

**BOARD OF DIRECTORS**

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

**AUDITORS**

Lodha & Co.

**SOLICITORS**

Khaitan & 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  
(Formerly Intime Spectrum Registry Limited)  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (W),  
Mumbai - 400 078.

**WORKS**

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

<b>CONTENTS</b> .....	<b>Page</b>
Notice .....	2
Directors' Report.....	5
Management Discussion and Analysis Report .....	7
Auditors Report.....	8
Corporate Governance Report .....	11
Balance Sheet .....	18
Profit and Loss Account.....	19
Cash flow statement.....	20
Notes to the Account .....	26

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Fifth Annual General Meeting of the Company will be held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 at 4.00 p.m. on Thursday, 10<sup>th</sup> day of September 2009 to transact the following business:

### ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009 and Profit and Loss Account for the year ended 31<sup>st</sup> March 2009 together with the Report of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. V. B. Haribhakti, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. D. L. Lyon, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** Lt. Gen. (Retd.) K. S. Brar, who was appointed as an Additional Director by the Board of Directors with effect from 30<sup>th</sup> September 2008 pursuant to Article 112 of the Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting, and in respect of whom the Company has received notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to Section 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, and subject to such approval, if any, as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. V. D. Ingle as Executive Director – Manufacturing of the Company for a period from 9<sup>th</sup> August 2008 to 31<sup>st</sup> March 2009 and further reappointed for a period of 1 year w.e.f. 1<sup>st</sup> April 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 said Schedule XIII or any amendment thereof for the time being in force.  
**RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits of the Company during the tenure of Mr. V. D. Ingle as Executive Director – Manufacturing of the Company, the remuneration as set out in the Explanatory Statement attached to

this Notice shall be payable as minimum remuneration to him.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this 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 Section 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, and subject to such approval, if any, as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. Vinay Sarin as Executive Director – Marketing of the Company from a period of one year w.e.f. 9<sup>th</sup> August 2008, 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 said Schedule XIII or any amendment thereof for the time being in force.

**RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits of the Company during the tenure of Mr. Vinay Sarin as Executive Director – Marketing of the Company, the remuneration as set out in the Explanatory Statement attached to this Notice shall be payable as minimum remuneration to him.

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

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

**"RESOLVED THAT** pursuant provisions of Sections 198 and 309(4) and all other applicable provisions, if any, of the Companies Act, 1956, and Articles of Association of the Company, consent of the Company be is hereby given for the payment of commission to the Non-Executive Directors of the Company upto 1% (one per cent) of the net profit of the Company as computed in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 for the 5 (Five) financial years commencing from the financial year 1<sup>st</sup> April 2009 .

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to give effect to the above resolution."

By order of the Board of Directors

Place : Mumbai  
Date: 20<sup>th</sup> May 2009

**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 OF HIMSELF 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 7<sup>th</sup> September, 2009 to 10<sup>th</sup> September, 2009 (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 2009 – 2010 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 the shares in dematerialized form are requested to bring their client ID and DPID numbers for easier identification of attendance at the meeting.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, unclaimed dividend for the financial years ended upto 31<sup>st</sup> March 2001 have been transferred to the Investor Education and Protection Fund (IEPF).

The details of dividend declared by the Company and its due date for transfer to Investor Education and Protection Fund, as per the Companies Act, 1956, if they remain unclaimed by the Shareholders are given below:

Date of Declaration of Dividend	Dividend for the year	Due Date for Transfer
8 <sup>th</sup> August 2002	2001 - 2002	7 <sup>th</sup> September 2009

7. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the meeting so that the answers may be made available at the Meeting.

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

**Information of Directors being proposed for appointment / re-appointment (as required under Clause 49(VI)(A) of the Listing Agreement)**

**Mr. V.B. Haribhakti**, aged 80 years, is a leading Chartered Accountant and senior partner of Chartered Accountants Firm, M/s. Haribhakti & Co., with several years of in-depth proficiency in Corporate Affairs, Accounts & Finance. He has been an independent Non-Executive Director of the Company since 1994. He is also the Chairman of Audit Committee of the Company.

**Mr. D. Lawson Lyon**, aged 64 years, has served as a Director on our Board since 1994. He was the Managing Director of Pearsalls Limited, U.K. He possesses rich and varied management experience.

**Lt. Gen. (Retd.) K. S. Brar**, aged 75 years, has rich and varied management experience. He is also the member of Audit Committee of the Company.

**Mr. V.D. Ingle**, aged 62 years, is a Science Graduate, associated with the Company for 35 years and has considerable experience in the manufacturing function of the Company.

**Mr. Vinay Sarin**, aged 61 years, a post graduate in Management from Jamnalal Bajaj Institute of Management Studies, Mumbai is associated with the Company for the last 21 years having a total business experience of 39 years in Automobile Industry.

**ITEM NO. 5**

Lt. Gen. (Retd.) K. S. Brar was appointed as an Additional Director of the Company w.e.f. 30<sup>th</sup> September 2008 by the Board of Directors under Article 112 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Lt. Gen. (Retd.) K. S. Brar holds office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing from a member pursuant to Section 257 of the Act together with the requisite deposit proposing his candidature for the office of the Director of the Company.

In view of considerable gain to the Company by the appointment of Lt. Gen. (Retd.) K. S. Brar through his expertise and experience, the Directors recommend the Ordinary Resolution for approval of the members.

None of the Directors, except Lt. Gen. (Retd.) K. S. Brar is interested or concerned in the said resolution.

**ITEM NO. 6**

Mr. V. D. Ingle was re-appointed as Executive Director – Manufacturing of the Company for a period from 9<sup>th</sup> August 2008 to 31<sup>st</sup> March 2009 and further reappointed for a period of 1 year w.e.f. 1<sup>st</sup> April 2009, on the following terms and conditions:

1.	Salary	Rs. 38,000/- per month, and Special Allowance of Rs. 20,000/- per month with an increase which may be decided by the Board of Directors from time to time within the 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. 2,000/- 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. 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 fees of two clubs.
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 of inadequacy of profits, subject to the provision of Part II of Schedule XIII to 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. 7

Mr. Vinay Sarin was re-appointed as Executive Director – Marketing of the Company for a period of 1 year w.e.f. 9th August 2008 on the following terms and conditions:

1.	Salary	Rs. 38,000/- per month, and Special Allowance of Rs. 20,000/- per month with an increase which may be decided by the Board of Directors from time to time within the 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. 2,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of the salary.
3.	Motor Car	Provision of motor car with driver of 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 fees of two clubs.
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 of inadequacy of profits, subject to the provision of Part II of Schedule XIII to 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. 8

In consideration of and in due appreciation of the services rendered by the Directors of your Company, who are not in its whole time employment, an annual payment of them by way of commission is proposed, subject to the limits of 1% of net profit as provided under section 309 (4) of the Companies Act, 1956.

The Directors recommend the Special Resolution for approval of the members.

All Directors except whole Time directors are concerned or interested in this resolution.

By order of the Board of Directors

Place : Mumbai  
Date: 20<sup>th</sup> May 2009

**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 Fifth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2009.

### 1. FINANCIAL RESULTS

	<b>Rs.Lacs</b>	<b>Rs.Lacs</b>
<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
<b>31<sup>st</sup> March</b>	<b>31<sup>st</sup> March</b>	<b>31<sup>st</sup> March</b>
<b>2009</b>	<b>2008</b>	<b>2008</b>
<b>Net Sales</b>	<b>7731</b>	7158
<b>Other Income</b>	<b>302</b>	117
<b>Profit before interest, depreciation &amp; separation cost:</b>	<b>1120</b>	807
<b>Interest (Net)</b>	<b>(279)</b>	(411)
<b>Depreciation (Net)</b>	<b>(350)</b>	(328)
<b>Profit before separation cost and tax</b>	<b>491</b>	68
<b>Employees separation cost</b>	<b>(346)</b>	(383)
<b>Profit / (Loss) before tax</b>	<b>145</b>	(315)
<b>Provision for taxation</b>		
<b>- Current (including FBT)</b>	<b>(18)</b>	(19)
<b>- Deferred</b>	<b>(86)</b>	135
<b>Profit / (Loss) after taxation</b>	<b>41</b>	(199)

### 2. DIVIDEND

Although the company made an operating profit, it is felt prudent to conserve its resources. The directors therefore do not recommend any dividend for the year ended 31<sup>st</sup> March 2009.

