	-
WIPRO LTD.	2	1,723	1,237,727	-	-
YES BANK LTD.	10	3,879	978,138	-	-
ZF STEERING GEAR (I) LTD.	10	100	2,749	100	2,749
			<b>139,153,107</b>		<b>53,965,477</b>

	Face Value Rupees	Nos.	As on 31/03/2010 Rupees	Nos.	As on 31/03/2009 Rupees
<b>- Unquoted</b>					
BOSCH CHASSIS SYSTEM INDIA LTD.	10	20	1,077	20	1,077
MODE ENTERPIESES PVT. LTD.	10	4,900	49,000	4,900	49,000
LEADERS HEALTHCARE PVT. LTD.	10	157,500	9,450,000	157,500	9,450,000
RASOI FINANCE LTD.	10	22,500	1,125,000	22,500	1,125,000
			<b>10,625,077</b>		<b>10,625,077</b>
<b>- INDEX FUND (Quoted)</b>					
NIFTY BENCHMARK EXCHANGE TRADE SCHEME	10	9,525	4,982,754	-	-
<b>- MUTUAL FUNDS (Unquoted)</b>					
<b>- Debt Mutual Funds</b>					
ICICI PRUDENTIAL LONG TERM PLAN - REGULAR - CUMULATIVE	10	1,532,379	30,000,000	-	-
HDFC MF MONTHLY INCOME PLAN - LONG TERM - GROWTH	10	1,429,566	30,000,000	-	-
ICICI PRUDENTIAL MIP - CUMULATIVE	10	1,247,164	30,000,000	-	-
BIRLA SUN LIFE B63 BIRLA SUN LIFE MONTHLY INCOME - GROWTH	10	881,521	30,000,000	-	-
KOTAK FMP 13M SERIES 6 - GROWTH	10	2,000,000	20,000,000	-	-
RELIANCE REGULAR SAVINGS FUND-DEBT PLAN-INSTITUTIONAL GROWTH PLAN	10	2,371,519	30,000,000	-	-
TEMPLETON INDIA INCOME OPPORTUNITIES FUND - DIVIDEND REINVESTMENT	10	1,960,419	20,000,000	-	-
TEMPLETON INDIA INCOME OPPORTUNITIES FUND - GROWTH	10	15,174,251	155,000,000	-	-
TEMPLETON INDIA SHORT TERM INCOME RETAIL PLAN - GROWTH	1000	13,638	25,000,000	-	-
TEMPLETON INDIA SHORT TERM INCOME RETAIL PLAN - MONTHLY DIVIDEND REINVESTMENT	1000	45,097	50,219,632	-	-
TEMPLETON INDIA SHORT TERM INCOME RETAIL PLAN - WEEKLY DIVIDEND REINVESTMENT	1000	14,068	15,097,402	-	-
			<b>435,317,035</b>		
<b>- Equity Mutual Funds</b>					
AIG INDIA EQUITY FUND REGULAR DIVIDEND	10	465,018	5,500,000	-	-
B251G BIRLA SUN LIFE MIDCAP FUND - PLAN A - GROWTH	10	53,182	5,500,000	-	-
B91 BURLAP SUNLIFE FRONTLINE EQUITY FUND- PLAN A - DIVIDEND REINVESTMENT	10	1,294,290	27,500,000	-	-
DSP BLACK ROCK INDIA T.I.G.E.R. FUND - REGULAR PLAN - GROWTH	10	91,190	4,000,000	-	-
DSP BLACKROCK BALANCED FUND - DIVIDEND	10	236,479	5,621,942	-	-
DSP BLACKROCK SMALL AND MID CAP FUND - REGULAR PLAN - DIVIDEND	10	180,685	2,707,091	-	-
DSP BLACKROCK TOP 100 EQUITY FUND - REGULAR PLAN - DIVIDEND	10	1,518,460	30,500,000	-	-
HDFC EQUITY FUND - DIVIDEND * ,OPTION : REINVEST	10	93,870	4,343,487	-	-

