

Committed to safety, always



ANNUAL REPORT 2011-12



Our Plant at Paithan, Aurangabad



Our Plant at Bhandara, Nagpur

BOARD OF DIRECTORS

Raghu Mody	Executive Chairman
P K Choudhary	Managing Director
Ramchandra Rao (w. e. f. 16 th May, 2012)	Joint Managing Director
Varunn Mody	Executive Director
K M Robinson	Independent Director
A B Vaidya	Independent Director
Lt. Gen. (Retd.) K. S. Brar	Independent Director
Brijmohan Rai Bahl (w. e. f. 16 th May, 2012)	Independent Director
Amit Goenka	GM Finance & Company Secretary

AUDITORS

Lodha & Co.

SOLICITORS

Khaitan & Co.

BANKERS

Bank of Baroda
ICICI Bank Ltd.

REGISTERED OFFICE

B-11, Paragon Condominium,
Pandurang Budhkar Marg, Worli,
Mumbai – 400 013

REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078.

WORKS

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

CONTENTS.....	Page
Notice	1
Directors' Report.....	6
Management Discussion and Analysis Report.....	9
Report on Corporate Governance	10
Auditors Report.....	17
Balance Sheet.....	20
Statement of Profit and Loss	21
Cash Flow Statement.....	22
Notes on Financial Statements.....	23

NOTICE

Notice is hereby given that the Forty Eighth Annual General Meeting of the Company will be held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 at 11.30 a.m. on Friday, 10th August, 2012 to transact the following businesses:

ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Mr. Varunn Mody, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. M. Robinson, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s Lodha & Company, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Brijmohan Rai Bahl (DIN 00222406), who was appointed as an Additional Director by the Board of Directors w.e.f. 16th May, 2012 in terms of Article No. 112 of the Articles of Association of the Company and as per the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice along with requisite deposit 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.”

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

“RESOLVED THAT Mr. Ramchandra Rao (DIN 02715085), who was appointed as an Additional Director by the Board of Directors w.e.f. 16th May, 2012 in terms of Article No.112 of the Articles of Association of the Company and as per the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice along with requisite deposit 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.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Mr. Ramchandra Rao as Joint Managing Director of the Company for a period of 3 years w. e. f. 16th May, 2012, on the terms and conditions as set out in the Explanatory Statement attached to this Notice, be and is hereby approved, with the liberty to the Board of Directors to revise the terms with regard to remuneration from time to time, within the limits provided for in the said Schedule XIII or any amendment thereto for the time being in force.

RESOLVED FURTHER THAT in event of absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Ramchandra Rao as Joint Managing Director of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration to him.

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

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Mr. Raghu Mody as an Executive Chairman of the Company for a period of 3 (three) years w. e. f. 1st October, 2011 on the terms and conditions as set out in the Explanatory Statement attached to this notice, be and is hereby approved, with the liberty to the Board of Directors to revise the terms with regard to remuneration from time to time, within the limits provided in the said Schedule XIII to the Act or any amendment thereto for the time being in force.

RESOLVED FURTHER THAT in event of absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Raghu Mody as an Executive Chairman of the Company, the payment of the above remuneration shall be payable as minimum remuneration to him.

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

By order of the Board of Directors

Amit Goenka

G. M. Finance & Company Secretary

Place: Mumbai

Date: 16th May, 2012

Registered 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 ONE OR MORE PROXY TO ATTEND AND VOTE, IN CASE OF POLL ONLY, INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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 6th August, 2012 to 10th August, 2012 (both days inclusive).
 3. The shares of the Company are listed on BSE Ltd., National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Association Limited. Listing fees for the financial year 2012-13 has been paid to all the stock exchanges except The Calcutta Stock Exchange Association Limited, where the Company has applied for de-listing.
 4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
 5. Members who hold shares in dematerialized form are requested to bring their client ID and DPID for easier identification of attendance at the Meeting.
 6. As required under Section 205A and 205C of the Companies Act, 1956, unclaimed dividend for the financial year ended 31st March, 2004 has been transferred to the Investor Education and Protection Fund (IEPF). The balance amount in unpaid dividend account for
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the financial year 2004-2005 is due for transfer to the Investors Education and Protection Fund by 13th October, 2012. The shareholders whose dividend remained unclaimed for the aforesaid financial year and following financial years are requested to claim it immediately from the Company, otherwise no claim shall lie against the said Fund or the Company in respect of any amounts which remained unclaimed for a period of seven years from the date it becomes first due for payment and no payment shall be made in respect of any such claim.

7. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the Meeting so that the answers can be made readily available at the Meeting.
8. Dividend on Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2012, if approved by the members at the Annual General Meeting, will be paid to those members whose names stand registered in the Register of Members as on 10th August, 2012.
9. Brief resume of Directors proposed to be re-appointed at the ensuing Annual General Meeting in terms of clause 49 of the Listing Agreement is annexed to the Notice.

INFORMATION OF DIRECTORS BEING PROPOSED FOR APPOINTMENT/RE-APPOINTMENT
[as required under Clause 49(IV)(G) of the Listing Agreement]

1. **Mr. Varunn Mody**, aged 28 years, is a young entrepreneur having good knowledge of business. He has experience in Finance and Management.

He is Director in J L Morison (India) Limited and Rasoi Express Private Limited.

As on 31st March, 2012, Mr. Varunn Mody does not hold any share in the Company.

2. **Mr. K. M. Robinson**, aged 64 years, is a leading lawyer based in the United Kingdom. Mr. Robinson is associated with the Company for last 17 years as a Director. Mr. Robinson possesses rich experience in Mergers & Acquisitions, International Taxation and Trade Laws.

As on 31st March, 2012, Mr. Robinson does not hold any share in the Company.

3. **Mr. Ramchandra Rao**, aged 55 years, is a Mechanical Engineer and has 31 years of rich experience in Auto Component Industry. He has been associated with Eaton Corporation for 3 years and with Kirloskar Oil Engines Ltd., Pune, for a long period of 21 years.

Mr. Rao is Executive Committee Member of Automotive Component Manufacturer Association of India (ACMA).

As on 31st March, 2012, Mr. Rao does not hold any share in the Company.

4. **Mr. Brijmohan Rai Bahl**, aged 66 years, is a Senior Chartered Accountant, Company Secretary and Lawyer by profession. He is a Senior Partner of B. R. Bahl & Associates, Company Secretaries and Management Consultant. He had been associated with Tata Group of Companies for 25 years.

Mr. Bahl is Director in TATA Services Ltd., The Associated Building Co. Ltd., VJM Media Pvt. Ltd., Bhakti Capital Advisors Pvt. Ltd. and Khandwala Securities Ltd.

As on 31st March, 2012, Mr. Bahl does not hold any share in the Company.

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

Item No. 6

Mr. Brijmohan Rai Bahl is appointed as an Additional Director of the Company w.e. f. 16th May, 2012. Mr. Brijmohan Rai Bahl, aged 66 years, is a Chartered Accountant, Company Secretary and has also done LLB. He has 25 years of experience in Finance & Taxation.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Brijmohan Rai Bahl holds office as such upto the date of this Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

The Board recommends passing of the Ordinary Resolution as set out at item no. 6 of the Notice.

Except Mr. Brijmohan Rai Bahl, none of the other directors of the Company are concerned or interested in the said resolution.

Item No. 7

Mr. Ramchandra Rao is appointed as an Additional Director of the Company w. e. f. 16th May, 2012. Mr. Ramchandra Rao, aged 55 years, is a Mechanical Engineer. He has 31 years of rich experience in Auto Component Industry.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Ramchandra Rao holds office as such upto the date of this Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

Mr. Rao is also appointed as Joint Managing Director of the Company for a period of 3 years w. e. f. 16th May, 2012 on the following terms and conditions:

1.	Salary	Rs. 3,00,000/- per month, and Special Allowance of Rs. 2,00,000/- per month with an increase which may be decided by the Board of Directors from time to time within limits, specified in Schedule XIII of the Companies Act, 1956.
2.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises etc., not exceeding Rs.10,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of salary.
3.	Servant Allowance	Provision for Servant Allowance Rs. 12,500/- p.m.
4.	Other Allowance	Provision for other allowance Rs. 8,333/- p.m.
5.	Variable Salary	Not exceeding Rs. 23 Lacs per annum (Performance Linked)
6.	Conveyance / Motor Car	Provision of motor car with driver or Rs. 50,000/- per month.
7.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding Rs. 1,00,000/- per annum.
8.	Leave Travel Concession	As per rules of the Company not exceeding, Rs. 2,00,000/- per annum.
9.	Provident and other funds including superannuation and gratuity	As per rules of the Company.
10.	Personal Accident Insurance	As per rules of the Company.
11.	Club subscription	Reimbursement of club subscription fee of one club.
12.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

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

The Board recommends the Ordinary Resolution as set out at item no. 7 of the notice for approval of the Members.

Except Mr. Ramchandra Rao, none of the other Directors are interested in this resolution.

Item No. 8

Mr. Raghu Mody, aged 73 years, is Chairman of the Company since 1987. He is a leading industrialist with several years of extensive and varied experience in setting up an operating business in edible oil, health care products, cosmetics, auto components and other industrial products.

Considering his vast experience the Board appointed him as an Executive Chairman of the Company for a period of 3 years w.e.f. 1st October, 2011 on the following terms and conditions:

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

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

The Board recommends the Ordinary Resolution as set out at item no. 8 of the notice for approval of the Members.

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

By order of the Board of Directors

Place: Mumbai
Date: 16th May, 2012

Amit Goenka
G. M. Finance & Company Secretary

Registered Office :
B-11, Paragon Condominium,
P. B. Marg, Worli, Mumbai – 400 013

DIRECTORS' REPORT

Your Directors present their Forty Eighth Annual Report together with the Audited Accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	Year ended	Year ended
	31 st March, 2012	31 st March, 2011
Net Sales and Income from Investments	11902	12394
Other Operating Income	40	87
Profit before Interest, Depreciation & Amortization exp. and exceptional item	3025	2985
Interest	(157)	(136)
Depreciation and Amortization expenses(Net)	(455)	(444)
Profit before Exceptional items and tax	2413	2405
Exceptional items	347	228
Profit Before Tax	2760	2633
Provision for Taxes	(668)	(628)
Profit After Tax	2092	2005
Profit available for appropriation	2601	2123
Appropriations		
Proposed Dividend	98	98
Corporate Dividend Tax	16	16
Transfer to General Reserve	1500	1500
Surplus carried to Balance Sheet	987	509

2. DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 2/- per share being 20% of the Paid-Up Equity Capital of the Company [previous year Rs. 2/- (20%) per share] for the year ended 31st March, 2012. The Corporate Dividend Tax of Rs. 16 Lacs (previous year Rs. 16 Lacs) will be payable on the total dividend amount of Rs. 98 Lacs (previous year Rs. 98 Lacs).

3. PERFORMANCE

During the year 2011-12, the Company could achieve turnover of Rs. 84.28 Crores, as against Rs. 95.72 Crores. The decline in turnover was mainly because of the discontinuation of the Jointing / Textile business, consequent to the sale of its Jalna Unit in March, 2011.

Investment income during the year increased from Rs. 28.22 Crores to Rs. 34.74 Crores. This was achieved with judicious deployment of funds in high yielding assets.

The gross profit of the Company increased to Rs. 30.25 Crores from Rs. 29.80 Crores. There was a one time profit of Rs. 3.47 Crores on the sale of a residential property. After considering Interest of Rs. 1.57 Crores, depreciation of Rs. 4.55 Crores and exceptional profit of Rs. 3.47 Crores, the profit before tax was Rs. 27.60 Crores. The net profit after providing tax of Rs. 6.68 Crores was Rs. 20.92 Crores

Profitability of the manufacturing segment was adversely affected on account of major cost escalation in raw material and other inputs, which could not be passed on to customers due to fixed annual rate contracts with a few of the Government / Institutional customers and on account of competitive market conditions.

Although, the current economic scenario appears subdued due to high inflation, political uncertainty and the depreciating Rupee, the Company will continue to put its focus on upgradation of process technology, improvement in productivity and cost control measures. The Company will also provide necessary focus for growth in the OEM business.

The Company will continue to deploy its funds in a prudent and judicious manner in order to optimize the return on its investments, amongst various asset classes.

During the year, the Company entered into a Long Term Settlement with the Workmen in its Bhandara Plant for a period of 3 years effective from 1st August, 2011.

The Company participated at the Auto Expo 2012 at Pragati

Maidan, New Delhi, in January, 2012. This is rated as the largest exhibition of its kind in Asia. The response from both domestic and international customers was encouraging.

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. PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' Report as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Reports and accounts as set out therein are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office and the same shall be made available.

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 earnings from exports amounted to Rs. 770 Lacs (PY Rs. 929 Lacs) of FOB value whilst the outgo for raw materials, capital goods and spares amounted to Rs. 776 Lacs (PY Rs. 1178 Lacs).

8. DIRECTORS

The Board of Directors appointed Mr. Raghu Mody as an Executive Chairman for a period of 3 (three) years w.e.f. 1st October, 2011.