### 3. PERFORMANCE

The year 2008-09 posed an unprecedented challenge to Industry, as a direct consequence of the global economic slow-down and the turmoil in the financial markets. The Indian economy, linked to global markets, witnessed a sharp impact with much lower than expected GDP growth. Automotive sector was one of the worst hit with heavy commercial vehicles bearing the maximum brunt, on account of contraction in demand and non-availability of easy finance. The timely intervention of the Govt. of India with financial stimulus packages could contain the down slide and cushioned to a large extent the adverse economic impact.

Despite these daunting conditions, the Company's performance in the year 2008-09 was marked with higher sales and improved operational profit. This was achieved with greater focus on the railway / export segments, alongwith upgradation of manufacturing processes, improvement in technology and cost control measures.

The turnover of the Company increased by 8% to Rs. 77.31 Crores from Rs. 71.58 Crores in the previous year. The gross profit went up from Rs. 8.07 Crores to Rs. 11.21 Crores. Interest payments during the year were much lower at Rs. 2.79 Crores (Rs. 4.11 Crores), mainly on account of repayment of loan taken for employee separation cost. Provision for depreciation was higher at

Rs. 3.50 Crores (Rs. 3.28 Crores) on account of investment in fixed assets.

Therefore, after providing for interest & depreciation, the profit before extra ordinary item was much higher at Rs. 4.91 Crores (Rs. 0.68 Crores) and after the item relating to employee separation cost of Rs. 3.46 Crores (Rs. 3.83 Crores), there was a profit of Rs. 1.45 Crores, as against a loss of Rs. 3.15 Crores in the previous year.

Although, the Company's Plant at Paithan achieved a higher turnover, profitability remained under pressure with lower price realization on its products, due to highly competitive market conditions.

Working of the Bhandara Plant was satisfactory. With the installation of the HDB Card, working is expected to improve further.

Working of the Jalna Plant remained subdued with a lower order-book in the Industrial segment owing to the effects of the economic slow-down.

The Company participated at the Automechanika Fair at Frankfurt, Germany in September 2008, thus improving its exposure to new products and global markets.

The management continues to explore various options to unlock the value of the Company's Ghatkopar property.

Although, the overall position in the current year remained competitive and challenging, the Company hopes to post better results in the coming year with positive signs of recovery in the economy and the Company's continuous focus on quality and cost controls.

### 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 thereunder

### 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 950 Lacs, of FOB value basis whilst the outgo for raw materials, components and spares amounted to Rs. 814 Lacs.

### 8. DIRECTORS

The Board is pleased to appoint Lt. Gen. (Retd.) K.S. Brar, as Additional Director w.e.f. 30<sup>th</sup> September, 2008. Pursuant to the provisions of Section 260 of the Companies Act, 1956, he holds

office upto the date of forthcoming Annual General Meeting. The Company have received a notice under Section 257 of the Companies Act, 1956 and the requisite deposit from a member signifying his intention to propose the appointment of Lt. Gen. (Retd.) K.S. Brar as Director of the Company.

The Board of Directors re-appointed Mr. Vinay Sarin as Executive Director – Marketing for a period of 1 year w.e.f. 9<sup>th</sup> August, 2008, subject-to confirmation by shareholders at the forthcoming Annual General Meeting.

The Board of Directors have also re-appointed Mr. V.D. Ingle as Executive Director – Manufacturing w.e.f. 9<sup>th</sup> August, 2008 to 31<sup>st</sup> March, 2009 and further re-appointed for a period of 1 year w.e.f. 1<sup>st</sup> April 2009, subject-to confirmation by shareholders at the forthcoming Annual General Meeting.

Mr. V.B. Haribhakti and Mr. D.L. Lyon, Directors retire by rotation and being eligible offer themselves for re-appointment.

## 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 –

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) appropriate accounting policies have been selected and applied consistently and made judgements 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;
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the annual accounts have been prepared on a going concern basis

## 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.

By order of the Board of Directors

Place: Mumbai  
Date : 20<sup>th</sup> May 2009

Raghu Mody  
Chairman

Additional information as required under Section 217 (1)(e) of the Companies Act, 1956, read with the Rules framed thereunder forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2009.

# ANNEXURE TO THE DIRECTORS' REPORT

## CONSERVATION OF ENERGY

Based on the recommendation of Energy Consultancy Firm, the Company has implemented following Energy conservation programmes.

- Focus on design and development of energy effective moulding dies for Railway Brake Block, commercial vehicle linings with 33% reduction in electricity consumption in moulding area.
- Installed variable frequency drives on all the dust collectors with effective saving of 5%.
- Increased the capacitor bank to maintain power factor to unity all the time.

## R & D

- (1) Specific Areas where R & D being carried out by the Company.

1.1 High Friction Brake Blocks for Freight Wagon and Locomotives.

1.2 Non-Asbestos Organic Disc Brake Pads for Passenger Car and 2-Wheeler applications.

1.3 Non-Asbestos moulded Clutch Facing for commercial vehicle application.

- (2) Benefits of above R & D :

Additional business with Railways, OEM's and After-market.

- (3) Future Plan of Action.

3.1 'LL' Type Railway Brake Blocks.

3.2 Disc Brake Pads for off the road vehicles.

- (4) Expenditure

4.1 Capital - Nil

4.2 Recurring - Rs.56 Lacs

4.3 Total - Rs. 56 Lacs

4.4 Total as a % of Turnover. - 0.72%

## TECHNICAL ABSORPTION, ADAPTATION & INNOVATION

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### OVERALL REVIEW

The year 2008-09 witnessed unprecedented economic turmoil across global markets fuelled by an uncertain financial environment. The early part of the year witnessed global inflationary pressure with run away price increases for major raw materials like oil, coal, minerals and other commodities, followed by global economic slow-down. The series of fiscal measures announced by the Govt. of India during the course of the year has helped to stabilize the situation and these are expected to start bearing positive results in the coming months.

### 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

Though demand from automotive sector particularly from O.E. segment continue to be low, Company foresees better opportunities in Railway & Export segment. Upgradation in technology, improvement in manufacturing process will continue to be a driving force for the Company. However, with continued slow-down and with many small players in the Indian Market, more particularly in the small scale sector, prices have been under constant pressure resulting in lower realization. This threat is being overcome by constant product upgradation, cost reduction, value engineering and finding new markets both locally and globally.

### BUSINESS OUTLOOK

Although, market conditions remained highly competitive during the current year, the Company expects improved results with the upgradation of its process technology, improvement in productivity and several cost cutting measures. The Company has identified a growth potential covering entire range of Asbestos-free products. The Company continues to focus on the growth of its OEM business through focus on R & D.

### 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 industrial 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.

## 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, 2009, 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, 2009 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, 2009 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, 2009;
    - 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

**A. M. Hariharan**

Partner

Place: Mumbai

Date: 20<sup>th</sup> May 2009

Membership No. 38323



## 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, 2009**

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

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. There is a phased programme of physical verification of all fixed assets over a period of three years, based on which physical verification of certain fixed assets was carried out during the year which, in our opinion, is reasonable considering the size of the Company and nature of its fixed assets. The discrepancies noticed on such physical verification were not material and the same have been properly dealt with in the books of account. No substantial part of fixed assets was disposed off during the year.
2.
  - a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in - transit is being verified by the management with reference to confirmations or statements of account or subsequent receipt of goods.
  - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification of inventory between the physical stock and book records were not material and have been properly dealt with in the books of account.
3.
  - (a) During the year, the Company has not given any loan, secured or unsecured, to companies, firms, or other parties covered in the register maintained under Section 301 of the Act. Loans outstanding as at the end of previous year were repaid and the terms and conditions were not, prima facie, 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. / Thousand 32,500 (previous year Rs. / Thousand 107,500) and the year end balance is Rs. / Thousand 20,000 (previous year Rs. / Thousand 27,500). 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 explanations that some of the items purchased 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 Companies Act, 1956 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 companies Act, 1956 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, 2009 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, the details of disputed statutory dues which have not been deposited are as under:

Name of the Statutes	Nature of Date	Amount (Rs. in Thousand)	Period to which amount Relates	Forum where Dispute
Income Tax Act 1961	Income Tax	1,146	2003-04	C.I.T. (Appeals) Mumbai
Income Tax Act 1961	Income Tax	1,083	2005-06	C.I.T. (Appeals) Mumbai
Income Tax Act 1961	Income Tax	660	2006-07	C.I.T. (Appeals) Mumbai
<b>Sub Total</b>		<b>2,889</b>		
Central Sales Act 1956	Sales Tax	264	1997-98	Deputy Commissioner of Sales Tax (Appeal), Nagpur
Central Sales Act 1956	Sales Tax	294	2001-02	Deputy Commissioner of Sales Tax (Appeal), Nagpur
Central Sales Act 1956	Sales Tax	117	2002-03	Deputy Commissioner of Sales Tax (Appeal), Nagpur
Central Sales Act 1956	Sales Tax	533	2003-04	Deputy Commissioner of Sales Tax (Appeal), Nagpur
Central Sales Act 1956	Sales Tax	180	2002-03	Deputy Commissioner of Sales Tax (Appeal), Nagpur
<b>Sub Total</b>		<b>1,388</b>		

10. The Company does not have accumulated losses as at 31<sup>st</sup> March, 2009 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 financial institutions and banks.
12. During the year, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
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, 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 during the year.
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.
20. The Company has not raised any money by way of public issue during the year.
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

**A. M. Hariharan**

Partner

Place: Mumbai

Date: 20<sup>th</sup> May 2009

Membership No. 38323

## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2008 - 2009.

(Pursuant to Clause-49 of the Listing Agreement entered into with the Stock Exchanges)

### 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 5th 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.

#### 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 2009 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 during	Attendance particulars		No. of other Director	Committee Positions	
			Board the year.	Last AGM Meetings		Member ships	Chairman
Mr. Raghu Mody	Non-Executive Chairman, Promoter	5	3	Yes	4	1	2
Mr. Varunn Mody	Non-Executive Director, Promoter	5	4	Yes	3	-	-
Mr. V. B. Haribhakti	Non-Executive, Independent	5	5	Yes	7	4	5
Mr. A.B.Vaidya	Non-Executive, Independent	5	5	Yes	-	-	-
Mr. Douglas L. Lyon	Non-Executive, Independent	5	1	Yes	1	-	-
Mr. Keith M Robinson	Non-Executive, Independent	5	1	Yes	-	-	-
Lt.Gen.(Retd.) K.S. Brar	Non-Executive, Independent	2	1	N.A.	1	-	-
Mr. P. K. Choudhary	Executive Director	5	5	Yes	1	-	-
Mr. V. D. Ingle	Executive Director	5	5	Yes	-	-	-
Mr. Vinay Sarin	Executive Director	5	4	Yes	-	-	-
Mr. Haigreve Khaitan	Alternate Director to Mr.Keith M Robinson	5	1	N.A	15	8	-

- **Number & Date of Board Meetings held:**

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

Date of Board Meeting	Strength of the Board	No. of Directors' present
9 <sup>th</sup> May, 2008	9	6
25 <sup>th</sup> July 2008	9	6
30 <sup>th</sup> September 2008	9	9
23 <sup>rd</sup> October 2008	10	7
31 <sup>st</sup> January 2009	10	7

- **Details of the Directors being proposed for Appointment / Re-appointment at the forthcoming Annual General Meeting** (pursuant to Clause 49(VI)(A) of the Listing Agreement).

Mr. V.B. Haribhakti, aged 80 years, is a leading Chartered Accountant and senior partner of Chartered Accountants Firm, M/s. Haribhakti & Co., with several years of in-depth

proficiency in Corporate affairs, Accounts & Finance. He has been an independent Non-Executive Director of the Company since 1994. He is also the chairman of Audit Committee.

Mr. D. Lawson Lyon, aged 64 years, was the Managing Director of Pearsalls Limited, England, with rich and varied management experience. He has been director of the Company since 1994.

Mr. Vinay Sarin, aged 61 years, a post graduate in Management from Jamnalal Bajaj Institute of Management studies, Mumbai is associated with the Company for the last 21 years having a total business experience of 39 years in Automobile Industry.

Mr. V.D. Ingle, aged 62 years, is a Science Graduate, associated with the Company for 35 years and has considerable experience in the manufacturing function of the Company.

#### 5. Audit Committee

- **Brief description of terms of reference:**

The terms of reference of this committee are wide enough

covering the matters specified for Audit Committees under Clause-49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

• **Composition:**

The Audit Committee is constituted by the Board of Directors consisting of Four non-executive directors viz., Mr. V. B. Haribhakti, the Chairman, is a leading Chartered Accountant, Mr. Raghu Mody, Member, is a prominent industrialist, Mr. A.B.Vaidya, is a qualified Civil Engineer and also was associated with LIC, SIDBI, NABARD, IFCI etc and Lt. Gen. (Retd.) K.S. Brar, has been appointed as member of Audit Committee on 23<sup>rd</sup> October, 2008. The Company Secretary acts as the Secretary to the Committee.

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

There were four meetings of the Audit Committee during the year on 9<sup>th</sup> May 2008, 25<sup>th</sup> July 2008, 23<sup>rd</sup> October 2008 & 31<sup>st</sup> January 2009 and the attendance for the meetings was as follows:

Sl. No.	Name of Directors	No. of Meetings Attended
1.	Mr. V. B. Haribhakti	4
2.	Mr. Raghu Mody	2
3.	Mr. A.B.Vaidya	4
4.	Lt. Gen. (Retd.) K.S. Brar	0

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.

**6. Remuneration Committee**

• **Brief description of terms of reference:**

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

• **Composition:**

The Remuneration Committee is constituted by the Board of Directors consisting of three Independent Directors viz., Mr. V. B. Haribhakti, the Chairman, is a leading Chartered Accountant, Mr. A.B.Vaidya, is a qualified Civil Engineer and also was associated with LIC, SIDBI, NABARD, IFCI etc and Mr. Haigreve Khaitan a leading advocate. The Company Secretary acts as the Secretary to the Committee.

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

There was one meeting of the Remuneration Committee during the year on 25<sup>th</sup> July 2008 and the attendance for

the meeting was as follows:

Sl. No.	Name of Directors	No. of Meetings Attended
1.	Mr. V. B. Haribhakti	1
2.	Mr. A.B.Vaidya	1
3.	Mr.Haigreve Khaitan	0

• **Remuneration policy:**

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

• **Details of remuneration / fee to the Directors are as under:**

Name of the Director	Salary & Perquisites (Rs. In lacs)	Sitting Fees Board Meeting (in Rs.)	Sitting Fees Audit Committee Meeting (in Rs.)	Sitting Fees Shareholders'/ Investors Grievance Committee Meeting (In. Rs.)	Sitting Fees Remuneration Committee Meeting (In. Rs.)
Mr.Raghu Mody	NA	15,000	10,000	5,000	NA
Mr.Varunn Mody	NA	20,000	NA	N.A	NA
Mr.Keith M. Robinson	NA	5,000	NA	N.A	NA
Mr.D.Lawson Lyon	NA	5,000	NA	N.A	NA
Mr.V.B. Haribhakti	NA	25,000	20,000	5,000	5,000
Mr.A.B.Vaidya	NA	25,000	20,000	N.A	5,000
Lt. Gen. (Retd.) K.S. Brar	NA	5,000	NA	NA	NA
Mr.P. K. Choudhary	15.00	NA	NA	N.A	NA
Mr.Vinay Sarin	10.64	NA	NA	N.A	NA
Mr.V. D. Ingle	10.64	NA	NA	N.A	NA
Mr.Haigreve Khaitan	NA	5,000	NA	NA	NA

Note - *Salary includes Basic Salary, House Rent Allowance, Bonus, LTA, Use of Company's Car, Furniture & Equipment and perquisites, but does not include Company's Contribution to Gratuity Fund.*

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.5000 for each meeting of the Board and Committees attended by them.