	Face Value Rupees		As on 31/03/2010 Nos. Rupees	As on 31/03/2009 Nos. Rupees	
HDFC HIGH INTEREST FUND - SHORT TERM PLAN - DIVIDEND* ,OPTION:REINVEST	10	6,173,784	65,479,470	-	-
HDFC PRUDENCE FUND - DIVIDEND* . OPTION: REINVEST	10	162,327	5,000,000	-	-
HDFC TOP 200 FUND - DIVIDEND* , OPTION:REINVEST	10	591,053	27,033,595	-	-
HDFC TOP 200 FUND - GROWTH *	10	41,832	7,500,000	-	-
ICICI PRUDENTIAL FLOATING RATE PLAN C - WEEKLY DIVIDEND	100	116,091	11,620,198	-	-
ICICI PRUDENTIAL FOCUSED EQUITY FUND RETAIL DIVIDEND	10	1,012,951	14,000,000	-	-
ICICI PRUDENTIAL FOCUSED EQUITY FUND RETAIL GROWTH	10	399,373	5,500,000	-	-
IDFC IMPERIAL EQUITY FUND - PLAN A DIVIDEND	10	438,653	6,500,000	-	-
IDFC MONEY MANAGER FUND - TREASURY PLAN - SUPER INST PLAN C - WEEKLY DIV	10	349,696	3,502,691	-	-
IDFC SMALL AND MIDCAP EQUITY (SME) FUND - DIVIDEND	10	172,844	2,500,000	-	-
IDFC-SSIF - MEDIUM TERM - PLAN A - GROWTH	10	1,609,249	25,000,000	-	-
MORGAN STANLEY A.C.E. FUND-DIVIDEND PLAN	10	296,605	4,000,000	-	-
MORGAN STANLEY A.C.E. FUND-GROWTH PLAN	10	373,713	5,000,000	-	-
RELIANCE BANKING FUND-GROWTH PLAN - GROWTH OPTION	10	64,858	5,000,000	-	-
RELIANCE DIVERSIFIED POWER SECTOR FUND-RETAIL GROWTH PLAN - GROWTH OPTION	10	64,380	5,000,000	-	-
RELIANCE GROWTH FUND-RETAIL PLAN - DIVIDEND PLAN	10	331,626	18,292,274	-	-
RELIANCE MEDIUM TERM FUND - WEEKLY DIVIDEND	10	966,386	16,525,201	-	-
RELIANCE MONEY MANAGER FUND - INSTITUTIONAL PLAN - WEEKLY DIVIDEND	1000	397	398,076	-	-
RELIANCE MONTHLY INCOME PLAN - GROWTH PLAN	10	1,490,349	30,000,000	-	-
RELIANCE PHARMA FUND-DIVIDEND PLAN	10	37,426	1,250,000	-	-
RELIANCE REGULAR SAVINGS FUND - EQUITY PLAN - DIVIDEND PLAN	10	181,401	4,000,000	-	-
RELIANCE REGULAR SAVINGS FUND - EQUITY PLAN - GROWTH OPTION	10	177,473	5,000,000	-	-
RELIANCE SHORT TERM FUND-RETAIL PLAN-DIVIDEND PLAN	10	3,763,011	40,160,415	-	-
RELIANCE SHORT TERM FUND-RETAIL PLAN-GROWTH PLAN	10	1,445,128	25,000,000	-	-
S04 SBNPP SELECT MIDCAP-APPRECIATION	10	55,942	7,500,000	-	-
S71 SBNPP SMILE - DIVIDEND	10	632,878	9,018,251	-	-