During the year under review, Mr. D.L. Lyon, Mr. V. Sarin and Mr. V.D. Ingle resigned from the Directorship w.e.f. 25th May, 2011. Further, Mr. V.B. Haribhakti ceased to be

Director of the Company w.e.f. 9th August, 2011, who was liable to retire by rotation and shown his unwillingness to be re-appointed. However, Mr. V. Sarin and Mr. V.D. Ingle continue in service of the Company as part of the Senior Management Team.

Your Directors have placed on record their appreciation for the services rendered to the Company by the outgoing Directors during their tenure.

Mr. Ramchandra Rao and Mr. Brijmohan Rai Bahl were appointed as Additional Directors of the Company w.e.f. 16th May, 2012. Mr. Ramchandra Rao was also appointed as the Joint Managing Director w.e.f. 16th May 2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956, they hold office upto the ensuing Annual General Meeting of the Company. The Company has received notices pursuant to Section 257 of the Companies Act, 1956 in writing alongwith necessary deposits, proposing their candidature for the office of Director of the Company.

Mr. K. M. Robinson and Mr. Varunn Mody will retire by rotation and being eligible, offer themselves for re-appointment.

Your Directors recommend the above appointment / re-appointment for your approval.

9. AUDITORS

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

The Company has received a letter from them to the effect that they are willing to continue as Statutory Auditors and if re-appointed, their reappointment would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

10. CORPORATE GOVERNANCE

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) appropriate accounting policies have been selected and applied consistently and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and

other irregularities.

- (iv) the annual accounts have been prepared on a going concern basis.
- (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 its customers, suppliers, employees, shareholders and bankers and look forward to their continued support.

By order of the Board of Directors

**Raghu Mody
Executive Chairman**

Place: Mumbai

Date : 16th May, 2011

ANNEXURE TO DIRECTORS' REPORT
CONSERVATION OF ENERGY

- (1) Introduction of Multiple Cavity Moulds in Curing Presses, which has resulted into reduction of electricity consumption by about 20%.
- (2) Introducing of high tonnes presses for HCV Brake Liners, leading to reduction of Electricity consumption.
- (3) Replacing the Steam based Drying ovens by Diesel Fired Oven.

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

- Development of Drop Hammer Brake Lining.
- Development of CNSL based Resin for NA Brake Rolls eliminating imported raw material.
- Development of Brake Block for K type GM Loco and L type BLC wagon.

(2) Benefit of the above:

Additional business & cost saving

(3) Future Plan of Action

- Development of Disc Brake pads for Passenger Coaches for Indian Railway.
- Non Asbestos GMPD brake for Tractors.

(4) EXPENDITURE

4.1 Capital	-	Nil
4.2 Recurring	-	Rs.78Lacs
4.3 Total	-	Rs.78Lacs
4.4 Total as a % of Turnover	-	0.93%

(4) TECHNICAL ABSORPTION, ADAPTION & INNOVATION

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERALL REVIEW

The Indian economy continues to grow at an impressive rate, when compared to the rest of the world's economy and has emerged as the third largest economy on the basis of Purchasing Power Parity (PPP). However, there has been a significant slowdown in growth over the last few months, on account of political uncertainty, high interest rate, depreciation of the Indian Rupee and frequent increase in fuel prices. Inflation continues to be an area of concern. Consequently, the Automobile Industry has shown signs of a slowdown with growth in Passenger Car production slowing under 5%, and Commercial Vehicle production showing even weaker trends.

PRODUCTION RANGE

Our Company is engaged in the manufacture & marketing of fibre based Friction Materials, consisting of Brake Liners, Roll Linings, Clutch Facings, Disc Brake Pads used in Heavy and Light Trucks, Passenger Cars, 2 / 3 wheelers, off-road-vehicles and construction & Mining equipment. Composition Brake Blocks for the Railways are also an important part of the Company's product portfolio.

OPPORTUNITIES AND THREATS

In view of the weak growth in both Automobile sector and the economy at large, the Company is focusing on strengthening and diversifying its product portfolio to cater to opportunities in the aftermarket.

With the entry of new players catering to the OEM & Railway demand, the Company could face a potential threat in some of its business segments. However, the Company continues to invest in new processes and technologies to remain competitive.

The cost increase in essential raw materials, mainly because of high inflation, continues to put pressure on margins. The Company remains confident to meet this challenge with a focus on productivity improvement and cost control measures.

BUSINESS OUTLOOK

Although, market conditions will remain competitive, future success will depend upon offering improved products through technology innovation and productivity. The Company continues to invest in these areas.

The Investment activity of the Company remains robust and is expected to continue to enhance the Company's profitability.

RISKS AND CONCERNS

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

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

HRD / INDUSTRIAL RELATIONS

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

COMPANY'S FINANCIAL PERFORMANCE AND ANALYSIS

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

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

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

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

2. Corporate Ethics.

The Company adheres to the highest standards of business ethics, 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 Corporate Affairs (MCA) and/ or Authorities as required under the Act.
- Issued all notices as required to be given for convening the meeting of the Board of Directors and General Meetings of the shareholders within the time limit prescribed by law.
- Conducted the meetings of the Board of Directors and Annual General Meeting as per the provisions of the Act.
- Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors and the shareholders.
- Made due disclosures under the requirements of the Act including the requirements in pursuance to the disclosures made by the Directors.
- Obtained necessary approvals of the directors, shareholders, Central Government and other authorities as per the statutory requirements.
- Given loans and made investments in accordance with the requirements of the Act.
- Not exceeded the borrowing powers of the Company.
- Registered all the particulars relating to the creation, modification and satisfaction of the charges with the Registrar of Companies.
- Effected share transfers and 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 31st March, 2012 consisted of six Directors. The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of directorships in other companies and Chairmanship / Membership in committees are given below:

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

* Appointed as an Executive Chairman of the Company w. e. f. 1st October, 2011

** Resigned w. e. f. 9th August, 2011

*** Resigned w. e. f. 25th May, 2011

Mr. V. B. Haribhakti, Mr. D. L. Lyon, Mr. V. D. Ingle and Mr. Vinay Sarin have ceased from the directorship of the Company during the year, hence the details of chairmanship, membership and directorship of other companies as on 31st March, 2012 are not available.

• **Number and date of Board Meetings held:**

Five Board Meetings were held during the year 2011 -12. The dates on which the meetings were held are as follows:

Date of Board Meeting	Strength of the Board	No. of Directors' present
25 th May, 2011	10	5
10 th August, 2011	6	5
26 th September, 2011	6	5
8 th November, 2011	6	5
10 th February, 2012	6	5

5. Audit Committee

• **Composition:**

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

The Company Secretary acts as the Secretary to the Committee.

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

The Broad terms and reference of Audit Committee are to review the financial statements before submission to Board, to review reports of the Internal Auditor and to review the weakness in internal controls reported by Internal and Statutory Auditors and to review the remuneration of Internal

Auditor. In addition, the powers and role of the Audit Committee are as laid down under clause 49(II)C & 49(II)D of the Listing Agreement and Section 292A of the Companies Act, 1956.

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

During the year 2011 - 12, the Audit Committee met four times on 25th May, 2011, 10th August, 2011, 8th November, 2011 and 10th February, 2012. The attendance at the Committee meetings are as follows:

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

* Appointed as Chairman w. e. f. 10th August, 2011

** Upon cessation from directorship of the Company, ceased to be Member w. e. f. 9th August, 2011

6. Remuneration Committee

• **Composition:**

The Remuneration Committee comprises of Mr. A. B. Vaidya, Lt. Gen. (Retd.) K. S. Brar and Mr. K. M. Robinson. Mr. A. B. Vaidya is Chairman of the Committee.

The Company Secretary acts as the Secretary to the Committee.

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

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

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

During the year 2011 - 12 the Remuneration Committee met twice on 25th May, 2011 and 26th September, 2011. The attendance at the Committee meetings are as follows:

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

*Appointed as Chairman w. e. f. 10th August, 2011

** Appointed as a Member w. e. f. 10th August, 2011

*** Upon cessation from directorship of the Company, ceased to be member w. e. f. 9th August, 2011

• **Remuneration policy:**

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

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

Name	Salary	Perquisites or Allowances	Contribution to PF & others	Commission	Sitting fees	Total
Mr. Raghu Mody	24,00,000	10,38,750	-	-	25,000	34,38,750
Mr. Varunn Mody	42,00,000	20,72,250	5,04,000	25,50,000	-	93,26,250
Mr. P. K. Choudhary	15,60,000	19,89,800	4,21,200	-	-	39,71,000
Mr. Vinay Sarin*	75,167	1,20,143	9,020	-	-	2,04,330
Mr. V. D. Ingle*	82,500	1,24,460	9,900	-	-	2,16,860
Mr. K. M. Robinson	-	-	-	-	-	-
Mr. D. L. Lyon	-	-	-	-	-	-
Mr. V. B. Haribhakti	-	-	-	-	-	-
Mr. A. B. Vaidya	-	-	-	-	60,000	60,000
Lt. Gen. (Retd.) K.S. Brar	-	-	-	-	60,000	60,000

* The remuneration shown is for the period 1st April, 2011 to 25th May, 2011.

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

• **Shareholding of Non-Executives Directors**

As on 31st March, 2012, no Non-Executive directors held any share in the Company.

7. Shareholders' / Investors' Grievance Committee

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

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

the Compliance Officer of the Company. His address and contact details are given below:

Address : B-11-Paragon Condominium, Pandurang
Budhkar Marg, Worli, Mumbai-400013

Phone : 022-66880100

Fax : 022-66880105

Email : amitgoenka@hindcompo.com

During the year 2011 -12 the Shareholders' / Investor Grievance Committee met once on 10th February, 2012. The attendance at the Committee meeting was as follows:

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

* Appointed as Chairman w. e. f. 10th August, 2011.

** Appointed as a Member w. e. f. 10th August, 2011.

*** Upon Cessation from directorship of the Company, ceased to be Member w. e. f. 9th August, 2011

Status of investors' complaints / service requests:

Opening balance at the beginning of the year : Nil

Received and disposed during the year : 50

Closing balance at the end of the year : Nil

There were no share transfers pending for registration for more than 15 days on 31st March, 2012.

8. General Body Meetings

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

Financial year	Time	Date	Location
2008-09	4.00 p.m.	September 10, 2009	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2009-10	4.00 p.m.	September 7, 2010	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2010-11	11.00 a.m.	August 9, 2011	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

- **Special resolutions at last three AGMs**

AGM	Particulars of Special Resolutions
August 9, 2011	1. Appointment of Mrs Sakshi Mody as General Manager-Corporate under Section 314 of the Companies Act, 1956. 2. Alteration in Articles of Association of the Company.
September 7, 2010	Nil
September 10, 2009	1. For payment of commission to the Non-Executive Directors of the Company up to 1% of the net profit of the company for 5 financial years commencing from 1 st April 2009.

Postal Ballot

No Special Resolution was passed through Postal Ballot during the Financial Year 2011-12. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

9. Disclosures

i. Related Party Transactions

None of the related party transactions was in conflict with the interests of the Company. Details on materially significant related party transactions are given under notes on financial statements forming part of the Annual Report.

ii. Code of Conduct

The Board of Directors has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. All Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct. A declaration by the Managing Director of the Company affirming the compliance of the same in respect of the financial year ended on 31st March, 2012 by the members of the Board and Senior Management Personnel, as applicable to them, is also annexed separately to this Annual Report.

iii. Compliance by the Company

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

iv. Disclosure of accounting treatment

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

v. Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee

The Company has established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of Code of Conduct or ethics policy. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases. We affirm that during the financial year 2011-12, no employee was denied access to the Audit Committee.

vi. Risk Management

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

vii. CEO / CFO Certification

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

viii. Review of Directors' Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended 31st March, 2012 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

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

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

10. Means of communication

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

News Paper	Date of Board Meeting	Date of Publishing
Free Press Journal & Navshakti	25/5/2011	26/5/2011
Free Press Journal & Navshakti	10/8/2011	11/08/2011
Free Press Journal & Navshakti	8/11/2011	9/11/2011
Free Press Journal & Navshakti	10/2/2012	11/2/2012

11. General Shareholder information

- Annual General Meeting** : Friday, 10th August, 2012 at 11.30 a.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
- Financial Calendar 2012-13**
Result for the quarter ending June, 2012 – by August 14, 2012
Result for the quarter ending September, 2012 – by November 14, 2012
Result for the quarter ending December, 2012 – by February 14, 2012
Audited Result for the year ending March, 2013 – by May 30, 2013.
- Date of Book closure** : 6th August, 2012 to 10th August, 2012 (both days inclusive)
- Dividend Payment Date:** Credit / Dispatch between 20th August, 2012 to 24th August, 2012
- Listing on Stock Exchanges**
 - BSE Limited
 - National Stock Exchange of India Limited
 - The Calcutta 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 2012-13 to all the stock exchanges where the shares are listed, except The Calcutta Stock Exchange Association Ltd., where the Company has applied for delisting.
 - Market Price Data:** High/low during each month in last financial year