• **Shareholding of Non-Executives Director(s).**

As on 31<sup>st</sup> March 2009 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 - Chairman, Mr. V. B. Haribhakti, Independent Director and Mr. Amit Goenka – G M Finance & Company Secretary as Compliance Officer & the Secretary to the Committee. During the year under review, 45 complaints were received from investors which were replied / resolved to the satisfaction of the investors. All the complaints received upto 31<sup>st</sup> March 2009 was duly attended in time.

Mr. Amit Goenka–G.M Finance & Company Secretary is the Compliance Officer. 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

There was one meeting of the Shareholders' / Investor Grievance Committee during the year on 12<sup>th</sup> March 2009 and the attendance for the meeting was as follows:

Sl. No.	Name of Directors	No. of Meetings Attended
1.	Mr. V. B. Haribhakti	1
2.	Mr. R.N.Mody	1

No. of Shareholders' Complaints received during the year ended 31.03.2009: **45**

No. of pending complaints : **NIL**

No. of pending share transfers as on 31.03.2009 : **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:**

AGM for the financial year ended	Date & Time of AGM	Location
2005-06	September 4, 2006 at 4.00 pm	The Convention Hall, 4 <sup>th</sup> Flr, Y.B. Chavan Centre, Gen. J.B.Marg, Nariman Point, Mumbai-400 021
2006-07	September 3, 2007 at 4.00 pm	Baba Saheb Dahanukar Hall, MCCI & A, Oricon House, 6 <sup>th</sup> Floor, 12 K Dubhash Road, Fort, Mumbai-400001 As Above
2007-08	September 30, 2008 at 4.00 pm	-As Above-

- **Special Resolutions**

The Company has not passed any special resolution at the Annual General Meeting held on 4<sup>th</sup> September 2006, 3<sup>rd</sup> September 2007 and 30<sup>th</sup> September, 2008. No Special Resolution is proposed to be passed through Postal Ballot Process at ensuing Annual General Meeting.

## 9. Disclosures

- There are no related party transactions of a materially significant nature that may have a potential conflict with the interests of the Company at large.
- The Company has complied with the requirement of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures are imposed on the company by Stock Exchanges, SEBI or other statutory authorities.
- The whistle blower policy is reviewed regularly and it is ensured that everybody has the direct access to the audit committee.

## 10. Means of communication

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

News Paper	Date of Board Meeting	Date of Publishing
Free Press Journal & Navshakti	09/05/2008	10/05/2008
Free Press Journal & Navshakti	25/07/2008	26/07/2008
Free Press Journal & Navshakti	23/10/2008	24/10/2008
Free Press Journal & Navshakti	31/01/2009	01/02/2009

## 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

**1) Annual General Meeting :** Thursday, 10<sup>th</sup> September, 2009, at 4.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018

### 2) Financial Calendar 2009-10

- First quarter results – End of July 2009
- Second quarter results – End of October 2009
- Third quarter results – End of January 2009
- Fourth quarter results – End of April 2010

**3) Date of Book closure :** 7<sup>th</sup> September, 2009 to 10<sup>th</sup> September, 2009 (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 2009-10 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	BSE (share price)		BSE Sensex	
	High(Rs.)	Low(Rs.)	High	Low
April 2008	330.00	256.95	17480.74	15297.96
May 2008	329.90	265.20	17735.70	16196.02
June 2008	280.00	203.00	16632.72	13405.54
July 2008	221.00	180.00	15130.09	12514.02
August 2008	215.65	168.10	15579.78	14002.43
September 2008	203.00	166.35	15107.01	12153.55
October 2008	181.30	98.35	13203.86	7697.39
November 2008	120.00	93.85	10945.41	8316.39
December 2008	106.50	90.60	10188.54	8467.43
January 2009	99.75	78.00	10469.72	8631.60
February 2009	86.30	72.25	9724.87	8619.22
March 2009	91.40	80.00	10127.09	8047.17

**• Registrar and Transfer Agents:**

Link Intime India Pvt. Ltd  
(Formerly Intime Spectrum Registry Limited)  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (W), Mumbai - 400 078.  
Email: 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, 2009**

Range of ordinary shares	No. of holders	%	No. of shares	%
1-500	12516	97.858	656591	11.938
501 – 1000	129	1.009	102386	1.862
1001-2000	66	0.516	95689	1.740
2001-3000	16	0.125	39997	0.727
3001-4000	6	0.047	21722	0.395
4001-5000	5	0.039	24072	0.438
5001-10000	16	0.125	122047	2.219
10001 and above	36	0.281	4437496	80.682
<b>TOTAL</b>	<b>12790</b>	<b>100.00</b>	<b>5500000</b>	<b>100.00</b>

**• Categories of Shareholders on March 31, 2009**

Category	No. of shares of Rs.10 each	%
Promoters - Indian	3416082	62.11
- Persons acting in concert	250	0.00
Indian Institutional Investors/ Mutual Funds	823	0.01
Bodies Corporate	723138	13.16
Indian Public	1341715	24.40
NRIs	14480	0.26
Clearing Members	3412	0.06
Trusts	100	0.00
<b>Total</b>	<b>5500000</b>	<b>100.00</b>

**• Dematerialization of Shares:**

As on March 31, 2009, 31.58 % 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, 2009 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

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

Place : Mumbai  
Dated : 20<sup>th</sup> May 2009



## DECLARATION

As provided under Clause-49 of the Listing Agreement 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. 2009.

For Hindustan Composites Ltd.,

**P.K.Choudhary**  
Managing Director

---

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

	Schedule No.	As at 31 <sup>st</sup> March 2009 Rupees	As at 31 <sup>st</sup> March 2008 Rupees
<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	177,015,994	227,819,866
		<b>232,015,994</b>	<b>282,819,866</b>
<b>Loan Funds :</b>			
(a) Secured Loans	3	169,299,583	285,174,026
(b) Unsecured Loans	4	79,329,505	75,113,885
		<b>248,629,088</b>	<b>360,287,911</b>
<b>Deferred Tax Liabilities (Net)</b>		<b>59,700,059</b>	<b>568,941</b>
Total		<b>540,345,141</b>	<b>643,676,718</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets:</b>			
(a) Gross Block	5	589,042,199	694,062,854
(b) Less: Depreciation		262,284,264	249,677,843
(c) Net Block		326,757,935	444,385,011
(d) Capital work-in-progress		-	7,305,494
		<b>326,757,935</b>	<b>451,690,505</b>
<b>Investments</b>	6	<b>64,590,554</b>	<b>64,641,746</b>
<b>Current Assets, Loans and Advances :</b>			
(a) Inventories	7	94,369,488	83,973,754
(b) Sundry Debtors	8	153,818,801	147,126,370
(c) Cash and Bank Balances	9	12,171,641	8,130,576
(d) Loans and Advances	10	21,938,860	15,921,795
		<b>282,298,790</b>	<b>255,152,495</b>
<b>Less : Current Liabilities and Provisions:</b>			
(a) Current Liabilities	11	157,815,180	187,979,210
(b) Provisions	12	6,413,707	5,369,429
		<b>164,228,887</b>	<b>193,348,639</b>
<b>Net Current Assets</b>		<b>118,069,903</b>	<b>61,803,856</b>
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)			
Early Voluntary Retirement Scheme Compensation		<b>30,926,749</b>	<b>65,540,611</b>
Total		<b>540,345,141</b>	<b>643,676,718</b>

**Significant Accounting Policies and Notes to the Financial Statements** 18  
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

Mumbai, 20<sup>th</sup> May 2009

On behalf of the Board of Directors

**RAGHU MODY**

Chairman

**P. K. CHOUDHARY**

Managing Director

**V. B. HARIBHAKTI**

Director

**AMIT GOENKA**

G.M. Finance & Company Secretary

Mumbai, 20<sup>th</sup> May, 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