	Face Value Rupees	Nos.	As on 31/03/2010 Rupees	As on 31/03/2009 Nos.	Rupees
S81 SBNPP CAPEX OPPORTUNITIES - DIVIDEND	10	97,052	1,453,411	-	-
			<b>436,906,101</b>		-
<b>Total Mutual Funds</b>			<b>872,223,136</b>		-
<b>- GOVERNMENT BONDS</b>					
<b>- Quoted</b>					
NABARD ZERO COUPON BOND	8450	10,000	99,414,255	-	-
6.85% 22 JN14 IIFCL	10000	1,000	102,372,738	-	-
			<b>201,786,993</b>		-
<b>- Unquoted</b>					
RURAL ELECTRIFICATION CORPORATION LTD. 54 EC BONDS	10000	500	5,000,000	-	-
6.30 % IRFC BONDS	10000	500	50,074,354	-	-
			<b>55,074,354</b>		-
<b>- OTHER BONDS &amp; DEBENTURES</b>					
<b>- Quoted</b>					
10.90% TATA MOTORS FIN. LTD. 20/01/2020	500000	200	100,000,000	-	-
9.35% GE SHIPPING BONDS 08/02/2019	1000000	100	100,000,000	-	-
9.55% IFCI 2025 BOND	1000000	200	200,005,500	-	-
9.65% YES BANK 2020 BONDS	1000000	50	50,000,000	-	-
ABK CONS 10% RED.NCD 301014	10000000	2	21,014,460	-	-
			<b>471,019,960</b>		-
<b>- Unquoted</b>					
DEBENTURES OF SKY DECK PROPERTIES (Face Value Rs. 1,000,000)	-	50	51,023,597	-	-
BARCLAYS INDEX LINKED PP DEBENTURES PRINCIPAL PROCTED SECURED	100000	250	25,330,900	-	-
GUARANTEED REDEEMABLE (NCDs)-S4 PRINCIPAL PROCTED SECURED	100000	300	30,000,000	-	-
GUARANTEED REDEEMABLE (NCDs)-S3	100000	300	30,000,000	-	-
RBS FIN SERVICES (INDIA) PVT. LTD. 240210 125%F26	100000	300	30,132,360	-	-
DEBENTURES OF CHURU TRADING COMPANY PVT. LTD.	5000000	5	25,000,000	-	-
			<b>191,486,857</b>		-
<b>- BULLION</b>					
GOLD 24 K 99.999%	-	-	1,711,748	-	-
<b>NON - TRADE, CURRENT &amp; UNQUOTED</b>					
<b>- MUTUAL FUNDS (Unquoted)</b>					
<b>- Debt Mutual Funds</b>					
BIRLA SUN LIFE SAVINGS FUND - INSTI- WEEKLY DIVIDEND - REINVESTMENT	10	102,557	1,026,300	-	-
BIRLA SUN LIFE SAVINGS FUND - INSTI- WEEKLY DIVIDEND - REINVESTMENT	10	100,326,925	1,006,279,816	-	-
IDFC MONEY MANAGER FUND - INVESTMENT PLAN - INST PLAN B-DAILY DIV.	10	30,022,350	300,673,837	-	-
KOTAK BOND (SHORT TERM)-MONTHLY DIVIDEND	10	1,496,737	15,053,839	-	-
UTI- FIXED INCOME INTERVAL FUND - SERIES II - QUARTERLY INTERVAL PLAN	10	25,140,859	251,428,631	-	-
			<b>1,574,462,423</b>		-
<b>- ARBITRAGE FUND</b>					
<b>- Unquoted</b>					
MOTILAL OSWAL ARBITRAGE FUND		-	14,430,221	-	-

## 18. Detail of investments Purchased / Sold during the year (Previous year)

PARTICULARS	Face Value Rs.	No. of Units
BIRLA SUN LIFE CASH PLUS - INSTI - PREM. - DAILY DIVIDEND - REINVESTMENT	10	69,869,560.04
BIRLA SUN LIFE FLOATING RATE FUND - RETAIL - LONG TERM - WEEKLY DEVIDEND	10	25,015,598.64
BIRLA SUN LIFE SAVINGS GUND - INSTL - WEEKLY DIVIDEND	10	70,320,617.49
HDFC CASH MANAGEMENT FUND - TRESAURY ADVANTAGE PLAN - WEEKLY DIVIDEND	10	70,153,506.45
HDFC LIQUID FUND PREMIUM PLAN - DIVIDEND - DAILY REINVEST DIVIDEND	10	57,101,836.67
ICICI PRUDENTIAL INSTITUTIONAL LIQUID PLAN - WEEKLY DIVIDEND OPTION	10	6,663,488.87
IDFC CASH FUND - SUPER INST PLAN C - WEEKLY DIVIDEND	10	5,908,294.82
LICMF INCOME PLUS FUND - DAILY DIVIDEND PLAN	10	70,000,000.00
LICMF LIQUID FUND - DIVIDEND PLAN	10	5,004,055.03
RELIANCE LIQUID FUND - TREASURY PLAN-RETAIL OPTION	10	4,554,080.41
OPTION	10	45,506.88
RELIANCE MONEY MANAGER FUND - INSTITUTIONAL OPTION DIVIDEND PLAN	10	69,983,758.24
RELIANCE MONEY MANAGER FUND - RETAIL OPTION - DAILY DIVIDEND PLAN	1,000	703,028.61
SBI - MAGNUM INSTA CASH FUND - DAILY DIVIDEND OPTION	10	1,000.89
SBI - SHF - ULTRA SHORT TERM FUND - INSTITUTIONAL PLAN - DAILY DIVIDEND	10	3,582,299.12
SBI-SHF ULTRA SHORT TERM FUND - RETAIL PLAN - DAILY DEVIDEND	10	10,935,390.79
SBI-SHF ULTRA SHORT TERM FUND - INSTITUTIONAL PLAN - DAILY DEVIDEND	10	50,016.58
UTI LIQUID CASH PLAN INSTITUTIONAL - WEEKLY INCOME OPTION - RE-INVESTMENT	10	6,002,154.28
UTI TREASURY ADVANTAGE FUND - INSTITUTIONAL PLAN (DAILY DIVIDEND OPTION) - RE-INVESTMENT	1,000	48,886.41
	1,000	50,134.41