Month	Share price of the Company on BSE (Rs.)		BSE Sensex (Points)	
	High	Low	High	Low
April 2011	539.95	483.85	19811.14	18976.19
May 2011	519.85	462.50	19253.87	17786.13
June 2011	528.70	465.00	18873.39	17314.38
July 2011	507.95	470.00	19131.70	18131.86
August 2011	520.00	437.80	18440.07	15765.53
September 2011	518.95	472.80	17211.80	15801.01
October 2011	518.90	475.00	17908.13	15745.43
November 2011	508.00	440.00	17702.26	15478.69
December 2011	519.75	440.00	17003.71	15135.86
January 2012	502.95	440.00	17258.97	15358.02
February 2012	473.00	440.00	18523.78	17061.55
March 2012	475.00	430.00	18040.69	16920.61

• **Registrar and Transfer Agents:**

Link Intime India Pvt. Ltd
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (w), Mumbai-400 078.
e-mail: rnt.helpdesk@linkintime.co.in

• **Share Transfer System:**

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

• **Distribution of Shareholding as on 31st March, 2012**

Range of ordinary shares	No. of holders	%	No. of shares	%
1-500	11709	98.8940	567077	11.5190
501 – 1000	72	0.6080	54653	1.1100
1001-2000	31	0.2620	42293	0.8590
2001-3000	4	0.0340	9543	0.1940
3001-4000	2	0.0170	7963	0.1620
4001-5000	1	0.0080	4446	0.0900
5001-10000	2	0.0170	15520	0.3150
10001 and above	19	0.1600	4221505	85.7510
TOTAL	11840	100.00	4923000	100.00

• **Categories of Shareholders as on 31st March, 2012**

Category	No. of shares of Rs.10 each	%
Promoters		
- Indian	3691010	74.97
- Persons acting in concert	0	0.00
Indian Institutional Investors / Mutual Funds	178	0.02
Bodies Corporate	5043018	10.38
Indian Public	322516	14.45
NRIs	5328	0.16
Clearing Members	913	0.02
Directors / Relatives	0	0.00
Total	4923000	100.00

• **Dematerialization of Shares:**

As on 31st March, 2012, 91.90 % of the total shares of the Company were in dematerialized form.

• **Convertible Instrument:**

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, Paithan, Dist. Aurangabad - 431107

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

• **Registered Office & Address for Correspondence**

Hindustan Composites Limited
B-11, Paragon Condominium,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 013.
Telephone: 66880100
Fax: 66880105
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 affirming compliance of Board and Senior Management Personnel to the Code is also annexed herewith.

DECLARATION

As provided under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct during the year ended 31st March, 2012.

For **Hindustan Composites Ltd.**,

Place: Mumbai
Date: 16th May, 2012

P. K.Choudhary
Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To the Members of Hindustan Composites Limited

We have examined the compliance of the conditions of Corporate Governance by Hindustan Composites Limited for the year ended 31st March, 2012 as stipulated in Clause-49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

For LODHA & COMPANY
Chartered Accountants

Place: Mumbai
Dated: 16th May, 2012

(A. M. Hariharan)
Partner
Membership No. 38323
Firm Registration No- 301051E

AUDITORS' REPORT

To
The Members,
Hindustan Composites Limited.

1. We have audited the attached Balance Sheet of **Hindustan Composites Limited** as at 31st March, 2012, the Profit & Loss Statement 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 & Loss Statement 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 & Loss Statement 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 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 accompanying notes 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 31st March, 2012;
 - ii) in the case of the Profit & Loss Statement, 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

Membership No. 38323
Firm Registration No- 301051E

Place: Mumbai
Date: 16th May, 2012

**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 31ST MARCH, 2012**

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

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. There is a phased programme of physical verification of all fixed assets over a period of three years, based on which physical verification of certain fixed assets was carried out during the year which, in our opinion, is reasonable considering the size of the Company and nature of its fixed assets. The discrepancies noticed on such physical verification were not material and the same have been properly dealt with in the books of account. No substantial part of fixed assets was disposed off during the year.
2.
 - a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in - transit is being verified by the management with reference to confirmations or statements of account or subsequent receipt of goods.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification of inventory between the physical stock and book records were not material and have been properly dealt with in the books of account.
3.
 - (a) During the year, the Company has given unsecured loan to four companies, covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. 985 lacs and the year end balance is Rs. 125 lacs. The rate of interest and other terms and conditions of loan given, prima facie, are not prejudicial to the interest of the Company.
 - (b) The Company has not taken any unsecured loan from a Company covered in the register maintained under Section 301 of the Act.
4. In our opinion and explanations given to us, having regard to the explanation that some of the items purchased / sold are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal control system.
5.
 - (a) According to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Act have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions have been made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding Rs. five lacs or more in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and Rules framed thereunder.
7. The Company has an internal audit system commensurate with the size of the company and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act in respect of Automotive parts and are of the opinion that, prima facie, the prescribed records have been made and maintained. However, we are not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.
9.
 - a) According to the information and explanations given to us and according to the books and records as produced and examined by us, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable have generally been regularly deposited by the Company during the year with the appropriate authorities and there were no arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
 - b) According to the records of the Company and the information and explanations given to us by the management, there are no dues of Sales tax/ Income tax/ Excise duty/ Wealth tax/ Custom duty/ Cess which have not been deposited on account of disputes except:

Name of the Statutes	Nature of Dues	Amount (Rs. in lacs)	Period to which amount relates	Forum Where Disputed
Income Tax Act, 1961	Income tax	4.00	2009-10 (A.Y.)	C.I.T. (Appeals), Mumbai.
Central Sales Tax Act, 1956	Sales tax	9.20	2003-04 & 2004-05	Joint Commissioner of Sales Tax (Appeal), Nagpur.
Central Sales Tax Act, 1956	Sales tax	9.44	2001-02 & 2002-03	Appellate Tribunal, Mumbai.

10. The Company does not have accumulated losses as at 31st March, 2012 and has not incurred a cash loss during the financial year ended on that date. The Company had not incurred cash loss in the immediate preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
12. In respect of loans granted against securities, the Company has maintained adequate documents and records.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. In our opinion, during the year, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any debentures during the year or in the recent past.
20. The Company has not raised any money by way of public issue during the year or in the recent past.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **LODHA & COMPANY**
Chartered Accountants

A. M. Hariharan
Partner

Place: Mumbai
Date: 16th May, 2012

Membership No. 38323
Firm Registration No- 301051E

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at	As at
		31 st March, 2012	31 st March, 2011
		Rs.	Rs.
I EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	1	49,230,000	49,230,000
(b) Reserves and surplus	2	4,934,023,249	4,736,260,965
		<u>4,983,253,249</u>	<u>4,785,490,965</u>
(2) NON-CURRENT LIABILITIES			
(c) Long-term borrowings	3	52,637,134	48,867,087
(d) Deferred tax liabilities (Net)	4	88,357,520	76,243,851
		<u>140,994,654</u>	<u>125,110,938</u>
(3) CURRENT LIABILITIES			
(f) Short-term borrowings	5	17,267,722	101,732,020
(g) Trade payables		68,809,016	98,863,827
(h) Other current liabilities	6	58,356,637	65,654,759
(i) Short-term provisions	7	48,705,048	11,443,268
		<u>193,138,423</u>	<u>277,693,874</u>
Total		<u>5,317,386,326</u>	<u>5,188,295,777</u>
II ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed assets	8		
Tangible assets		477,036,500	445,550,928
Intangible assets		3,468,487	3,915,920
Capital work-in progress		431,935,347	396,694,931
(b) Non-current investments	9	2,714,901,178	2,752,432,527
(c) Long-term loans and advances	10	290,538,850	329,517,297
		<u>3,917,880,363</u>	<u>3,928,111,603</u>
(2) CURRENT ASSETS			
(d) Current investments	11	105,064,354	46,565,140
(e) Inventories	12	89,590,491	109,937,884
(f) Trade receivables	13	155,332,102	170,227,280
(g) Cash and Bank Balances	14	99,689,378	77,238,186
(h) Short-term loans and advances	15	886,959,953	799,785,669
(i) Other current assets	16	62,869,685	56,430,015
		<u>1,399,505,963</u>	<u>1,260,184,174</u>
Total		<u>5,317,386,326</u>	<u>5,188,295,777</u>
Significant Accounting Policies	A		
Accompanying notes forming integral part of the financial statements	B(1-41)		

As per our attached report of even date

For Lodha & Company
Chartered Accountants

A. M. Hariharan
Partner

Place: Mumbai
Date: 16th May, 2012

On behalf of the Board of Directors

Raghu Mody
Executive Chairman

P. K. Choudhary
Managing Director

Varunn Mody
Executive Director
Amit Goenka

G.M. Finance & Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	Year ended 31 st March, 2012	Year ended 31 st March, 2011
		Rs.	Rs.
I Revenue			
(a) Net Sales	17	842,721,164	957,194,400
(b) Income from Investments	18	347,473,252	282,207,435
(c) Other Operating Income		4,010,928	8,729,253
Total Revenue		<u>1,194,205,344</u>	<u>1,248,131,088</u>
II Expenses			
(a) Cost of materials consumed	19	417,999,951	461,023,752
(b) Purchases of Stock-in-Trade		6,826,501	28,005,581
(c) Decrease / (Increase) in inventories	20	8,790,698	727,566
(d) Employee benefits expense	21	124,891,898	114,048,049
(e) Finance Cost	22	15,666,715	13,608,478
(f) Depreciation and Amortization expense		45,489,617	44,437,700
(g) Other expenses	23	333,199,461	345,761,252
Total Expenses		<u>952,864,841</u>	<u>1,007,612,378</u>
III Profit Before Exceptional Items and Taxation (I-II)		<u>241,340,503</u>	<u>240,518,710</u>
IV Exceptional Items			
- Profit on sale of Fixed Assets		34,678,718	26,095,290
- Expenditure on Buy Back of Equity Shares		-	(1,292,689)
- Employees' Separation / Other Cost		-	(2,025,238)
V Profit Before Taxation (III+IV)		<u>276,019,221</u>	<u>263,296,073</u>
VI Tax Expenses			
Current Tax		54,700,000	61,160,000
Deferred Tax		12,113,669	1,684,685
VII Profit After Taxation (V-VI)		<u>209,205,552</u>	<u>200,451,387</u>
VIII Basic and diluted Earnings per Equity Share before Exceptional Items (Equity Share of Rs. 10 each)		35.45	32.64
IX Basic and diluted Earnings per Equity Share after Exceptional Items (Equity Share of Rs. 10 each)		42.50	36.82

Significant accounting policies

A

Accompanying notes forming integral part of the financial statements

B(1-41)

As per our attached report of even date

For Lodha & Company

Chartered Accountants

A. M. Hariharan

Partner

Place: Mumbai

Date: 16th May, 2012

Amit Goenka

G.M. Finance & Company Secretary

On behalf of the Board of Directors

Raghu Mody

Executive Chairman

P. K. Choudhary

Managing Director

Varunn Mody

Executive Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-2012 (Rs. In Lacs)	2010-2011 (Rs. In Lacs)
A CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	2,413.41	2,405.19
Adjustment for		
Depreciation	454.89	444.38
Amortisation of Premium on Investment	26.15	37.29
Loss on Sale of Fixed Assets	3.35	-
Excess Provision & Unclaimed Balance W/Back	(8.56)	(4.83)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>2,889.24</u>	<u>2,882.03</u>
Adjustment for		
(Increase) Decrease in Trade and other receivable	251.21	(1,585.65)
(Increase) Decrease in Inventories	203.47	(58.74)
(Decrease) Increase in Trade and other payables	(367.87)	(41.19)
(Increase) Decrease in Investment	(1,077.08)	1,446.85
Cash Generated from operations	<u>1,898.97</u>	<u>2,643.30</u>
Direct Taxed Paid (Net of Refund)	(6.06)	(801.92)
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXCEPTIONAL ITEMS	<u>1,892.91</u>	<u>1,841.38</u>
Proceeds from Exceptional Items	369.82	499.62
NET CASH FLOW FROM OPERATING ACTIVITIES AND EXCEPTIONAL ITEMS (A)	<u>2,262.73</u>	<u>2,341.00</u>
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(1,146.06)	(5,511.31)
Proceeds from Sale of Fixed Assets	2.00	(5,511.31)
NET CASH FLOW (USED IN)/ FROM INVESTING ACTIVITIES (B)	<u>(1,144.06)</u>	<u>(5,511.31)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings (Net)		
(Decrease)/Increase in Long Term borrowings	40.03	(79.89)
Increase/(Decrease) in Short Term borrowings	(844.65)	(572.05)
Buy Back of Equity Shares	-	(3,160.51)
Dividend Paid (including Corporate Dividend Tax)	(114.43)	(627.24)
NET CASH USED IN FINANCING ACTIVITIES (C)	<u>(919.05)</u>	<u>(4,439.69)</u>
Net Increase/ Decrease in cash and cash equivalent (A+B+C)	<u>199.62</u>	<u>(7,610.00)</u>
Cash and Cash equivalents		
Opening Balance	723.50	8,333.50
Closing Balance	923.12	723.50

Notes:-

- The above cash flow statement has been prepared by using indirect method as per Accounting Standards 3- Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents exclude balance in margin money deposit and dividend accounts aggregating to Rs. 73.77 Lacs (previous year Rs. 48.88 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

Place: Mumbai

 Date: 16th May, 2012

On behalf of the Board of Directors
Raghu Mody

Executive Chairman

P. K. Choudhary

Managing Director

Varunn Mody

Executive Director

Amit Goenka

G.M. Finance & Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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) Uses of estimates:

The preparation of financial statements to be in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

c) Revenue recognition:

- i) Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the customers and their logistics. Sales are net of sales returns and trade discounts.
- ii) Interest is accrued over period of loans /Investments.
- iii) Dividend is accrued in the year in which it is declared, whereby right to receive is established.

d) Fixed Assets:

- i) Fixed assets are stated at cost less accumulated depreciation. Costs comprise the purchase price, related pre operational expenses, borrowing cost and any attributable cost of bringing the assets to its working conditions for its intended use.
- ii) The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any, such indication exists, the carrying value of such asset is reduced to its recoverable amount and the impairment loss is charged to profit and loss account. If at the balance Sheet date there is any deduction that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

e) Depreciation:

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

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

Depreciation on the Fixed Assets added / disposed off / discarded during year is provided on prorata basis with reference to the month of addition / disposal / discarding.