	Schedule No.	Year ended 31 <sup>st</sup> March 2009 Rupees	Year ended 31 <sup>st</sup> March 2008 Rupees
<b><u>INCOME</u></b>			
Sales		867,842,663	820,086,124
Less : Excise Duty		94,760,875	104,297,278
Net Sales		773,081,788	715,788,846
Other Income	13	30,198,663	11,722,214
Increase/(Decrease) in Stocks	14	(5,279,992)	3,800,251
		798,000,459	731,311,311
<b><u>EXPENDITURE</u></b>			
Consumption of Raw Materials and Components		343,962,958	327,918,564
Power and Fuel		49,592,966	53,860,975
Stores and Spare parts consumed		17,984,970	23,219,127
Employees' cost	15	87,987,654	75,684,702
Other Expenses	16	186,450,420	169,871,521
Interest (net)	17	27,859,235	41,143,624
Depreciation		39,398,648	37,793,211
Less : Transfer from Revaluation Reserve		(4,364,198)	(4,968,682)
		748,872,653	724,523,042
<b>PROFIT BEFORE EMPLOYEES' SEPARATION COST AND TAXATION</b>		<b>49,127,806</b>	<b>6,788,269</b>
Less : Employees' Separation Cost		34,613,862	38,337,282
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>14,513,944</b>	<b>(31,549,013)</b>
<b>Provision for taxation</b>			
Current Tax (including FBT)		1,822,500	1,873,000
Deferred Tax		8,617,834	(13,504,671)
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>4,073,610</b>	<b>(19,917,342)</b>
Transferred from General Reserve		-	19,917,342
Balance carried to Balance Sheet		(4,073,610)	-
Balance available for Appropriation		-	-
		0.74	(3.62)

**Significant Accounting Policies and Notes to the Financial Statements** 18  
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  
Mumbai, 20<sup>th</sup> May 2009

On behalf of the Board of Directors

**RAGHU MODY** Chairman

**P. K. CHOUDHARY** Managing Director

**V. B. HARIBHAKTI** Director

**AMIT GOENKA**

G.M. Finance & Company Secretary

Mumbai, 20<sup>th</sup> May, 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

	2008-09 (Rs. In Lacs)	2007-08 (Rs. In Lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE EMPLOYEES SEPRATION COST AND TAX</b>	<b>491.28</b>	<b>67.88</b>
Adjustment for		
Depreciation	350.35	328.24
Loss on sale of Investment /written off	0.51	-
Dividend received	(7.27)	(7.27)
Interest earned	(4.00)	(49.41)
Profit on Sale of Fixed Assets	(187.68)	(74.74)
Interest expenditure	282.59	460.85
	<b>434.5</b>	<b>460.85</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>925.78</b>	<b>725.55</b>
Adjustment for		
( Increase)Decrease in Trade and other receivable	(140.24)	149.10
( Increase)Decrease in Inventories	(103.95)	138.10
( Decrease)Increase in Trade and other payables	(284.76)	166.25
	<b>396.83</b>	<b>1,179.00</b>
Employee Seperation Cost -Extraordinary Item Paid / incurred during the year	(4.23)	(1,167.71)
<b>Cash Generated from operations</b>	<b>392.60</b>	<b>11.29</b>
Interest paid	(284.87)	(464.75)
Direct Taxed Paid	(18.23)	(24.18)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>89.50</b>	<b>(477.64)</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(807.15)	(434.72)
Sale of Fixed Assets	1850.18	428.38
Advance against Sale of Fixed Assets	0.00	800.00
Sale of Investments	0.00	0.40
(Increase)/Decrease in Inter- Corporate Deposits ( Net)	0.00	35.50
Interest Received	4.00	49.41
Dividend Received	7.27	7.27
	<b>1,054.29</b>	<b>886.23</b>
<b>NET CASH FLOW (USED IN)/ FROM INVESTING ACTIVITIES (B)</b>	<b>1,054.29</b>	<b>886.23</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings ( Net)		
Increase/(Decrease) in Inter Corporate Loans	25.00	(685.00)
( Decrease)/Increase in Long Term borrowings	(1167.01)	416.79
Increase/(Decrease) in Short Term borrowings	25.42	(135.92)
Dividend Paid ( including Corporate Dividend Tax)	0.05	(1.26)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(1,116.53)</b>	<b>(405.39)</b>
<b>Net Increase/ Decrease in cash and cash equivalent ( A+B+C)</b>	<b>27.26</b>	<b>3.20</b>
<b>Cash and Cash equivalents</b>		
Opening Balance	<b>64.88</b>	<b>61.68</b>
Closing Balance	<b>92.14</b>	<b>64.88</b>

**Notes:-**

- The above cash flow statement has been prepared by using indirect method as per Accounting Standards 3- Cash Flow Statement Issues by the Institute of Chartered Accountants of India.
- Cash and cash equivalents excludes balance in margin money deposit and dividend accounts aggregating to Rs.29.57 Lacs (previous year Rs.16.42 Lacs)
- Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification.

As per our attached report of even date

**FOR LODHA & COMPANY**

Chartered Accountants

**A.M. HARIHARAN**

Partner,

Membership No. 38323

Mumbai, 20<sup>th</sup> May 2009

On behalf of the Board of Directors

**RAGHU MODY**

Chairman

**P. K. CHOUDHARY**

Managing Director

**V. B. HARIBHAKTI**

Director

**AMIT GOENKA**

G.M. Finance &amp; Company Secretary

Mumbai, 20<sup>th</sup> May, 2009

**SCHEDULES TO THE FINANCIAL STATEMENTS**

	As at 31 <sup>st</sup> March 2009 Rupees	As at 31 <sup>st</sup> March 2008 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
	60,000,000	60,000,000
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
5,500,000 Equity Shares of Rs.10 each, fully paid-up	55,000,000	55,000,000
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	65,455	65,455
<b>SECURITIES PREMIUM ACCOUNT</b>		
As per last Balance Sheet	2,492,830	2,492,830
<b>REVALUATION RESERVE</b>		
As per last Balance Sheet	160,239,980	165,208,662
Less : Transferred to General Reserve	148,612,192	-
Less : Transferred to Profit & Loss Account	4,364,198	4,968,682
	7,263,590	160,239,980
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	65,021,601	84,938,943
Add : Transferred from Revaluation Reserve (Refer Note No.6 in shedule 18)	148,612,192	-
Less : Deferred Tax impact on sale of properties (Refer Note No.6 in shedule 18)	50,513,284	-
Less : Transferred to Profit & Loss Account	-	19,917,342
	163,120,509	65,021,601
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Surplus as per annexed account	4,073,610	-
	177,015,994	227,819,866
<b>3. SECURED LOANS</b> (For nature of security Refer Note 3 in Schedule 18)		
From Banks		
Term Loans		
- Foreign Currency Loan	-	2,280,000
- Rupee Loans	37,192,165	147,167,225
- Housing Loan	18,893,657	23,339,458
- Vehicle Loans	2,661,175	1,631,505
<b>Working Capital Loans</b>		
- Foreign Currency Loan	50,000,000	50,000,000
- Rupee Loans	60,552,586	60,755,838
	169,299,583	285,174,026
<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	27,500,000
	79,329,505	75,113,885

**SCHEDULES TO THE FINANCIAL STATEMENTS AS ON 31<sup>ST</sup> MARCH, 2009**
**5. FIXED ASSETS**

Description	GROSS BLOCK ( AT COST/BOOK VALUE)			DEPRECIATION			NET BLOCK	
	As at 1 <sup>st</sup> April, 2008 Rs.	Additions Rs.	Adjustments/ Deductions Rs.	As at 31 <sup>st</sup> March, 2009 Rs.	As at 1 <sup>st</sup> April, 2008 Rs.	Additions Rs.	As at 31 <sup>st</sup> March, 2009 Rs.	As at 31 <sup>st</sup> March, 2008 Rs.
<b>Land:</b>								
- Freehold	403,894	-	-	403,894	-	-	403,894	403,894
- Leasehold in perpetuity	830,761	-	-	830,761	-	-	830,761	830,761
- Leasehold- long term	546,153	-	-	546,153	286,655	-	245,844	259,498
Buildings @	283,424,603*	60,328,248^	180,857,664	162,895,187	41,715,737	8,087,101	129,329,604	241,708,866
Plant & Machinery	385,454,554	24,667,045	8,341,267	401,780,332	197,415,634	29,525,918	182,538,180	188,038,919
Furniture & Fixtures	7,968,914	534,615	219,509	8,284,020	4,385,342	461,290	3,611,755	3,583,572
Motor Vehicles #	10,129,763	2,490,874	3,622,997	8,997,640	4,551,084	855,764	6,271,997	5,578,680
Technical Know-How	5,304,212	-	-	5,304,212	1,323,391	454,921	3,525,900	3,980,821
<b>Total</b>	<b>694,062,854</b>	<b>88,020,782</b>	<b>193,041,437</b>	<b>589,042,199</b>	<b>249,677,843</b>	<b>39,398,648</b>	<b>326,757,935</b>	<b>444,385,011</b>
<b>AS AT 31ST MARCH 2008</b>	<b>735,350,181</b>	<b>52,475,328</b>	<b>93,762,655</b>	<b>694,062,854</b>	<b>270,283,379</b>	<b>37,793,211</b>	<b>444,385,011</b>	

@ 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.

