

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34(3) read Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

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

2. Corporate Ethics:

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

2.1 Code of Conduct of Board Members and Senior Management:

The Board of Directors of the Company has adopted Code of Conduct for its Members and Senior Management and it is reviewed and modified periodically as per changes in applicable laws. 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:

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders for its management, directors, designated employees and other connected persons. All the directors, designated persons and third parties such as auditors, consultants etc. who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window was closed as and when required. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

2.3 Vigil Mechanism:

The Company has established a vigil mechanism for employees, officers and directors, which encourage them to report any suspected violation promptly and intend to investigate any report of violations made in good faith.

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 as on 31st March, 2020:

- Maintained all the Statutory Registers required to be maintained under the Companies Act, 2013 ("the Act") and the rules made thereunder.
- Filed all the forms and returns and furnished necessary particulars in time, with the Registrar of Companies (ROC), Mumbai, Maharashtra, Ministry of Corporate Affairs (MCA) and/or Authorities as required under the Act except delay in filing of some e-forms.
- Issued all notices as required to be given for convening the meeting of the Board of Directors, General Meetings of the shareholders within the time limit prescribed by law.
- Conducted the meetings of the Board of Directors, Annual General Meeting as per the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors and Shareholders
- Made due disclosures under the requirements of the Act including the requirements in pursuance to the disclosures made by the Directors and Key Managerial Personnel.
- Obtained necessary approvals of the Directors, Shareholders 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, Mumbai, Maharashtra.
- Effected share transfers and dispatched the certificates within the time prescribed under the Act and the rules made thereunder. Please refer to point no 11 (m) of this report for more details .

- Complied with all the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreements entered into with the Stock Exchanges where 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 to the extent applicable to the Company from time to time.

4. Board of Directors:

- Composition:**

As on 31st March, 2020, the Board of Directors consisted of seven 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(s)	Committee Positions (including Company)	
			Board Meeting	Last AGM		Memberships	Chairman
Mr. Raghu Mody	Executive Chairperson, Promoter	5	5	Yes	3	3	-
Mr. P. K. Choudhary	Managing Director	5	5	Yes	1	-	-
Mr. A. B. Vaidya	Non-Executive, Independent Director	5	5	Yes	-	2	1
Mr. Chakrapani Brajesh Misra ¹	Non-Executive, Independent Director	5	2	Yes	-	-	-
Mr. Deepak Sethi ²	Non-Executive, Independent Director	5	5	Yes	-	1	-
Lt. Gen. (Retd.) K. S. Brar	Non-Executive, Independent Director	5	4	Yes	-	2	-
Mr. Lalit Kumar Bararia ³	Additional Non-Executive, Independent Director	5	-	NA	1	2	1
Mrs. Preeti Vimal Agrawal ⁴	Additional Non-Executive, Independent Director	5	-	NA	-	-	-
Mrs. Sakshi Mody ⁵	Non-Executive, Non Independent Director	5	5	Yes	1	-	-

- The directorship held by directors as mentioned above does not include Directorships of Private Companies/Section 8 Companies/Foreign Companies as on 31st March, 2020.
- Membership/Chairmanship of only the Audit Committee and Stakeholders' Relationship Committee of all public companies / subsidiary of public companies has been considered.

Note:

1. Ceased to be a Director of the Company w.e.f. 28th February, 2020.
2. Reappointed as an Independent Non-Executive Director for second term for period of 5 consecutive years w.e.f. 23rd April, 2020.
3. Appointed as an Additional Independent, Non-Executive Director for a period of 5 years with effect from 13th February, 2020.
4. Appointed as an Additional Independent, Non-Executive Woman Director for a period of 5 years with effect from 13th February, 2020.
5. Ceased to be a Director of the Company w.e.f. 14th February, 2020.