## 19. The Company has amount due to suppliers covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act) as at 31/03/2010. The disclosure pursuant to the said Act is as under :

Particulars	Rs.
Principal Amount due to suppliers under MSMED Act, 2006, beyond the appointed day	899,099
Interest accrued and due to suppliers under MSMED Act, on the above amount	-
Payment made to suppliers ( other than interest ) beyond the appointed day, during the year	-
Interest paid to suppliers under MSMED Act ( Other than section 16 )	-
Interest paid to suppliers under MSMED Act ( Section 16 )	-
Interest due and payable to suppliers under MSMED Act, for the payment already made	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-
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.	

## 20. Segment reporting:

The Company is in the business of manufacturing Fibre based composite materials used for Automotive, Rail and Industrial applications and all its products fall in the same segment as nature of the products, production process, methods used for distribution, the regulatory environment and the resulting risks and rewards associated with these business lines are not materially different and is, consequently, not subject to business segment reporting.

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

List of Related Parties:(with whom the Company has entered into transaction during the year in the ordinary course of business.)

## (i) Associates

- Rasoi Ltd. , J L Morison (India) Ltd., Rasoi Express Pvt. Ltd., Pallawi Resources Ltd., Rasoi Finance Ltd.

## (ii) Key Management Personnel

- Mr. Raghu Mody, Chairman
- Mr. Varunn Mody, Director
- Mr. P. K. Choudhary, Managing Director.
- Mr. V.D. Ingle, Executive Director (Manufacturing)
- Mr. Vinay Sarin, Executive Director (Marketing.)

## (iii) Relatives of Key Managerial Persons

- Mrs. Sumitra Devi Mody (Wife of Mr Raghu Mody, Chairman)

The details of Transactions are:

**A) Nature of Transactions with Associates/ Relatives****Loan Repayment**

J L Morison (India) Ltd.	66,700,000
(Net of Loans taken)	(7,500,000)

**Loan Taken**

J L Morison (India) Ltd.	46,700,000
	(Nil)

**Loan Given**

J L Morison (India) Ltd.	20,000,000
	(Nil)

**Loan Received back**

J L Morison (India) Ltd.	20,000,000
	(Nil)

**Interest Paid**

J L Morison (India) Ltd.	2,103,747
	(3,590,959)

**Interest Received**

J L Morison (India) Ltd.	44,384
	(Nil)

**Dividend Received**

J L Morison (India) Ltd.	219,400
	(548,500)
Rasoi Ltd.	64,000
	(143,068)

**Purchase of Property**

J L Morison (India) Ltd.	Nil
	(49,700,000)

**Reimbursement of Expenses to**

J L Morison (India) Ltd.	977,660
	(123,544)

**From**

J L Morison (India) Ltd.	Nil
	(8634)

**Rent Paid to**

Rasoi Ltd.	1,224,000
	(474,000)
Pallawi Resources Ltd.	125,000
	(120,000)
J L Morison (India) Ltd.	158,175
	(60,000)
Others	60,000
	(60,000)

**Received From**

Others	6000
	(12,000)

**Nature of Transaction with Key Management Personnel**

Salary and Allowances	4,075,986
	(3,805,812)

**Commission to Directors**

Mr. Varunn Mody	500,000
	(Nil)
Mr. A. B. Vaidya	200,000
	(Nil)

**C) Closing Balance with Associates / Relatives****Loan Taken**

J L Morison (India) Ltd.	Nil
	(20,000,000)

**Deposits given**

Pallawi Resources Ltd.	550,000
	(550,000)
Sumitra Devi Mody	996,736
	(996,736)

**Investments In**

J L Morison (India) Ltd.	36,504,049
	(30,709,480)
Rasoi Ltd.	23,061,637
	(23,061,637)
Others	1,125,000
	(1,125,000)

**Notes:**

- No amount pertaining to related parties has been provided for as doubtful debts. Also, no amount has been written off/back.
- Details relating to investments in the above related parties have been disclosed in Schedule '6':- Investments.
- The related parties are as identified by the Company and relied upon by the Auditors.

## 22. Loans &amp; Advances include:

Loans where there is no interest or at an interest rate below that specified in the Companies Act, 1956.	Amount Outstanding as on 31.03.10 Rs.	Maximum amount Outstanding During the year Rs.	No. of Equity Shares held in Company	Maximum Nos. of Equity Shares held in the Company
Employees (as per general rules of the Company)	2,09,000 ( 4,33,000 )	4,56,000 ( 5.87,000 )	----	----

23. In respect of properties taken/given by the Company, the lease agreements are mutually renewable /cancelable.

24. Figures of the previous year have been regrouped/rearranged/re-classified, wherever necessary to conform to current year's presentation.