\* Refer Note No. 5 in Schedule 18

# Motor Vehicles include Rs 4,721,464 (previous year Rs 7,763,600 ) being assets acquired on hire purchase basis.

^ In respect of additions to building for Rs. 57,244,460, encumbrances of the selling party's banker is in the process of being vacated.

**SCHEDULES TO THE FINANCIAL STATEMENTS**

		As at 31 <sup>st</sup> March 2009 Rupees	As at 31 <sup>st</sup> March 2008 Rupees
<b>6. INVESTMENTS</b>			
NON-TRADE, LONG TERM QUOTED :-	No. of Equity Shares (Fully paid of Rs 10 each) (Figures in bracket indicate previous year's figures)		
J.L.Morison (India) Ltd.	219400 (219400)	30,709,480	30,709,480
Rasoi Ltd.	175068 (175068)	23,061,636	23,061,636
Autolite Industries Ltd.	100 (100)	3,216	3,216
Lumax Industries Ltd.	100 (100)	3,599	3,599
Lumax Automotive Systems Ltd.	50 (50)	1,793	1,793
Sona Koyo Steering Systems Ltd. (Paid up value Rs.1 (Rs.2) each)	2000 (1000)	4,679	4,679
Rane (Madras) Ltd.	50 (50)	2,151	2,151
Rane Holdings Ltd.	65 (50)	2,151	2,151
Reinz-Talbro Ltd.	100 (100)	-	1,229
ZF Steering Gear (I) Ltd.	100 (100)	2,749	2,749
Clutch Auto Ltd.	50 (50)	455	455
Daewoo Motors India Ltd.	10 (10)	-	63
Bajaj Auto Ltd.	10 (10)	1,000	3,000
Bajaj Holdings & Investment Ltd.	10 ( Nil )	1,000	-
Bajaj Financial Services Ltd.	10 ( Nil )	1,000	-
Ashok Leyland Ltd.	100 (100)	525	525
LML Ltd.	10 (10)	274	274
Rane Brake Lining Ltd.	20 (20)	550	550
Bosch Chassis System India Ltd.	20 (10)	1,077	1,077
Tata Motors Ltd	10 (10)	767	767
Hero Honda Motors Ltd. (Paid up value Rs.2 each)	10 (10)	1,693	1,693
Mahindra & Mahindra Ltd.	20 (20)	1,251	1,251
Himachal Futuristic Communication Ltd.	2255 (2255)	139,408	139,408
Century Enka Ltd.	120 (120)	26,100	26,100
UNQUOTED			
Worli Management Services P Ltd.	Nil (4990)	-	49,900
Mode Enterprises Pvt. Ltd.	4900 (4900)	49,000	49,000
Leaders Healthcare Pvt. Ltd.	157500 (157500)	9,450,000	9,450,000
Rasoi Finance Ltd.	22500 (22500)	1,125,000	1,125,000
<b>AGGREGATE COST OF INVESTMENTS :</b>		<b>64,590,554</b>	<b>64,641,746</b>
<b>AGGREGATE COST OF QUOTED INVESTMENTS :</b>		<b>53,966,554</b>	<b>53,967,846</b>
<b>AGGREGATE COST OF UNQUOTED INVESTMENTS :</b>		<b>10,624,000</b>	<b>10,673,900</b>
<b>AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS :</b>		<b>97,903,724</b>	<b>131,152,511</b>
<b>7. INVENTORIES</b>			
(As taken, valued and certified by the Management)			
Stores and spare parts		8,125,690	8,337,187
Raw materials including components		47,126,829	31,239,606
Work-in-progress		20,932,882	25,586,775
Finished goods		18,184,087	18,810,186
		<b>94,369,488</b>	<b>83,973,754</b>
<b>8. DEBTORS - Unsecured</b>			
Considered good -			
Outstanding over six months		3,762,971	9,182,490
Others		150,055,830	137,943,880
		<b>153,818,801</b>	<b>147,126,370</b>

**SCHEDULES TO THE FINANCIAL STATEMENTS**

	As at 31 <sup>st</sup> March 2009 Rupees	As at 31 <sup>st</sup> March 2008 Rupees
<b>9. CASH AND BANK BALANCES</b>		
Cash in hand	190,663	119,693
Cheques in hand	7,261,712	5,075,641
Balances with Scheduled Banks		
- in Current Accounts	761,962	1,292,849
- in Fixed Deposit Accounts	1,000,000	-
- in Margin Deposit Accounts *	2,274,106	953,781
- In Dividend Accounts	683,198	688,612
	<u>12,171,641</u>	<u>8,130,576</u>
* Against letters of credit and guarantees issued by the Bank		
<b>10. LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	7,688,641	3,611,658
Deposits	8,532,914	7,489,412
Balances with Central Excise, Cenvat Credit & Service Tax Receivable	2,705,588	2,739,529
Advance payments of Taxation (less provision Rs. 8,192,669, previous year Rs. 7,598,141)	3,011,717	2,081,196
	<u>21,938,860</u>	<u>15,921,795</u>
<b>11. CURRENT LIABILITIES</b>		
Sundry Creditors		
- Due to Micro and Small Enterprises (Refer Note No.19 in Schedule 18)	-	-
- Others	91,281,992	73,899,683
Other Liabilities	65,301,284	112,614,514
Interest accrued but not due on Loans	548,706	776,401
Investor Education and Protection Fund shall be credited by the following amount - Unpaid Dividend*	683,198	688,612
	<u>157,815,180</u>	<u>187,979,210</u>
* There is no amount due as at the Balance Sheet date		
<b>12. PROVISIONS</b>		
Provision for Gratuity	4,857,479	4,019,166
Provision for Leave Entitlement	1,556,228	1,350,263
	<u>6,413,707</u>	<u>5,369,429</u>
	<b>Year ended 31<sup>st</sup> March 2009 Rupees</b>	<b>Year ended 31<sup>st</sup> March 2008 Rupees</b>
<b>13. OTHER INCOME</b>		
Dividend on Long Term Investment	726,757	726,634
Excess provision & unclaimed balances written back	-	1,163,127
Compensation on Surrender of Premises (net)	7,150,000	-
Profit on sale/discarding of Fixed Assets (net) (Refer Note No. 6 in shedule 18)	18,768,485	7,473,832
Miscellaneous income	3,553,421	2,251,404
Insurance Claim	-	107,217
	<u>30,198,663</u>	<u>11,722,214</u>