Depreciation on spares purchased for specific machinery and having irregular use is provided prospectively over the residual life of the specific machinery.

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

Intangible Assets:

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

f) Investments:

- i) Long term investments are stated at cost less amortised premium. No adjustment is made in the carrying cost for temporary decline in the value of long term investments.
- ii) Current investments are carried at lower of the cost and fair value.

g) Inventories:

Inventories are valued at the lower of the cost (computed on weighted average basis) and estimated net realisable value after providing for obsolescence and other anticipated losses, if any. Finished goods and work in progress include costs of conversion and other costs incurred in bringing the inventory to their present locations and condition.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS
h) Employee Benefits:
i) Provident Fund and Superannuation Fund:

Retirement benefits in the form of provident fund/ superannuation fund are a defined contribution scheme and the contributions are charged to profit and loss account for the year when the contributions to the respective funds are due.

ii) Gratuity:

Gratuity liability is defined benefit obligations. The Company has taken an insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India to cover the gratuity liability of all its employees up to the Sixty years of age and the amount paid /payable in respect of present value of liability of past services is provided for, on the actuarial valuation at the year end.

iii) Leave Entitlement:

Liability for leave entitlement is provided on the basis of the actuarial valuation at the year end.

i) Research and Development Expenditure:

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

j) Foreign Currency Transaction:

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

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

k) Borrowing Costs:

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as part of the costs of such assets up to the date when such asset is ready for

its intended use. Other borrowing costs are charged to the profit and loss account.

l) Accounting for Taxes on Income:

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

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

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

m) Provisions, Contingent liabilities and Contingent assets:

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

B. NOTES ON FINANCIAL STATEMENTS :

Particulars	As at 31 st March, 2012 Rs	As at 31 st March, 2011 Rs
1. SHARE CAPITAL		
AUTHORISED		
5,500,000 Equity Shares of Rs. 10 each	55,000,000	55,000,000
500,000 Unclassified Shares of Rs.10 each	5,000,000	5,000,000
	<u>60,000,000</u>	<u>60,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
4,923,000 Equity Shares of Rs.10 each, fully paid-up	49,230,000	49,230,000
	<u>49,230,000</u>	<u>49,230,000</u>
1.1 Detail of Shareholding More than 5%	No. of Shares	No. of Shares
Rasoi Ltd	2,050,574	2,050,574
Leaders Healthcare Pvt Ltd	825,194	825,194
J L Morison India Ltd	369,234	369,234
1.2 Right attached to Equity Shares:		
The Company has only one class of Equity Shares having a par value of Rs. 10/- each. Each holder of Equity Shares is entitled to one vote per share.		
1.3 The reconciliation of the number of shares outstanding at the beginning and at the end of the period:		
Balance as at the beginning of the year	4,923,000	5,500,000
Shares issued during the year	-	-
Shares Buyback during the year	-	577,000
Balance as at the end of the year	<u>4,923,000</u>	<u>4,923,000</u>
2. RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	5,770,000	-
Add : Transferred from General Reserve on buyback of Equity Shares	-	5,770,000
	<u>5,770,000</u>	<u>5,770,000</u>
GENERAL RESERVE		
As per last Balance Sheet	4,679,627,933	4,843,120,509
Add : Transferred from Profit & Loss Account	150,000,000	150,000,000
Add : Transferred from Capital Reserve	-	65,455
Less : Premium on Buy Back of Equity Shares	-	307,788,031
Less : Transferred to Capital Redemption Reserve	-	5,770,000
	<u>4,829,627,933</u>	<u>4,679,627,933</u>
PROFIT & LOSS ACCOUNT		
Balance as at the beginning of the year	50,863,032	11,854,913
Add: Profit during the year	209,205,552	200,451,387
Less : Transferred to General Reserve	150,000,000	150,000,000
Less : Proposed Dividend	9,846,000	9,846,000
Less : Corporate Dividend Tax	1,597,268	1,597,268
Balance as at the end of the year	<u>98,625,316</u>	<u>50,863,032</u>
	<u>4,934,023,249</u>	<u>4,736,260,965</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2012 Rs	As at 31 st March, 2011 Rs
3. LONG TERM BORROWINGS		
Term Loans		
(For Terms & Conditions Refer Note No. 26)		
Secured		
From Bank - Vehicle Loans	5,492,239	1,253,201
Unsecured		
From SICOM Ltd. by way of deferral of sales tax liability	47,144,894	47,613,885
	<u>52,637,134</u>	<u>48,867,087</u>
4. DEFERRED TAX LIABILITIES		
Deferred Tax Liabilities		
Depreciation	87,273,876	82,864,849
Voluntary Retirement Benefit	-	(6,330,281)
Others	1,411,694	-
Total Deferred Tax Liabilities	<u>88,685,570</u>	<u>76,534,568</u>
Deferred Tax Assets – Gratuity	<u>328,050</u>	<u>290,717</u>
Net Deferred Tax Liability	<u>88,357,520</u>	<u>76,243,851</u>
5. SHORT TERM BORROWINGS		
Secured		
(For Terms & Conditions Refer Note No. 26)		
From Bank		
Working Capital Loans	17,267,722	51,732,020
Term Loan	-	50,000,000
	<u>17,267,722</u>	<u>101,732,020</u>
6. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt	3,580,988	3,348,140
(For Terms & Conditions Refer Note No. 26)		
Interest accrued but not due on borrowings	56,857	-
Unpaid dividends	2,167,800	2,020,146
Other payables	31,772,015	40,559,175
Employee Benefit Expenses	20,778,997	19,727,298
	<u>58,356,637</u>	<u>65,654,759</u>
7. SHORT TERM PROVISIONS		
Provision for Income Tax (Net of Advance Tax Rs. 1,049,704,025)	37,261,780	-
Proposed Dividend	9,846,000	9,846,000
Provision for Corporate Dividend Tax	1,597,268	1,597,268
	<u>48,705,048</u>	<u>11,443,268</u>

NOTES TO THE FINANCIAL STATEMENTS AS ON 31ST MARCH, 2012
8. FIXED ASSETS

Description	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 st April 2011	Additions/ (Disposals)	On disposals/ Revaluations	Balance as at 31 st March, 2012	Balance as at 1 st April, 2011	Depreciation charge for the year	On disposals	Balance as at 31 st March, 2012	Balance as at 1 st April, 2011
(a) Tangible Assets									
Land									
-Freehold	41,020,559	1,799,253	-	42,819,812	-	-	-	42,819,812	41,020,559
-Leasehold-long term	443,153	-	-	443,153	261,834	6,072	-	175,247	181,319
Buildings @	253,588,768	16,876,069	3,092,325	267,372,512	33,445,340	8,383,443	788,543	226,332,272	220,143,428
Plant & Equipment's	394,069,168	44,317,768	-	438,386,936	233,742,315	32,179,738	-	172,464,883	160,326,853
Furniture and Fixtures	9,310,406	3,390,960	-	12,701,366	5,279,220	545,640	-	6,876,506	4,031,186
Motor Vehicles #	18,959,946	11,037,360	1,456,764	28,540,542	4,733,804	2,213,655	922,239	22,515,322	14,226,142
Office equipment	11,659,792	1,471,155	-	13,130,947	6,038,351	1,240,137	-	5,852,459	5,621,441
Total (a)	729,051,792	78,892,565	4,549,089	803,395,268	283,500,864	44,568,685	1,710,782	477,036,501	445,550,928
(b) Intangible Assets									
Computer software	3,329,862	473,498	-	3,803,360	1,933,444	390,511	-	1,479,405	1,396,418
Technical Know-How	5,304,212	-	-	5,304,212	2,784,710	530,421	-	1,989,081	2,519,502
Total (b)	8,634,074	473,498	-	9,107,572	4,718,154	920,932	-	3,468,486	3,915,920
(c) Capital work-in-progress									
Buildings	396,694,931	27,879,543	-	424,574,474	-	-	-	424,574,474	396,694,931
Plant & equipment's	-	7,360,873	-	7,360,873	-	-	-	7,360,873	-
	396,694,931	35,240,416	-	431,935,347	-	-	-	431,935,347	396,694,931
Total (a) + (b) + (c)	1,134,380,797	114,606,479	4,549,089	1,244,438,187	288,219,018	45,489,617	1,710,782	912,440,334	846,161,779
As At 31 st March, 2011	1,059,168,783	154,316,658	79,104,644	1,134,380,797	288,670,536	44,437,700	44,889,218	846,161,779	