25. Figures in brackets pertains to the financial statements for the year ended 31<sup>st</sup> March 2009.

Signatures to Schedules 1 to 19 which form an integral part of the financial statements.

As per our attached report of even date  
**For LODHA & COMPANY**  
Chartered Accountants

**A.M. HARIHARAN**

Partner

Membership No. 38323

Firm Registration No. 301051E

Mumbai, 20th May 2010

**Amit Goenka**

G.M. Finance & Company Secretary

**For and on behalf of the Board of Directors**  
**Raghu Mody** Chairman

**P. K. Choudhary** Managing Director

**Varunn Mody** Director

Mumbai, 20th May 2010

## ADDITIONAL INFORMATION PURSUANT TO REQUIREMENT OF PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet abstract and company's general business profile

### I. REGISTRATION DETAILS

0 1 2 9 5 5

State Code

1 1

BALANCE SHEET DATE

3 1 0 3 2 0 1 0

Date Month Year

### II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. '000)

Public Issue

0 0 0 0 N I L

Bonus Issue

0 0 0 0 N I L

Rights Issue

0 0 0 0 N I L

Private Placement

0 0 0 0 N I L

### III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (Amount in Rs. '000)

Total Liability

5 4 4 3 9 9 2

Paid up Capital

0 0 5 5 0 0 0

Secured Loans

0 1 7 1 5 2 7

Sources of Funds :

Total Assets

5 4 4 3 9 9 2

Reserves & surplus

4 8 6 4 5 6 5

Unsecured Loans

0 0 4 7 6 1 4

Deferred Tax Liability

0 0 7 4 5 5 9

Application of Funds :

Net Fixed Assets

0 3 7 3 8 0 3

Net Current Assets

1 3 0 2 5 0 5

Investments

3 5 3 6 9 5 7

Miscellaneous Expenditure

0 0 0 0 N I L

### IV. PERFORMANCE OF COMPANY (Amount in Rs. '000)

Turnover

0 8 9 9 0 0 6

Profit Before Tax

5 7 2 9 0 0 3

Earning per share (Rs.) Annualised

0 8 6 4 . 0 2

Total Expenditure

0 8 9 4 4 7 3

Profit After Tax

4 7 5 2 1 2 9

Dividend Rate %

0 0 1 0 0 %

### V. GENERIC NAMES OF THE PRINCIPAL PRODUCTS OF THE COMPANY (As per Monetary terms)

Item Code : (ITC Code )

8 7 0 8 3 1 . 0 0

8 4 8 4 9 0 . 0 0

8 7 0 8 9 3 . 0 0

Product Description

B R A K E L I N E R S

C O M P R E S S A S B E S T O S F I B R E J O I N T I N G S

C L U T C H F A C I N G S

For and on behalf of Board of Directors

Raghu Mody

Chairman

P. K. Choudhary

Managing Director

Varunn Mody

Director

Amit Goenka

G.M. Finance & Company Secretary

Mumbai , 20th May, 2010





# HINDUSTAN COMPOSITES LTD.

B-11, Paragon Condominium, P. B. Marg, Worli, Mumbai - 400 013

## 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 Sixth 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 Tuesday 7<sup>th</sup> September, 2010.

- ☐ I am shareholder of the Company
- ☐ I am Proxy / Authorised Representative of the above shareholder(s)\*

My Name is : .....

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

Address : .....

.....

.....

Signature

\* Please Strike off any one which is not applicable

TEAR HERE



# HINDUSTAN COMPOSITES LTD.

B-11, Paragon Condominium, P. B. Marg, Worli, Mumbai - 400 013

## PROXY FORM

I/We..... FolioNo./ClientID.....

of.....being a member/members of Hindustan Composite Ltd . hereby appoint

.....of

..... or failing him .....of

..... or failing him .....of

..... or failing him .....

as my/our proxy to attend and vote for me/us and on my/our behalf at the Forty Sixth Annual General Meeting of the Company to be held at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 at 4.00 p.m. on Tuesday 7<sup>th</sup> September, 2010.

Signed this.....day of.....2010

Member's Folio Number/Client I.D.....

Affix a  
Rs. 1-  
Revenue  
Stamp





**Our Stall at AUTO EXPO 2010,  
The largest Auto Fair of Asia held at Pragati Maidan, New Delhi**

BOOK POST

If undelivered, please return to :



B-11, Paragon Condominium  
P. B. Marg, Worli, Mumbai - 400 013.