## SCHEDULES TO THE FINANCIAL STATEMENTS

	Year ended 31 <sup>st</sup> March 2009 Rupees	Year ended 31 <sup>st</sup> March 2008 Rupees
<b>14. INCREASE/(DECREASE) IN STOCKS</b>		
Opening Stock :-		
Work-in-progress	25,586,775	21,782,785
Finished goods	18,810,186	18,813,925
	44,396,961	40,596,710
Closing Stock :-		
Work-in-progress	20,932,882	25,586,775
Finished goods	18,184,087	18,810,186
	39,116,969	44,396,961
Increase/(Decrease) in stocks	(5,279,992)	3,800,251
<b>15. EMPLOYEES' COST</b>		
Salaries, Wages and Bonus	71,649,044	65,915,052
Gratuity	2,388,324	948,162
Contribution to Provident and other Funds	8,757,966	4,350,894
Staff Welfare	5,192,320	4,470,594
	87,987,654	75,684,702
<b>16. OTHER EXPENSES</b>		
Packing materials consumed	12,419,561	12,627,623
Rent (including lease rent)	2,354,681	2,183,259
Rates and taxes	5,176,448	1,325,176
Insurance(including transit insurance, net of recoveries)	1,435,639	1,379,029
Freight and delivery(net of recoveries)	26,717,016	24,974,610
Repairs & Maintenance:		
Plant & Machinery	6,150,727	7,732,963
Buildings	2,415,271	1,943,741
Job charges	38,403,894	36,369,614
Increase /(Decrease) in Excise Duty on Closing Stock	(1,009,377)	(147,108)
Travelling & Conveyance	15,781,119	17,305,744
Postage,Printing,Stationery & Telephones	6,286,838	7,498,414
Rebates, discounts, etc.	43,070,228	34,545,299
Investments written off	51,192	-
Miscellaneous Expenses	27,197,183	22,133,157
	186,450,420	169,871,521
<b>17. INTEREST (NET)</b>		
Interest :		
On loans for fixed periods	10,752,238	27,752,953
On Others	17,507,072	18,331,861
	28,259,310	46,084,814
Less : Interest income	400,075	4,941,190
On Others (includes Rs Nil in respect of earlier years, previous year Rs. 4,498,131) (Tax deducted at source Rs 38,072, previous year Rs 1,073,578)	27,859,235	41,143,624

**SCHEDULE 18.**
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009.**

(Figures in brackets pertain to the financial statements for the year ended 31<sup>st</sup> March, 2008)

**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 :**

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.

**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:**

Value of long term investments are stated at cost. No adjustment is made in the carrying cost for temporary decline in the value of long term investments.

**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 and Insurance policy under the Group Gratuity Scheme with insurers to cover the gratuity liability of the staff and workmen at plants and the amount paid / payable in respect of present value of liability of past services is charged to the Profit and Loss Accounts every year. In respect of other employees ,gratuity liability is provided for the on actuarial valuation as 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.1,387,750 ( Rs.1,096,750 ).
  - (b) Disputed Income Tax matters : Rs. 2,889,059 (Rs. 1,083,237 ).
2. Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advances, unsecured, considered good, of Rs. Nil ( Rs.1,697,980 )] Rs. Nil ( Rs.7,146,711 )
3. Loan from Banks:
  - a) Rupee Term Loans for Equipment finance are secured by way of hypothecation of machinery, machinery spares, tools and accessories purchased there against and by way of first charge on immovable properties at Jalna Unit.
  - b) Working Capital Loans (Foreign Currency & Rupee Loans) and non fund based limit utilized amount Rs. 27,624,077 ( Previous year Rs. 10,175,000 ) are secured by hypothecation of stocks, debtors and all liquid assets and charge on immovable properties at Bhandara Unit.
  - c) Housing Term Loans are secured against equitable mortgage of one residential flat and an office premises situated at Mumbai.
  - d) Vehicle Loans are secured by way of hypothecation of motor vehicles purchased there against.
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 Company has revalued all its Residential properties (including two premises sold during the year as referred below in point no. 6 ) as on 31-03-2007 on their fair market value, using standard indices as assessed and valuation reports submitted by the approved valuers .

This had resulted in a net increase in the Book Value by Rs. 165,208,662 which was transferred to Revaluation Reserve at that time. The historical cost in the Gross block of the Fixed Assets for the remaining property was substituted with the Revalued amount of Rs. 10,500,000, (previous year Rs.185,544,000 )

6. The Company has during the year sold two properties for a net consideration of Rs 18,16,25,500 and profit of Rs. 170,05,091 thereon, as compared to the carrying value has been credited to other income. Further in accordance with the Accounting Standard -10 , revaluation reserve created on such property has been directly transferred to General reserve. The deferred Tax impact of Rs 50,513,284 on such revaluation amount has been adjusted from the General Reserve.
7. The amount of exchange difference (net) credited to the Profit and Loss Account is Rs.10,63,135 (Previous year credited Rs.793,402).

8. "Rebates, discounts, etc." under "Other Expenses" in the profit and loss account includes:	Rs.	Rs.
Commission to selling agents	<b>468,349</b>	(399,913)
Brokerage on sales and cash discount	<b>8,494,832</b>	(6,582,144)
9. Miscellaneous Expenses include :		
Auditors' remuneration:		
Audit fees	<b>300,000</b>	(250,000)
Certification	<b>47,500</b>	( 10,000)
Reimbursement of out of pocket expense	<b>67,043</b>	( 37,783)
Including Service Tax Rs. 8336 Rs. (4,156)		
10. (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	<b>1,534,400</b>	(1,488,000)
Allowances and Perquisites	<b>1,945,284</b>	(1,788,240)
Contribution to Provident Fund and Superannuation Fund	<b>326,128</b>	(401,760)
Sitting Fees	<b>175,000</b>	(2,00,000)
<b>Total</b>	<b>3,980,812</b>	<b>(3,868,000)</b>

(b) No commission is payable to Directors/Managing Director and hence computation of Net Profits in accordance with Section 198, 309 and 349 of the Companies Act, 1956 has not been given.

(c) The remuneration paid to Executive Director- Marketing and Executive Director – Manufacturing for the period from 9<sup>th</sup> August, 2008 to 31<sup>st</sup> March, 2009 aggregating to Rs. 8,11,563. And Rs. 8,11,563 respectively is subject to the approval of the shareholders in the forthcoming Annual General Meeting.

11. Earnings Per Share:-	Rs.	Rs.
Net Profit / ( Loss )as per Profit and Loss account	<b>4,073,610</b>	(19,917,342)
Weighted average number of equity shares outstanding	<b>5,500,000</b>	(5,500,000)
Basic and Diluted earnings per share (face value – Rs.10 per share)	<b>0.74</b>	(3.62)

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

Deferred Tax Liabilities		
- Depreciation / Amortization	<b>72,850,909</b>	(38,736,530)
- Early Voluntary Retirement	<b>(2,442,994)</b>	(2,844,762)
Deferred Tax Assets		
- Gratuity /Leave encashment /others	<b>1,651,057</b>	(1,433,376)
- Carry Forward Business Loss	<b>9,056,799</b>	(39,578,975)
Net deferred tax liability	<b>59,700,059</b>	<b>(5,68,941)</b>

b) Provision for current tax includes Rs.1,802,500 (Rs. 1,845,000) in respect of Fringe Benefit Tax and Rs. 20,000 (Rs.28,000) in respect of Wealth Tax..

13. **Research and Development expenditure:**

(a) Fixed assets	:	<b>Nil</b>	(5,681,000)
(b) Profit and loss account	:	<b>5,587,735</b>	(5,625,255)

(Debited to respective expense heads into Profit & Loss A/c)

**14 (a) Value of imports on C.I.F. basis:-**

Raw Materials	:	<b>81,031,670</b>	(59,656,388)
Components and spare parts	:	<b>343,076</b>	Nil

Note: Where items have been invoiced by suppliers on F.O.B. or C & F basis, the freight and insurance paid aggregating to Rs. 8,776,647.. (Rs.6,422,417 ) in local currency has been included in the above figures.