@ Building includes three flat, the title to which is evidenced by fully paid shares in respective Co-operative Housing Society.
Motor Vehicles include Rs 9,073,227 (previous year Rs 4,601,341) being assets acquired on hire purchase basis.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2012 Rs	As at 31 st March, 2011 Rs
9. NON CURRENT INVESTMENTS		
(Refer Note No. 35)		
Equity instruments	794,452,236	699,149,024
Debentures and bonds	1,077,940,010	1,096,000,555
Mutual Funds	833,597,526	940,114,038
Bullion	8,911,406	17,168,910
	<u>2,714,901,178</u>	<u>2,752,432,526</u>
10. LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital Advances	38,383,390	187,805,100
Electricity Deposits	1,397,400	1,396,400
Rent Deposits	130,392,328	63,972,078
Other Deposits	1,540,000	1,742,123
Other loans and advances		
Balances with Central Excise and Service Tax	4,917,527	2,529,576
Interest Free Loan to Employee Welfare Trust	100,000,000	-
Others	13,908,206	72,072,020
	<u>290,538,850</u>	<u>329,517,297</u>
11. CURRENT INVESTMENTS		
Investments in Mutual Funds	<u>105,064,354</u>	<u>46,565,140</u>
(Refer Note No. 36)		
12. INVENTORIES		
(As taken, valued and certified by the Management)		
Raw Materials and components	48,812,094	60,007,498
Goods-in transit (Raw Materials)	948,484	66,777
Work-in-progress	18,886,189	24,242,102
Finished goods	11,945,328	11,924,654
Stock-in-trade	1,033,803	5,078,937
Stores and spares	7,964,593	8,617,916
	<u>89,590,491</u>	<u>109,937,884</u>
13. TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding over six months from the due date	1,080,547	4,449,374
Others	154,251,555	165,777,906
	<u>155,332,102</u>	<u>170,227,280</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2012 Rs	As at 31 st March, 2011 Rs
14. CASH AND BANK BALANCES		
Cash and Cash equivalents		
Balances with Banks		
In Current Accounts	85,341,536	33,349,219
In Fixed Deposit	-	29,800,000
Cheques in hand	6,874,324	9,013,544
Cash in hand	96,133	187,070
	<u>92,311,993</u>	<u>72,349,833</u>
Others		
In Dividend Accounts	2,167,800	2,020,146
In Margin money	5,209,585	2,868,207
	<u>99,689,378</u>	<u>77,238,186</u>
15. SHORT-TERM LOANS AND ADVANCES		
Secured, considered good		
Inter Corporate Deposit *	668,800,000	293,475,000
Unsecured, considered good		
Inter Corporate Deposit	215,000,000	501,950,000
Loans and Advances to Employees	1,453,423	2,362,676
Prepaid Expenses	1,706,530	1,997,994
	<u>886,959,953</u>	<u>799,785,669</u>
* Net of Provision of Rs. 15,700,000 (Rs. Nil)		
16. OTHER CURRENT ASSETS		
Interest accrued on Investments	58,991,962	48,165,180
Interest accrued on Inter Corporate / Other Deposits	3,877,723	8,264,835
	<u>62,869,685</u>	<u>56,430,014</u>
17. NET SALES		
Sale of Composite Products		
Manufactured	903,763,947	1,007,811,377
Traded	18,191,429	36,388,154
	<u>921,955,376</u>	<u>1,044,199,531</u>
Less: Excise duty	79,234,212	87,005,131
	<u>842,721,164</u>	<u>957,194,400</u>
18. INCOME FROM INVESTMENT INCOME		
Income from Long Term Investments		
Dividend	9,892,522	7,946,811
Interest	91,891,937	109,179,695
Profit/(Loss) on sale	68,005,641	24,176,101
Income from Current Investments		
Dividend	20,702,139	39,201,812
Interest	155,739,441	98,536,995
Profit/(Loss) on sale	1,241,574	3,166,021
	<u>347,473,252</u>	<u>282,207,435</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2012 Rs	As at 31 st March, 2011 Rs
19. COST OF MATERIALS CONSUMED		
Consumption of Raw Materials and Components	402,697,556	442,081,365
Stores and Spare parts consumed	15,302,396	18,942,387
	<u>417,999,951</u>	<u>461,023,752</u>
20. DECREASE / (INCREASE) IN INVENTORIES		
Opening Stock :-		
Work-in-progress	24,242,102	22,535,382
Finished goods	11,334,979	15,864,496
Stock in Trade	5,078,937	2,983,706
	<u>40,656,018</u>	<u>41,383,584</u>
Closing Stock :-		
Work-in-progress	18,886,189	24,242,102
Finished goods	11,945,328	11,334,979
Stock in Trade	1,033,803	5,078,937
	<u>31,865,320</u>	<u>40,656,018</u>
Decrease / (Increase) in Inventories	<u>8,790,698</u>	<u>727,566</u>
21. EMPLOYEE BENEFITS EXPENSE		
Salaries and incentives	110,320,781	99,019,177
Contributions to: -		
Provident fund	5,927,791	5,546,926
Superannuation scheme	352,080	240,660
Gratuity fund	2,878,057	1,392,556
Staff welfare expenses	5,413,189	7,761,038
	<u>124,891,898</u>	<u>113,960,357</u>
22. FINANCE COST		
Interest expense	15,147,470	13,054,634
Other borrowing costs	519,244	553,843
	<u>15,666,715</u>	<u>13,608,478</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2012 Rs	As at 31 st March, 2011 Rs
23. OTHER EXPENSES		
Packing materials consumed	17,163,796	18,920,743
Power and Fuel	56,242,754	63,779,707
Rent	4,420,023	2,962,802
Rates and taxes	1,280,204	3,223,950
Insurance (including transit insurance)	1,632,812	854,359
Freight and Forwarding	29,800,005	35,166,738
Repairs & Maintenance:		
Plant & Equipment's	5,538,407	6,918,754
Buildings	3,301,011	3,665,787
Job charges	42,368,875	46,017,077
Increase / (Decrease) in Excise Duty on Closing Stock	242,800	(1,022,735)
Travelling & Conveyance	37,027,501	44,083,368
Postage, Printing, Stationery & Telephones	6,392,078	8,607,350
Rebates, Discounts, etc.	47,077,008	46,752,330
Provision for fall in value of Securities	15,700,000	-
Loss on sale of Fixed Assets (net)	334,525	-
Management & Professional Fees	15,303,701	17,789,868
Miscellaneous Expenses	49,373,961	48,041,155
	<u>333,199,462</u>	<u>345,761,252</u>
24. Contingent Liabilities not provided for in respect of :		
(a) Certain Sales Tax matters, mainly on account of pending concession forms (excluding interest) Rs.16,41,654 (Rs. 902,199)		
(b) Disputed Income Tax matters Rs.400,113 (Rs.982,094)		
(c) Disputed labour matter related to ex-workmen amount unascertainable.		
25. Commitments:		
(a) Estimated amount of contract remaining to be executed and not provided for (net of advance, unsecured considered good), on capital account are Rs. 2,361,610 (net of advance Rs. 38,383,390); Previous Year Rs. 11,699,390 (net of advance Rs. 187,805,100).		
(b) In respect of long term investment made with private equity fund the Company is further committed to invest Rs.890 lacs (Rs.705 lacs)		
26. Secured Loans:		
(a) Working capital loans (Interest @ Base Rate plus 2.5% per annum) and non fund based limit utilised Rs. 48,529,216, (Rs. 33,794,937) are secured by hypothecation of stocks and debtors and charge on immovable properties of Bhandara unit.		
(b) Vehicle loans (repayable over a period of 1 to 4 years) are secured by way of hypothecation of vehicles purchase are carriage Interest in the range of 9.80 % to 10.75%.		
Unsecured Loans:		
Interest free Sales tax Loans is repayable within 12 years.		
27. (a) In the opinion of the Board, assets other than fixed assets and non-current investment have a valu on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.		

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

(b) The accounts of Trade receivable and payable and Loans and Advances are subject to formal confirmations / reconciliation and adjustments, if any. The management does not expect any material difference affecting the current year's financial statements due to the same.

28. The amount of exchange difference (net) credited to profit and loss account is Rs. 1,427,385/- (Rs.756,162/-)

29. Miscellaneous Expenses include

	(2011-12)	(2010-11)
	Rs.	Rs.
Audit fees :	450,000	(450,000)
Certification fees :	55,422	(32,500)
Reimbursement of out of pocket expenses :	79,129	(66,466)
Including Services Tax Rs. 7,389 (Rs.6,206) :		

30. Earnings Per Share:

	Rs.	Rs.
Net Profit as per Profit & Loss Account :	209,205,552	(200,539,080)
Weighted average number of equity shares out standing :	4,923,000	(5,443,693)
Basic and Diluted EPS before Exceptional Items (Net of Tax Expenses) :	35.45	(32.64)
Basic and Diluted EPS after Exceptional Items (Net of Tax Expenses) :	42.50	(36.82)

31. Provision for current tax includes Rs.2,00,000/- (Rs.1,60,000/-) in respect of wealth tax.

32. Research and Development Expenditure:

	Rs.	Rs.
Profit & Loss A/c (Debited to respective expenses heads in the Profit & Loss A/c) :	7,766,612	(7,752,128)

33. (a) Value of Imports on CIF basis

	Rs.	Rs.
Raw Material :	73,577,288	(117,705,915)
Capital Goods :	3,921,940	-
Components and Spare Parts :	25,179	(75,097)

Note: Where items have been invoiced by suppliers on F.O.B. or C & F basis, the freight and insurance paid aggregating to Rs. 6,753,689 (Rs.11, 756,237) in local currency has been included in the above figures.

(b) Expenditure in foreign currency:

	Rs.	Rs.
Travelling & Other Expenses :	6,402,776	(7,190,385)
Commission/Brokerage :	2,223,184	(785,599)

(c) Earnings in foreign currency on account of

	Rs.	Rs.
Export on FOB Basis :	77,002,722	(92,929,265)
Others (Freight, Insurance Etc) :	2,575,572	(2,519,034)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

(d) Foreign Exchange Currency exposures not covered by derivative instruments as on 31st March, 2012

Type of Instruments	Currency Type	As on 31 st March, 2012 Amount		As on 31 st March, 2011 Amount	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Debtors	USD	162,670	7,888,526	226,353	10,046,761
Commission Payable	USD	16,100	808,647	1,366	61,463
Creditors for Goods	USD	344,310	17,998,145	204	10,933
Creditors for Goods	CAD	183,945	9,223,916	95,950	4,476,989

34. Cost of Materials Consumed:

(a) Raw Material

	%	Rs.	%	Rs.
Imported Material	20.12	81,008,096	(17.29)	(76,424,183)
Indigenous Material	79.88	321,689,460	(82.71)	(365,657,182)
	<u>100.00</u>	<u>402,698,556</u>	<u>(100.00)</u>	<u>(442,081,365)</u>

(b) Spare parts and Components

	%	Rs.	%	Rs.
Imported Material	-	-	(0.40)	(75,097)
Indigenous Material	100.00	15,302,396	(99.60)	(18,867,291)
	<u>100.00</u>	<u>15,302,396</u>	<u>(100.00)</u>	<u>(18,942,388)</u>

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

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

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
Equity Instruments (Quoted)						
Action Construction Equipment Ltd.	2	-	-	(17,555)	(805,775)	
Adani Enterprises Ltd.	10	-	-	(1,491)	(829,413)	
Allcargo Global Log. Ltd.	2	10400	1,532,128	(10,400)	(1,532,128)	
Alstom Projects India Ltd.	10	1929	1,159,133	(1,874)	(1,148,219)	
Ambuja Cements Ltd.	2	-	-	(10,117)	(1,392,403)	
Andhra Bank Ltd.	10	6000	975,293	(6,000)	(975,293)	
Apar Industries Ltd.	10	1888	442,324	(3,471)	(822,939)	
Apollo Hospitals Enterprises Ltd.	10	-	-	(439)	(202,230)	
Apollo Tyres Ltd.	1	-	-	(30,000)	(2,478,393)	
Areva T&D India Ltd.	10	-	-	(1,181)	(359,000)	
Arshiya International Ltd.	10	-	-	(1,780)	(439,408)	
Ashok Leyland Ltd.	1	70000	2,475,006	(35,000)	(2,475,006)	
Asian Paints Ltd.	10	-	-	(315)	(891,425)	
Astral Poly Technik Ltd.	10	-	-	(15,420)	(2,474,293)	
Aurobindo Pharma Ltd.	5	-	-	(4,065)	(1,045,884)	

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	
Axis Bank Ltd.	10	6820	7,548,540	(4,950)	(6,396,523)	
Bajaj Auto Ltd.	10	4396	3,449,953	(8,850)	(10,022,738)	
Bajaj Electrical .Ltd.	2	12353	2,726,918	(19,043)	(4,208,383)	
Bajaj Finance Ltd.	10	5473	3,176,682	(1,299)	(972,224)	
Balmer Lawrie & Company Ltd.	10	4000	2,562,181	(4,000)	(2,562,181)	
Bank Of Baroda	10	2900	2,981,474	(3,107)	(3,173,883)	
Bata India Ltd.	10	-	-	(2,824)	(1,033,047)	
BGR Energy Systems Ltd.	10	2970	1,547,723	(1,812)	(1,077,814)	
Bharat Heavy Electricals Ltd.	2	7115	2,942,931	(3,790)	(1,663,681)	
Biocon Ltd.	5	16000	5,504,722	(10,000)	(3,518,151)	
Cadila Healthcare Ltd.	10	-	-	(1,398)	(1,122,356)	
Canara Bank Ltd.	10	3600	2,469,335	(3,600)	(2,469,335)	
Carin India Ltd.	10	-	-	(2,155)	(761,599)	
Castrol India Ltd.	10	-	-	(442)	(200,116)	
CCL Products India Ltd.	10	13000	3,226,187	(10,250)	(2,652,983)	
Central Bank Of India	10	29320	4,458,214	(16,875)	(3,176,388)	
Century Textiles Ltd.	10	5400	1,927,800	-	-	
Cesc Ltd.	10	6000	2,460,511	(6,000)	(2,460,511)	
Chambal Fertilizers Ltd.	10	-	-	(1,886)	(144,637)	
Cholamandalam Investment & Finance Company Ltd.	10	-	-	(2,122)	(391,636)	
City Union Bank Ltd.	2	-	-	(23,145)	(1,048,020)	
Clariant Chemicals (India) Ltd.	10	5000	3,719,208	-	-	
Coromandel International Ltd.	2	16127	3,905,959	(20,744)	(5,002,416)	
Corporation Bank Ltd.	10	4500	2,592,395	(4,500)	(2,592,395)	
Cox & Kings Ltd.	10	14150	3,299,639	(4,700)	(2,396,718)	
Crompton Greaves Ltd.	10	3127	797,232	(4,570)	(1,157,078)	
Cummins India Ltd.	2	-	-	(5,699)	(3,461,244)	
Dabur India Ltd.	1	48316	4,993,220	(12,614)	(1,194,041)	
DB Corp Ltd.	10	-	-	(3,500)	(806,808)	
Dewan Housing Finance Corporation Ltd.	10	3126	977,093	(3,126)	(977,094)	
Dhunseri Petro Chemical & Tea Ltd.	10	-	-	(4,326)	(0)	
Diamond Power Infrastructure Ltd.	10	4647	916,835	(5,541)	(1,078,944)	
Dish Tv India Ltd.	1	-	-	(7,069)	(445,648)	
Divis Laboratories Ltd.	2	7992	5,933,660	(7,992)	(5,933,660)	
Dr. Reddy'S Laboratories Ltd.	5	1761	2,362,769	(2,504)	(3,521,644)	
Edelweiss Capital Ltd.	1	-	-	(20,553)	(1,184,264)	
Edelweiss Financial Services Ltd.	1	23139	1,282,629	-	-	
Educomp Solutions Ltd.	2	4000	889,863	(4,000)	(2,500,962)	
Eicher Motors Ltd.	10	-	-	(165)	(194,941)	
Elder Pharmaceuticals Ltd.	10	62000	22,717,421	-	-	
Electrosteel Integrated Ltd.	10	200000	2,370,000	(200,000)	(2,370,000)	

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
Elpro International Ltd.	10	70334	29,789,040	-	-	-
Emkay Global Financial Services Ltd.	10	3904	410,597	(3,904)	(410,584)	
Engineers India Ltd.	5	-	-	(604)	(197,665)	
Eros International Media Ltd.	10	-	-	(1,478)	(222,513)	
Escorts India Ltd.	10	-	-	(1,205)	(196,174)	
Ess Dee Aluminium Ltd.	10	-	-	(9,364)	(4,847,836)	
Everest Kanto Cylinder Ltd.	2	31017	3,487,930	(31,017)	(3,487,930)	
Exide Industries Ltd.	1	51802	6,996,476	(74,678)	(9,916,069)	
Federal Bank Ltd.	10	-	-	(1,872)	(804,436)	
Firstsource Solutions Ltd.	10	300000	6,747,279	(200,000)	(5,836,275)	
GAIL (India) Ltd.	10	-	-	(2,173)	(984,412)	
GEI Industrial Systems Ltd.	10	3463	636,306	(2,973)	(561,600)	
Geojit BNP Paribas Financial Services Ltd.	1	15802	601,977	(15,802)	(602,056)	
GIC Housing Finance Ltd.	10	6123	809,218	(6,123)	(809,216)	
Glaxosmithkline Consumer Healthcare Ltd.	10	-	-	(363)	(778,599)	
Glenmark Pharmaceuticals Ltd.	1	-	-	(565)	(199,812)	
Grasim Industries Ltd.	10	-	-	(1,350)	(2,458,535)	
Greaves Cotton Ltd.	2	52814	4,039,215	(70,090)	(5,233,620)	
Gujarat Gas Co. Ltd.	10	-	-	(1,541)	(545,267)	
Gujarat State Petronet Ltd.	10	50000	4,589,069	(50,000)	(4,589,069)	
Havell'S India Ltd.	5	-	-	(20,292)	(7,541,891)	
HCL Technologies Ltd.	2	3250	1,301,802	(8,812)	(4,098,585)	
HDFC Bank Ltd.	10	11845	4,939,106	(2,369)	(4,939,104)	
HDFC Ltd.	2	1538	1,070,457	-	-	
Hero Motocorp Ltd.	2	2565	5,261,892	-	-	
Hexaware Technologies Ltd.	2	63500	2,502,085	(63,500)	(2,502,085)	
Himanchal Futuristic Communication Ltd.	10	2255	139,408	(2,255)	(139,408)	
Hindalco Industries Ltd.	1	7250	960,899	(7,646)	(1,748,258)	
Hindustan Dorr-Oliver Ltd.	2	9000	1,012,935	(9,000)	(1,012,935)	
HT Media Ltd.	2	-	-	(12,500)	(1,936,276)	
ICICI Bank Ltd.	5	4301	3,762,397	(3,329)	(3,653,747)	
IDBI Bank Ltd.	10	10000	1,766,049	(10,000)	(1,766,049)	
IFCI Ltd.	10	22000	1,497,348	(22,000)	(1,497,348)	
IL&FS Transportation Networks Ltd.	10	4874	1,288,970	(4,874)	(1,288,978)	
India Infoline Ltd.	2	29195	3,009,915	(29,195)	(3,009,946)	
Indian Bank Ltd.	10	-	-	(7,227)	(1,923,142)	
Indo Borax & Chemicals Ltd.	10	179361	14,991,646	(116,413)	(9,478,352)	
Indusind Bank Ltd.	10	-	-	(19,650)	(4,972,232)	
Infosys Technologies Ltd.	5	650	1,887,334	(1,069)	(3,152,993)	
Infrastructure Development Finance Company Ltd.	10	-	-	(11,276)	(1,734,700)	
ING Vysya Bank Ltd.	10	4600	1,372,962	(15,518)	(5,215,515)	

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
IPCA Laboratories Ltd.	2	4700	1,507,008	(3,183)	(937,139)	
ITC Ltd.	1	16762	3,075,818	(22,267)	(3,624,474)	
IVRCL Ltd	2	23500	3,961,270	(23,500)	(3,961,270)	
Jammu & Kashmir Bank Ltd..	10	2200	1,543,850	(3,500)	(2,549,598)	
Jain Irrigation Systems	2	19000	1,614,430	-	-	
J B Chemicals And Pharma Ltd.	10	-	-	(11,377)	(1,286,966)	
J.K. Cement Ltd.	10	8000	1,491,760	(8,000)	(1,491,760)	
J.K.Paper Ltd.	10	10458	371,228	(3,119)	(176,274)	
Jaiprakash Associates Ltd.	2	7500	992,331	(7,500)	(992,331)	
JSW Steel Ltd.	10	-	-	(717)	(796,243)	
Jyoti Structures Ltd.	2	16427	2,135,285	(13,546)	(1,932,535)	
K S Oils Ltd.	1	212482	2,368,735	-	-	
Kajaria Ceramics Ltd.	2	15200	1,573,352	-	-	
Karur Vysya Bank Ltd.	10	-	-	(2,940)	(1,095,555)	
KEC International Ltd.	2	14290	1,322,203	(13,409)	(1,323,671)	
Kiri Industries Ltd.	10	1048	351,337	(663)	(276,398)	
Kirloskar Brothers Ltd.	2	-	-	(6,700)	(1,909,768)	
Kotak Mahindra Bank Ltd.	5	10217	5,119,841	(3,500)	(1,333,325)	
Larsen & Toubro Ltd.	2	4110	6,078,076	(4,023)	(6,502,564)	
LIC Housing Finance Ltd.	2	-	-	(10,932)	(2,287,125)	
Lupin Ltd.	2	19355	7,171,818	(21,726)	(8,008,798)	
Mahindra & Mahindra Financial Services Ltd.	5	-	-	(530)	(363,697)	
Mahindra & Mahindra Ltd.	10	3500	2,356,229	(3,759)	(2,571,640)	
Mahindra Holidays & Resort India Ltd.	10	6300	3,066,777	(9,395)	(4,289,920)	
Manappuram Finance Ltd.	2	48298	2,801,017	(24,749)	(3,045,968)	
Maruti Suzuki India Ltd..	5	6300	8,070,979	(6,300)	(8,070,979)	
Mercator Lines Ltd.	1	35800	865,968	(35,800)	(2,007,793)	
Mindtree Ltd.	10	-	-	(2,260)	(1,072,551)	
MOIL Ltd.	10	-	-	(1,892)	(709,500)	
Motherson Sumi Systems Ltd.	1	-	-	(29,467)	(4,809,014)	
Motilal Oswal Financial Services Ltd.	1	5061	898,695	(4,206)	(773,273)	
Mphasis Ltd.	10	6000	3,840,495	(6,000)	(3,840,495)	
Adani Ports And Special Economic Zone Ltd.	10	-	-	(16,030)	(2,219,834)	
Oberoi Realty Ltd.	10	-	-	(10,610)	(2,758,600)	
Oil & Natural Gas Corporation Ltd.	5	14800	4,689,943	(7,400)	(2,485,038)	
Opto Circuits (I) Ltd.	10	56688	11,828,156	(46,593)	(11,943,568)	
Oracle Financial Services Software Ltd.	5	625	1,424,275	(750)	(1,732,508)	
Orient Paper & Industries Ltd.	1	-	-	(18,000)	(984,397)	
Page Industries Ltd.	10	-	-	(369)	(572,094)	
Pantaloon Retail (India)Ltd.	2	5561	2,008,878	(5,561)	(2,008,878)	
Patni Computer System Ltd.	2	-	-	(4,450)	(2,507,204)	
Pidilite Industries Ltd.	1	24355	4,148,631	(23,500)	(3,521,005)	
Piramal Healthcare Ltd.	2	11040	5,618,551	(14,757)	(7,510,231)	

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
Power Grid Corporation Ltd.	10	-	-	(52,577)	(4,894,863)	
PSL Ltd.	10	10072	1,555,890	(10,072)	(1,555,890)	
Punjab National Bank Ltd.	10	-	-	(4,250)	(4,382,754)	
Redington (India) Ltd.	2	18100	1,360,215	-	-	
Rallis India Ltd.	10	38289	4,540,310	(3,150)	(3,629,241)	
Reliance Industries Ltd.	10	7214	7,619,735	(8,544)	(8,951,056)	
Rural Electricity Corporation Ltd.	10	5000	1,586,413	(5,000)	(1,586,413)	
S. Kumars Nationwide Ltd.	10	25675	1,483,245	(42,087)	(2,736,995)	
Sadbhav Engineering Ltd.	10	-	-	(19,229)	(2,205,566)	
Savita Oil Technologies. Ltd.	10	-	-	(1,500)	(786,210)	
Schneider Electric Infrastructure Ltd.	2	1955	121,439	-	-	
Shilpa Medicare Ltd.	2	-	-	(489)	(128,499)	
Shriram City Union Finance Ltd.	10	-	-	(284)	(195,065)	
Shriram Transport Finance Corporation Ltd.	10	-	-	(8,389)	(5,389,288)	
Siemens Ltd.	2	-	-	(1,025)	(787,887)	
Sintex Industries Ltd.	1	-	-	(2,656)	(442,729)	
Sobha Developers Ltd.	10	3093	1,030,792	(3,093)	(1,030,804)	
SRF Ltd.	10	13336	3,389,155	-	-	
Standard Chartered Plc	0	96985	10,086,440	(96,985)	(10,086,440)	
State Bank Of India	10	1230	2,327,586	(1,230)	(3,473,734)	
Sun Pharmaceutical Industries Ltd.	5	12087	6,001,679	(5,701)	(1,952,364)	
Sun Tv Network Ltd.	5	11100	3,916,413	(4,000)	(2,038,980)	
Sundaram Finance Ltd.	10	-	-	(916)	(604,377)	
Sundaram Multi Pap Ltd.	1	1400000	59,837,672	-	-	
Talwalkar Fitness Ltd.	10	-	-	(8,100)	(1,737,531)	
Tata Consultancy Services Ltd.	1	6106	6,646,725	(3,480)	(3,673,556)	
Tata Motors (DVR)	2	13625	2,484,475	(15,945)	(2,822,499)	
Tata Motors Ltd.	2	-	-	(7,015)	(1,418,166)	
Tata Power Company Ltd.	10	26850	3,425,120	(1,985)	(2,649,499)	
Tata Steel Ltd.	10	1100	475,686	(1,599)	(1,022,305)	
Tata Tea Ltd.	10	-	-	(9,750)	(965,976)	
Techno Electric & Engineering Co Ltd.	2	3495	947,745	(2,958)	(824,690)	
The Phoenix Mills Ltd.	2	-	-	(8,992)	(1,823,586)	
Thermax Ltd.	2	13807	9,452,244	(9,117)	(6,711,156)	
Titan Industries Ltd.	10	24935	3,371,461	(1,141)	(3,562,232)	
Torrent Pharmaceuticals Ltd.	5	3717	2,053,330	(4,300)	(2,375,389)	
Torrent Power Ltd.	10	-	-	(17,439)	(5,827,591)	
Transformers & Rectifier (India) Ltd.	10	-	-	(1,771)	(745,733)	
Tulip Telecom Ltd.	2	13500	2,437,389	(38,860)	(7,051,641)	
TVS Motor Company Ltd.	1	-	-	(28,684)	(1,384,845)	
UCO Bank	10	-	-	(1,793)	(199,682)	
Union Bank Of India	10	6975	1,986,897	(6,975)	(1,986,897)	
United Phosphorus Ltd.	2	22300	3,645,007	(11,981)	(1,982,942)	

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
United Spirits Ltd.	10	1800	2,297,340	(1,800)	(2,251,866)	
Usher Agro Ltd.	10	389650	50,028,460	-	-	
Voltas Ltd.	1	12295	1,427,453	(29,695)	(5,735,870)	
VST Tillers Tractors	10	-	-	(3,287)	(1,508,864)	
Wabco India Ltd.	5	-	-	(1,256)	(1,083,296)	
Welspun Corp Ltd.	5	-	-	(13,300)	(2,766,267)	
West Coast Paper Mills Ltd.	2	25000	2,568,470	(25,000)	(2,568,470)	
Wipro Ltd.	2	-	-	(5,871)	(2,531,616)	
Yes Bank Ltd..	10	19736	5,388,450	(33,264)	(9,357,803)	
NIFTY Benchmark Exchange Trade Scheme	10	-	-	(13,375)	(6,965,235)	
NIFTY Jr. Benchmark Exchange Traded Fund	1.25	75836	8,253,948	(36,900)	(3,997,348)	
Zf Steering Gear (I) Ltd.	10	100	2,749	(100)	(2,749)	
			519,244,156		(460,717,520)	
Equity Instruments (Unquoted)						
Equity Shares						
Arch Pharma Labs Ltd		36780	15,006,240	(36,780)	(15,006,240)	
Bosch Chassis System India Ltd.	10	20	1,077	(20)	(1,077)	
Leaders Healthcare Pvt. Ltd.		157500	9,450,000	(157,500)	(9,450,000)	
Mode Enterprises Pvt. Ltd.		-	-	(4,900)	(49,000)	
			24,457,317		(24,506,317)	
Private Equity and Real Estate Funds (Unquoted)						
IBEF Private Equity		-	44,669,809	-	(46,500,000)	
IL&FS Milestone Fund	10	2000000	20,000,000	(2,000,000)	(20,000,000)	
IDFC Hybrid Fund		-	18,506,543	-	(10,285,651)	
Multiples Private Equity Fund Scheme II		-	12,839,219	-	(5,000,000)	
Tikona Private Equity		-	19,999,280	-	(19,999,280)	
Zephyr Peacock India Fund		-	20,000,000	-	(20,000,000)	
Milestone Bullion Series -I		1920	20,000,000	(1,920)	(20,000,000)	
Kotak Real Estate Yield Fund		-	4,000,000	-	-	
Aditya Birla Real Estate Fund		-	10,000,000	-	(5,000,000)	
IIFL Real Estate Fund		-	5,000,000	-	-	
			75,014,851		(146,784,931)	
Investment in Associate Company						
Equity Instruments (Quoted)						
J.L.Morison (India) Ltd.	10	272800	51,549,275	(242,849)	(42,953,620)	
Rasoi Ltd.	10	181068	23,061,636	(175,068)	(23,061,636)	
			74,610,912		(66,015,256)	
Equity Instruments (Unquoted)						
Look Link Finance Ltd.		22500	1,125,000	(22,500)	(1,125,000)	
			1,125,000		(1,125,000)	
			94,452,236		(699,149,024)	