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

Travelling and other expenses	:	<b>938,659</b>	(767,980)
Commission	:	<b>352,608</b>	(186,137)
Interest on Foreign Currency Loans	:	<b>5,338,062</b>	(5,998,300)

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

Exports on F.O.B. basis.	:	<b>95,032,516</b>	(72,543,845)
Others (freight, insurance, etc.)	:	<b>3,158,443</b>	(31,93,410)

**(d) (i) Foreign Exchange Currency exposures covered by derivative instruments as on 31st March, 2009**

Type of Instruments	Currency Type	As on 31 <sup>st</sup> March, 2009		As on 31 <sup>st</sup> March, 2008	
		Amount (In Rs.)		Amount (In Rs.)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
FCNR (B) Working Capital Loan	Dollar	1,007,252	51,123,086	1,256,281	50,150,754

**(ii) Foreign Exchange Currency exposures not covered by derivative instruments as on 31<sup>st</sup> March, 2009**

Type of Instruments	Currency Type	As on 31 <sup>st</sup> March, 2009		As on 31 <sup>st</sup> March, 2008	
		Amount (In Rs.)		Amount (In Rs.)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Foreign Currency Loan	Dollar	Nil	Nil	57,000	2,280,000
Debtors	Dollar	412,625	20,627,530	239,021	9,560,854
Debtors	GBP	22,140	1,749,060	18,650	1,473,350
Debtors	Euro	Nil	Nil	6,722	417,772
Commission Payable	Dollar	3,535	1,68,442	5,344	213,776
Creditors for Goods	Dollar	215,721	10,743,691	40,784	1,631,340
Creditors for Goods	CAD	Nil	Nil	10,000	395,000

**15. Raw materials and Components consumed:**

	Unit	Quantity	Rs.	Quantity	Rs.
Rubber	Tonnes	301	31,939,434	(289)	(26,746,934)
Chemicals & Solvents	Tonnes	3544	133,063,788	(3492)	(139,994,048)
Fibres	Tonnes	2786	86,815,424	(3039)	(79,083,456)
Ferrous Materials	Tonnes	815	50,793,262	(701)	(43,461,067)
Yarn / Intermediate Product	Tonnes	151	14,808,395	(145)	(16,082,170)
Rivets / Ceramic Spares	Nos.000	27895	26,542,655	(23913)	(22,550,889)
			<b>343,962,958</b>		<b>(327,918,564)</b>
		%	Rs.	%	Rs.
Imported materials		27.16	93,424,883	(25.40)	(83,281,037)
Indigenous materials		72.84	250,538,075	(74.60)	(244,637,526 )
		<b>100.00</b>	<b>343,962,958</b>	<b>(100.00)</b>	<b>(327,918,564)</b>

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

**16. Stores and Spare parts consumed:**

	%	Rs.	%	Rs.
Imported	0.78	140,756	(0.61)	(140,756)
Indigenous	99.22	17,844,214	(99.39)	(23,078,371)
	<b>100.00</b>	<b>17,984,970</b>	<b>(100.00)</b>	<b>(23,219,127)</b>

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

**17. Capacities/production of Finished Goods**

	Unit	Installed capacity		Production*	
				Per annum	
Brake Linings	Tonnes	4850	(4850)	4119	(3759)
Clutch facings	Nos. '000	2760	(2760)	2533	(2095)
Industrial Textiles	Tonnes	576	(600)	321	(425)
Jointings/Limpet sheets	Tonnes	1490	(1490)	1050	(1148)
Compestos	Tonnes	30	(30)	37	(10)
Others	Tonnes	180	(180)	204	(175)

Notes :

- Licensed Capacity: Delicensed
- 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.

**18. 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	830	73,699,603	2	0	204820	1035
	'000	(313)	(79,421,982)	(1)	(2)	(450,558)	(204,820)
Brake liners	Nos.	5207	404,266,645	189	212	13,260,690	11,645,378
	'000	(5008)	(378,293,642)	(274)	(189)	(11,345,044)	(13,260,690)
Clutch facings	"	2521	112,487,413	34	46	2,186,408	2,157,519
		(2140)	(93,913,036)	(79)	(34)	(3,355,007)	(2,186,408)
Asbestos Textiles	Tonnes	315	51,207,235	2	8	230,757	1,371,192
		(424)	(54,114,626)	(1)	(2)	(137,824)	(230,757)
Jointings/Limpet Sheets	"	1052	86,788,739	37	35	2,325,114	2,015,993
		(1149)	(68,206,440)	(38)	(37)	(3,037,100)	(2325114)
Compestos	Nos.	5430	8,917,773	2	21	17,193	754,219
		(6354)	(12,029,133)	(0)	(2)	(Nil)	(17,193)
Others	"	208	17,063,422	12	8	585,203	238,751
		(176)	(12,762,881)	(13)	(12)	(488,392)	(585,203)

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

Ceramic Spares	Nos	198	18,650,958	0	0	0	0
	'000	(185)	(17,047,306)	(0)	Nil	Nil	Nil
			<b>773,081,788</b>			<b>18,810,186</b>	<b>18,184,087</b>
			<b>(715,788,846)</b>			<b>(18,813,925)</b>	<b>(18,810,186)</b>

\* Various types/sizes

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

19. The Company has commenced the process of obtaining / compiling information from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006 and hence the disclosure, if any, relating to amounts unpaid as at the end of the period as required under the Act could not be furnished.

**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 (Grandson of Mr. Raghu Mody)
- 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 Taken**

J L Morison (India) Limited Nil  
(Net of Loans Repaid) (27,500,000)

**Loan Repayment**

J L Morison (India) Limited 7,500,000  
(Net of Loans taken) (Nil)

**Interest Paid**

J L Morison (India) Limited 35,90,959  
(6,646,116)

**Dividend Received**

J L Morison (India) Limited 548500  
(548,500)

Rasoi Limited 143,068  
(143,068)

**Purchase of Property**

JL Morison ( India ) Ltd. 49,700,000  
(Nil)

**Reimbursement of Expenses to**

J L Morison (India) Limited 123,544  
(27,491)

**From**

J L Morison (India) Limited 8,634  
(3,594,834)

**Rent Paid to**

Rasoi Limited 474,000  
(474,000)

Pallawi Resources Ltd. 120,000  
(120,000)

Others 120,000  
(60,000)

**Received From**

Others 12000  
(12,000)

**B) NATURE OF TRANCTIONS WITH KEY MANAGEMENT PERSONNEL**

Salary and Allowances 3,805,812  
(3,668,000)

**C) Closing Balance with Associates / Relatives PARTICULARS**

**Loan Taken**  
J L Morison (India) Ltd 20,000,000  
(27,500,000)

**Advances received**

J L Morison (India) Ltd Nil  
(80,000,000)

**Deposits given**

Pallawi Resources Ltd 550,000  
(550,000)

Sumitra Devi Mody 996,736  
(996,736)

**Investments In**

J L Morison (India) Ltd 30,709,480  
(30,709,480)

Rasoi Limited 23,061,637  
(23,061,637)

Others 1,125,000  
(1,125,000)

**Notes:**

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

**22. Loans & 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 31.03.09 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)	4,33,000	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.

Signatures to Schedules 1 to 18 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

Mumbai, 20<sup>th</sup> May 2009

On behalf of the Board of Directors

**RAGHU MODY**

Chairman

**P. K. CHOUDHARY**

Managing Director

**V. B. HARIBHAKTI**

Director

**AMIT GOENKA**

G.M. Finance & Company Secretary

Mumbai, 20<sup>th</sup> May, 2009



**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	0	9
	Date			Month			Year			

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

Public Issue			N	I	L	Rights Issue			N	I	L
Bonus Issue			N	I	L	Private Placement			N	I	L

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

	Total Liability						Total Assets					
	7	0	4	5	7	4	7	0	4	5	7	4
	Paid up Capital						Reserves & surplus					
Sources of Funds :		5	5	0	0	0	1	7	7	0	1	6
	Secured Loans						Unsecured Loans					
	1	6	9	3	0	0		7	9	3	3	0
	Net Fixed Assets						Deffered Tax Liability					
Application of Funds :	3	2	6	7	5	8		5	9	7	0	0
	Net Current Assets						Investments					
	1	1	8	0	7	0		6	4	5	9	1
							Miscellaneous Expenditure					
								3	0	9	2	7

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

Turnover						Total Expenditure					
7 7 3 0 8 2						7 8 3 4 8 7					
Profit Before Tax						Profit After Tax					
1 4 5 1 4						4 0 7 4					
Earning per share (Rs.) Annualised						Dividend Rate %					
0 . 7 4						0					

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

Item Code : (ITC Code )	Product Description
8 7 0 8 3 1 . 0 0	B R A K E L I N E R S
8 4 8 4 9 0 . 0 0	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
8 7 0 8 9 3 . 0 0	C L U T C H F A C I N G S

On behalf of the Board of Directors  
**RAGHU MODY** Chairman

**P. K. CHOUDHARY** Managing Director

**V. B. HARIBHAKTI** Director

**AMIT GOENKA**



# 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 Fifth Annual General Meeting of the Company to be held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 at 4.00 p.m. on Thursday 10<sup>th</sup> September, 2009.

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

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 Fifth Annual General Meeting of the Company to be held at The .....

-----

Signed this ..... day of ..... 2009

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

Affix a  
Rs. 1/-  
Revenue  
Stamp