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	
Debentures and Bonds (Quoted)						
Nabard Zero Coupon Bond-Jan 2019	8450	10010	103,375,475	(7,300)	(72,667,850)	
6.85% 22 JN14 IIFCL-Jan 2014	10000	980	99,105,301	(1,500)	(152,626,461)	
6.30 % IRFC Bonds-Mar 2017	10000	500	50,063,644	(500)	(50,063,644)	
8.20% HUDCO Tax Free Bond-Mar 2027	1000	25000	24,011,250	-	-	
8.10% HUDCO Tax Free Bond -Mar 2022	1000	30000	30,000,000	-	-	
8% IRFCL Tax Free Bonds-Feb 2022	1000	15225	15,225,000	-	-	
7.93% REC-Tax Free Bond -Mar 2022	1000	30619	30,619,000	-	-	
8.20% NHAI-Tax Free Bonds- Jan 2022	1000	12362	12,362,000	-	-	
8.30% PFC- Tax Free Bonds- Feb 2027	1000	7120	7,120,000	-	-	
ABK Cons 10% Redeemable Debentures Oct 2014	10000000	-	-	(2)	(2,841,505)	
10.75% Shriram Transport Finance Ltd 2020-Jan 2011	100000	-	-	(280)	(28,000,000)	
9.70% IFCI 2030-Feb 2011	1000000	-	-	(10)	(10,154,110)	
9.75% IFCI 2030-Mar 2011	1000000	-	-	(75)	(75,000,000)	
Barclays Index Linked Principal Protected Debentures-Jun 2013	1000000	25	25,330,900	(25)	(25,330,900)	
Principal Protected Secured Non Convertible Debentures-IIFL-Sep 2012	100000	300	30,000,000	(300)	(30,000,000)	
Principal Protected Secured Non Convertible Debentures-IIFL-May 2013	100000	300	30,000,000	(300)	(30,000,000)	
INR Index Linked Principal Protected Debenture-RBS Fin Services (India) Pvt. Ltd. -May 2013	100000	300	30,132,360	(300)	(30,132,360)	
Principal Protected Secured -Deutsche Investments India Private Limited-Aug 2013	100000	500	50,000,000	(500)	(50,000,000)	
Principal Protected Secured-Deutsche Investments India Private Limited-Oct 2012	100000	400	40,000,000	(400)	(40,000,000)	
100 Series 23 Secured Debentures-Morgan Stanley India Capital Private Ltd.-April 2012	1000000	35	35,000,000	(35)	(35,000,000)	
150 Series 25 Secured Debentures - Morgan Stanley India Capital Private Ltd.-Jan 2013	1000000	25	25,000,000	(25)	(25,000,000)	
Anand Rathi Structured Product Series 1- ECL Finance Ltd-Aug 2014		300	30,000,000	-	-	
Bilcare Ltd-Feb 2012	10000000	-	-	(2)	(20,295,461)	
			67,344,930		(677,112,291)	
Debentures and Bonds (Unquoted)						
REC 54 Ec -Bonds	10000	1500	15,000,000	(1,000)	(10,000,000)	
9.93% Sundaram Finance Limited	1000000	-	-	(100)	(100,000,000)	
9.90% Sundaram Finance Ltd-April 2012	1000000	25	25,000,000	-	-	
SkyDeck Zero 270113 -Sky Deck Properties & Developers -Jan 2013	1000000	50	50,282,616	(50)	(50,625,190)	

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

	Face Value	As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.
Avantha Holdings Ltd. Debentures- Sep 2012	10000000	1	75,377,356	(1)	(102,623,074)
Premier Finance And Trading Co Ltd- Dec 2011	5000000	-	-	(13)	(65,000,000)
Sri Khodiar Realtech Syndication Pvt Ltd-Sep 2012	88000	-	-	(500)	(44,000,000)
Vijay Associates (Wadhwa) Constructions Private Ltd- Debentures-Jun 2013	93280	488.8	28,340,000	(500)	(46,640,000)
L&T Aruna Excello Realty Pvt Ltd. - Debentures-Mar 2013	95833	300	9,327,100	-	-
Ankur Energy Resources Pvt Ltd. - Debentures -Dec 2013	100000	500	50,000,000	-	-
Lily Realty Pvt. Ltd. (Pasma) -Debentures-Dec 2013	100000	500	50,700,000	-	-
Educomp Infrastructure And School Management Ltd.- Dec 2012	1000000	30	29,723,550	-	-
Sunshine Housing & Infrastructure Pvt. Ltd - Debentures-Jun 2013	100000	200	16,500,000	-	-
19% Sheth Developers Pvt. Ltd. Debentures-April 2014	100000	300	30,407,458	-	-
Manappuram Finance Limited - Debentures-Jan 2013	1000000	34	29,937,000	-	-
			410,595,080		(418,888,264)
Mutual Funds (Quoted)					
ICICI Prudential FMP - Series 53 -Growth	10	-	-	(1,000,000)	10,000,000
Kotak FMP 13M Series 76- Growth	10	-	-	(2,000,000)	20,000,000
Kotak FMP 370Days Series 9 - Growth	10	-	-	(1,000,000)	10,000,000
Kotak FMP 370Days Series 28 - Growth	10	-	-	(1,000,000)	10,000,000
Reliance Fixed Horizon Fund XVI Series 7-Growth	10	-	-	(1,000,000)	10,000,000
Reliance Fixed Horizon Fund XVI - Series 6 - Growth	10	-	-	(1,000,000)	10,000,000
Reliance Fixed Horizon Fund XIX Series 9 -Growth	10	-	-	(200,000)	20,000,000
BNP Paribus Fixed Term Fund 12M- Series 21 -Growth	10	-	-	(300,000)	30,000,000
J M Fixed Maturity Fund - Series XIX- Plan D -375 days -Growth	10	2000000	20,000,000	(200,000)	20,000,000
DWS Fixed Term Fund - Series 77 - 370days- Growth	10	-	-	(1,000,000)	10,000,000
Sundaram Fixed Term Plan 18 M- Growth -	10	5000000	50,000,000	-	-
SBI Magnum Debt Fund Series -18M- (7)- Growth	10	2500000	25,000,000	-	-
HDFC FMP-24M- Sep 2011(1)- Series XIX-Growth	10	3000000	30,000,000	-	-
ICICI FMP -Series 57- 3 Year Plan B- Growth	10	2500000	25,000,000	-	-
DWS Fixed Term Fund-Series 91-3yrs-Growth	10	2000000	20,000,000	-	-
ICICI Prudential Fixed Maturity Plan - Series 60 - 18 M-Plan A-Growth	10	2500000	25,000,000	-	-
HDFC FMP 36M -Oct 2011 -Series XIX (1)-Growth	10	3000000	30,000,000	-	-
IDFC FMP- 3 Years -Series 5-Growth	10	2000000	20,000,000	-	-
ICICI Prudential FMP Series 60- 3 Year Plan E-Growth	10	2000000	20,000,000	-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	
Birla Sunlife Fixed Term Plan Series - ED-Growth	10	3000000	30,000,000	-	-	
Religare FMP Series XII-182 days- Plan D-Growth	10	2000000	20,000,000	-	-	
Kotak FMP Series 74-370 days-Growth	10	2000000	20,000,000	-	-	
ICICI Prudential FMP- Series 61-3Years -Growth	10	3000000	30,000,000	-	-	
IDFC FMP Yearly Series 62 -Yearly-Growth	10	2000000	20,000,000	-	-	
UTI FMP Series XI-Plan IV-367 days- Growth	10	2000000	20,000,000	-	-	
L&T FMP - Series V-368 Days-Growth	10	2000000	20,000,000	-	-	
IDBI FMP -370 days-Series II-Mar 2012-Growth	10	2500000	25,000,000	-	-	
Tata Income Fund -Growth	10	940230	30,000,000	-	-	
			480,000,000		150,000,000	
Mutual Funds (Unquoted)						
HDFC Monthly Income Plan - Long Term - Growth	10	-	-	(2,353,556)	(50,000,000)	
ICICI Prudential MIP - Cumulative-Growth	10	-	-	(1,865,243)	(45,000,000)	
Birla Sun Life Monthly Income Plan - Growth	10	-	-	(1,319,372)	(45,000,000)	
Birla Sunlife Govt Securities Long Term Fund-Growth	10	-	-	(838,556)	(23,000,000)	
Kotak Credit Opportunities Fund-Growth	10	-	-	(5,481,492)	(55,000,000)	
Reliance Regular Savings Fund-Debt Option- Institutional- Growth Plan	10	-	-	(779,843)	(9,898,489)	
Reliance Monthly Income Plan - Long Term - Growth	10	-	-	(2,461,046)	(50,000,000)	
Templeton India Income Opportunities Fund - Growth	10	-	-	(17,134,670)	(175,499,416)	
Birla Sunlife Midcap Funds-Dividend	10	-	-	(91,340)	(2,329,107)	
Birla Sun Life Midcap Fund -Plan A - Growth	10	-	-	(53,077)	(5,489,182)	
Birla Sunlife Frontline Equity Fund- Plan A - Dividend	10	967118	20,000,000	(924,609)	(19,619,208)	
Birla Sunlife Frontline Equity Fund- Plan A - Dividend	10	-	-	(655,162)	(14,000,000)	
DSP Black Rock India T.I.G.E.R. Fund - Regular Plan - Growth	10	-	-	(91,190)	(4,000,000)	
DSP Black Rock India T.I.G.E.R. Fund - Regular Plan - Dividend	10	-	-	(84,424)	(1,600,000)	
DSP Blackrock Balanced Fund - Dividend	10	-	-	(350,660)	(8,121,942)	
DSP Blackrock Small And Mid Cap Fund - Dividend	10	2860468	42,000,000	(180,685)	(2,707,091)	
DSP Blackrock Top 100 Equity Fund - Regular Plan - Dividend	10	2558336	54,000,000	(1,834,853)	(37,000,000)	
DSP Blackrock Focus 25 Fund - Dividend	10	-	-	(3,000,000)	(30,000,000)	
HDFC Equity Fund - Dividend	10	626297	30,000,000	(206,707)	(9,343,487)	
HDFC Prudence Fund - Dividend	10	-	-	(249,435)	(7,500,000)	
HDFC Top 200 Fund - Dividend	10	1392525	62,539,409	(730,918)	(33,189,126)	
HDFC Top 200 Fund - Growth	10	-	-	(41,832)	(7,500,000)	
ICICI Prudential Focused Bluechip Equity fund -Dividend	10	3375295	52,029,567	(1,622,648)	(22,700,000)	
ICICI Prudential Focused Bluechip Equity-Growth	10	-	-	(399,373)	(5,500,000)	
IDFC Imperial Equity Fund - Plan A Dividend	10	-	-	(767,980)	(11,500,000)	

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
IDFC Premier Equity Fund- Plan A Dividend	10	1944815	45,747,930	-	-	-
IDFC Small And Midcap Equity Fund - Dividend	10	-	-	(352,821)	(5,276,551)	-
Morgan Stanley A.C.E. Fund-Dividend	10	-	-	(795,548)	(11,000,000)	-
Morgan Stanley A.C.E. Fund-Growth	10	-	-	(373,713)	(5,000,000)	-
Reliance Banking Fund-Growth	10	-	-	(64,858)	(5,000,000)	-
Reliance Banking Fund-Dividend	10	-	-	(59,608)	(2,000,000)	-
Reliance Diversified Power Sector Fund-Retail Growth Plan - Growth	10	-	-	(64,380)	(5,000,000)	-
Reliance Diversified Power Sector Fund-Retail- Dividend	10	-	-	(41,575)	(2,000,000)	-
Reliance Growth Fund-Retail Plan - Dividend	10	-	-	(357,834)	(19,618,777)	-
Reliance Pharma Fund-Dividend	10	-	-	(37,426)	(1,250,000)	-
Reliance Regular Savings Fund - Equity Plan - Dividend	10	-	-	(488,749)	(11,000,000)	-
Reliance Regular Savings Fund - Equity Plan - Growth	10	-	-	(177,473)	(5,000,000)	-
Reliance Small Cap Fund-Growth	10	2000000	20,000,000	(2,000,000)	(20,000,000)	-
Sundaram Midcap-Appreciation - Growth	10	-	-	(55,942)	(7,500,000)	-
Sundaram Select Midcap-Dividend	10	-	-	(174,223)	(3,000,000)	-
Sundaram S.M.I.L.E- Dividend	10	-	-	(753,513)	(10,518,251)	-
Sundaram Capex Opportunities - Dividend	10	-	-	(97,052)	(1,453,411)	-
Fidelity Equity Fund	10	933010	20,000,000	-	-	-
ICICI Prudential Dynamic Plan - Dividend	10	394500	7,280,620	-	-	-
			353,597,526		(790,114,038)	
Bullion						
Gold Bees (Quoted)		-	-	(8,125)	(13,359,846)	-
E- Silver (Quoted)		890 gm.	4,701,430	-	-	-
Gold 24 K 99.999% (Unquoted)		2215.60 gm	4,209,976	-	(3,809,064)	-
			8,911,406		(17,168,910)	
Total			2,714,901,178		(2,452,432,527)	
Aggregate Cost of Quoted Investments			1,745,901,427		(1,053,845,067)	
Aggregate Cost of Unquoted Investments			968,999,751		(1,398,587,460)	
Aggregate Market Value of Quoted Investments			1,809,929,746		(1,442,857,525)	

36. Current Investment:

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.
Liquid Mutual Funds (Unquoted)						
Canara Robeco Liquid Fund - Growth	1000	6264	12,100,000	-	-	-
Pramerica Liquid Fund - Growth	1000	13113	15,000,000	-	-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

	Face Value		As on 31 st March, 2012		As on 31 st March, 2011	
	Rs.	Nos.	Rs.	Nos.	Rs.	
Baroda Pioneer Liquid Fund-Institutional-Growth	1000	21425	26,000,000	-	-	
IDBI Liquid Fund - Growth	1000	6701	5,200,000	-	-	
Reliance Money Manager Fund -Institutional Plan - Dividend	10	-	-	(1,403)	(1,406,736)	
Birla Sun Life Savings Fund - Institutional- Dividend	10	-	-	(91,540)	(916,069)	
IDFC Money Manager Fund Treasury -Dividend	10	373158	900,247	(765,692)	(7,710,447)	
HDFC Cash Management Fund -Treasury Advantage - Dividend	10	-	-	(613,807)	(6,154,901)	
JM High Liquidity Fund -Institutional Growth	10	902951	15,900,000	-	-	
L&T Liquid Institutional Plus Plan-Growth	1000	1303	2,800,000	-	-	
Daiwa Liquid Fund- Institutional- Growth	1000	9998	12,000,000	-	-	
Liquid Benchmark -Dividend		-	-	-	(1,994)	
Liquid Benchmark -Dividend	1000	-	-	(1,602)	(1,601,573)	
DWS Insta Cash Plus- Regular Bonus Plan - Bonus	10	354550.343	3,484,723	(354,550)	(3,484,723)	
Principal Cash Management- Growth	10	8388	8,049,980	(1,409,157)	(20,862,194)	
Reliance Liquid Fund - Treasury Plan-Institutional - Dividend	10	236911.613	3,629,404	(289,049)	(4,426,504)	
Total			105,064,354	(46,565,140)		

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

The Company has amounts due to supplier under MSMED as at 31st March, 2012. The disclosure pursuant to the said act is as under:

Particulars	Rs.
Principal Amount due to suppliers under MSMED Act,2006, Beyond appointed Day	889,216
Interest accrued and due to suppliers under MSMED Act, on the above amount	31,122
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-
Interest paid to suppliers under MSMED Act (Other than section 16)	-
Interest paid to suppliers under MSMED Act (Section 16)	-
Interest due and payable to suppliers under MSMED Act, for the payment already made	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-

Note : The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small enterprises" on the basis of information available with Company.

The information has been given in respect of such vendor to the extent they could be identified on the basis of information available with the company. This has been relied upon by auditors.

38. Segment Reporting:

Primary Business Segment: Comprises Purchase / Trading of Composites Product and Investment activities . These segments are the basis for management control and hence form the basis for reporting.

Secondary Business Segments: The Company operations are mainly based with in India accordingly there is no secondary segment.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

(Rs in Lacs)

Particulars	Current Year	Previous Year
Segment Revenue		
Composite Products	8,468	9,659
Investment	3,474	2,822
	11,942	12,481
Segment Results		
Profit/(Loss) before Interest, Tax and Exceptional Items from each segment)		
Composite Products	158	377
Investment	2,556	2,415
	2,714	2,792
Unallocated Expenses	(144)	(251)
Interest Expenses	(157)	(129)
Exceptional Income (net)	347	228
Tax Expenses	(668)	(628)
Profit after taxation	2,092	2,005
Segment Assets		
Composite Products	6,861	7,102
Investment	40,507	37,044
Unallocated Assets	6,127	7,737
	53,495	51,883
Segment Liabilities		
Composite Products	2,264	2,675
Investment	-	-
Unallocated Liabilities	928	877
	3,192	3,552
Other Information:		
Capital Expenditure	794	1,543
Depreciation & Amortisation	455	444

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

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

(i) Associates with whom transactions have been entered during the year in the ordinary course of the business:

Rasoil Ltd.

J L Morison India Ltd.

Pallawi Resources Ltd.

Pallawi Trading & Mfg. Co. Ltd.

Looklink Finance Ltd.

Noble Trading Co. Ltd.

Lotus Udyog Ltd.

Surdas Trading & Mfg. Co. Ltd.

Goodpoint Advisory Services and Investments Ltd.

Axon Trading & Mfg. Co. Ltd.

Silver Trading & Services Ltd.

(ii) Key Management Personnel:

Mr. R.N. Mody, Chairman

Mr. Varunn Mody, Executive Director

Mr. P. K. Choudhary, Managing Director

Mr. V.D. Ingle, Executive Director (Manufacturing)

Up to 25/05/2011

Mr. Vinay Sarin, Executive Director (Marketing)

Up to 25/05/2011

(iii) Relatives of Key Managerial Personnel :

Mrs. Sumitra Devi Mody

(Wife of Mr R.N .Mody, Chairman)

Mrs. Sakshi Mody

(Wife of Mr. Varunn Mody, Executive Director)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS
A) Transactions during the year:

Inter-Corporate Deposit Given	Rs.	Reimbursement of Expenses to	Rs.
J L Morison (India) Limited	85,000,000 (80,000,000)	J L Morison (India) Limited	(Nil) (466,623)
Looklink Finance Ltd.	695,000 (7,950,000)	Rent Paid to Rasoi Limited	7,36,000 (834,000)
Noble Trading Co. Ltd.	6,000,000 (35,000,000)	Pallawi Resources Ltd.	52,000 (126,000)
Lotus Udyog Ltd.	2,500,000 (20,000,000)	Silver Trading & Services Ltd.	300,000 (Nil)
Silver Trading & Services Ltd.	12,500,000 (Nil)	Surdas Trading & Mfg. Co. Ltd.	140,000 (180,000)
Deposit for Rented Property		Pallawi Trading & Mfg. Co. Ltd.	226,667 (Nil)
Rasoi Limited	50,000,000 (50,000,000)	J L Morison (India) Limited	12,81,975 (129,300)
Surdas Trading & Mfg. Co. Ltd.	10,000,000 (Nil)	Others	45,000 (60,000)
Pallawi Resources Ltd.	(7,500,000) (550,000)	Dividend Received	
Inter-Corporate Deposit Received back		J L Morison (India) Limited	249,349 (249,349)
J L Morison (India) Limited	(85,000,000) (80,000,000)	Rasoi Limited	437,670 (175,068)
Noble Trading Co. Ltd.	38,500,000 (2,500,000)	Dividend Given	
Looklink Finance Ltd.	8,645,000 (Nil)	Rasoi Limited	4,101,148 (20,505,740)
Lotus Udyog Ltd.	2,500,000 (20,000,000)	J L Morison (India) Limited	7,38,468 (3,692,340)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Interest Received

J L Morison (India) Limited	552,192 (2,908,913)	Surdas Trading & Mfg. Co. Ltd.	168,000 (840,000)
Noble Trading Co. Ltd.	2,469,123 (1,953,630)	Looklink Finance Ltd.	64,000 (320,000)
Silver Trading & Services Ltd.	2,21,918 (Nil)	Pallawi Trading & Mfg. Co. Ltd.	116,000 (580,000)
Goodpoint Advisory Services and Investments Ltd.	1,662,474 (Nil)	Noble Trading Co. Ltd.	37,536 (187,680)
Looklink Finance Ltd.	95,317 (120,711)	Silver Trading & Services Ltd.	56,000 (280,000)
Pallawi Resources Ltd.	Nil (30)	Pallawi Resources Ltd.	120,000 (600,000)

Service Tax Paid on Rent Payment

		Goodpoint Advisory Services and Investments Ltd.	132,000
Rasoi Limited	75,808 (Nil)		(660,000)

B Nature of Transaction with Key Management Personnel

Salary and Allowances		Lotus Udyog Ltd.	126,480 (632,400)
Mr. Raghu Mody	3,438,750 (Nil)	Axon Trading & Mfg. Co. Ltd.	72,000 (360,000)
Mr. Varunn Mody	6,776,250 (1,363,230)		

Closing Balance with Associates / Relatives

Mrs. Sakshi Mody	500,000 (Nil)	Pallawi Resources Ltd	8,050,000 (550,000)
Mr. P.K. Choudhary	3,971,000 (2,223,400)	Rasoi Ltd.	100,000,000 (50,000,000)
Mr. Vinay Sarin	204,330 (1,200,710)	Noble Trading Co. Ltd.	Nil (34,258,267)
Mr. V.D. Ingle	216,860 (1,254,640)	Look Link Finance Ltd.	Nil (8,058,640)

Commission to Directors

Mr. Varunn Mody	2,550,000 (2,100,000)	Surdas Trading & Mfg. Co. Ltd.	10,000,000 (Nil)
		Silver Trading & Services Ltd.	199,726

Investment in

J L Morison (India) Limited	51,549,275 (42,953,620)
Rasoi Limited	23,061,636 (23,061,636)
Lookiink Finance Ltd.	1,125,000 (1,125,000)

Note:

- No amount pertaining to related parties has been provided for as doubtful debts. Also no amount has been written off/back.
- The related parties are as identified by the Company and relied upon by the Auditors.

40. Loans and Advances in nature of loans.

Loans where there is no interest or at an interest rate below that specified in the Companies Act, 1956.	Amount Outstanding as on 31.03.12 Rs.	Maximum amount Outstanding During the year Rs.
Employees (as per general rules of the Company)	6,60,500 (1,18,000)	8,56,000 (3,91,000)
Carnation Welfare Trust	100,000,000 (Nil)	100,000,000 (Nil)

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

Signatures to Notes 1 to 41 which form an integral part of the financial statements.

On behalf of the Board of Directors

Raghu Mody

Executive Chairman

P. K. Choudhary

Managing Director

Varunn Mody

Executive Director

Place: Mumbai

Date: 16th May, 2012

Amit Goenka

G.M. Finance & Company Secretary

Dear Sir / Madam,

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

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

The e-mail ID provided shall be updated subject to successful verification of your signatures as per record available with the RTA of the Company.

Thanking you,

Yours faithfully,

For **Hindustan Composites Limited**

Amit Goenka

G. M. - Finance & Company Secretary

Dated _____

The G. M. - Finance & Company Secretary,
 Hindustan Composites Limited
 B-11, Paragon Condominium,
 P.B. Marg, Worli,
 Mumbai- 400 013

Sub: E-mail updation

Dear Sir,

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

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

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

E-mail ID : _____

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

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

Thanking you,
 Yours truly,

 Sole/ First holder

 Second holder

 Third holder

(Specimen as registered with the Company)

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

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

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

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 Eighth Annual General Meeting of the Company to be held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 at 11.30 a.m. on Friday, 10th August 2012.

- 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

TERE HERE

HINDUSTAN COMPOSITES LTD.

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

PROXY FORM

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

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

.....of

..... or failing himof

..... or failing himof

..... or failing him

as my/our proxy to attend and vote for me/us and on my/our behalf at the Forty Eighth Annual General Meeting of the Company to be held at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 at 11.30 a.m. on Friday, 10th August 2012.

Signed this.....day of.....2012

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

Affix a
Rs. 1/-
Revenue
Stamp



Our Participation at Auto Expo 2012, held at Pragati Maidan, New Delhi from 7th January to 11th January, 2012



BOOK POST

If undelivered, please return to :



B-11, Paragon Condominium,
Pandurang Budhkar Marg, Worli,
Mumbai – 400 013