• **Directorship details including the category of directorships as on 31st March, 2020.**

Sr. No.	Name of the Director	Name of the Listed Entity	Directorship Details
1.	Mr. Raghu Mody	Hindustan Composites Limited	Executive Chairperson, Promoter
		J L Morison (India) Limited	Non-Executive, Non-Independent Director, Chairperson related to Promoter
2.	Mr. P. K. Choudhary	Hindustan Composites Limited	Managing Director
3.	Mr. A. B. Vaidya	Hindustan Composites Limited	Non-Executive, Independent Director
4.	Mr. Deepak Sethi	Hindustan Composites Limited	Non-Executive, Independent Director
5.	Lt. Gen. (Retd.) K. S. Brar	Hindustan Composites Limited	Non-Executive, Independent Director
6.	Mr. Lalit Kumar Bararia	Hindustan Composites Limited	Non-Executive, Independent Director
		J L Morison (India) Limited	Non-Executive, Independent Director
7.	Mrs. Preeti Vimal Agrawal	Hindustan Composites Limited	Non-Executive, Independent Director

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

Five Board Meetings were held during the year 2019-2020. The dates on which the meetings were held are as follows:

Date of Board Meeting	Strength of the Board	No. of Directors present
6 th May, 2019	7	7
10 th August, 2019	7	7
14 th September, 2019	7	5
13 th November, 2019	7	6
13 th February, 2020	9	6

• **Disclosure of relationship between directors inter se:**

None of the Directors of the Company are related inter-se to any other director on the Board within the meaning of Section 2(77) of the Companies Act, 2013.

• **Number of shares and convertible instruments held by Non-Executive Directors:**

As on 31st March, 2020, no Non-Executive Director was holding any share/convertible instruments in the Company.

• **Weblink where details of familiarization programmes imparted to independent Directors is disclosed:**

The details of the programmes for familiarization of Independent Directors with the Company their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company are put up on the website of the Company at the link: <https://www.hindcompo.com/investor-relations/documents/familiarisation-programmes-for-independent-directors.pdf>

• **Matrix of Skills/ Expertise/ Competence of the Board of Directors:**

The Company has two segments viz. manufacturing and investment activities. Company's core business includes manufacturing, distribution, marketing of Friction Materials in India and abroad comprising of Brake Lining, Clutch Facing, Disc Brake Pad, Roll Lining, Brake Block etc.

The Company also through its investment activities invests in various equity instruments, Government Securities and debentures and bonds.

The following are the list of core skills/ expertise/ competencies identified by the Board of Directors as required in the context of the Company's aforesaid business for it to function effectively, efficiently and those available with the Board as a whole and the specific areas of focus or expertise of individual board members have been highlighted hereunder:

Core skills / competencies / Expertise and Description	Name of Directors						
	Mr. Raghu Mody	Mr. P. K. Choudhary	Mr. A. B. Vaidya	Mr. Deepak Sethi	Lt. Gen. (Retd.) K. S. Brar	Mr. Lalit Kumar Bararia	Mrs. Preeti Vimal Agrawal
Sales & Marketing: Experience in developing strategies to grow sales and market share and marketing management based on understanding of the auto components goods industry.	✓	✓	—	✓	—	✓	✓
Global Business experience: Experience in leading businesses in different geographies/markets around the world with an understanding of diverse business environments, economic conditions, cultures, and regulatory frameworks, and a broad perspective on global market opportunities.	✓	✓	✓	✓	—	✓	✓
General Management / Governance: Strategic thinking, decision making and protect interest of all stakeholders;	✓	✓	✓	✓	✓	✓	✓
Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc.	✓	✓	✓	✓	✓	✓	✓
Technical Skills: Technical skills and professional skills and knowledge including legal and regulatory aspects.	✓	✓	✓	✓	✓	✓	✓

• **Declaration by the Board:**

In the opinion of the Board of Directors of the Company, the Independent Directors fulfill the conditions specified in Section 149(6) of the Act and Regulation 16(1)(b) and Regulation 25(8) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are Independent of the management.

Further, all the Independent Directors of the Company have affirmed compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, regarding enrollment in the Data Bank for Independent Directors as required under Notification dated 22nd October, 2019 issued by the Ministry of Corporate Affairs in this regard.

None of the Independent Director serve as Independent Director in more than 7 listed companies.

• **Reason of resignation of Independent Director:**

Mr. Chakrapani Brajesh Misra, Independent Director of the Company resigned and ceased to be the Director w.e.f. 28th February, 2020.

Mr. Misra resigned from the directorship of the Company due to his increased professional workload and oncoming professional commitments, due to which he was not able to

devote time to the Company. He had also confirmed in his resignation letter that there was no other material reason other than those mentioned therein for his resignation.

5. **Audit Committee:**

Pursuant to the provisions of Section 177 of Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has duly constituted the Audit Committee. Majority of the members of the Committee are Independent Directors including the Chairman of 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 Auditors and to review the weakness in internal controls reported by Internal and Statutory Auditors and to review the remuneration of Internal and Statutory Auditors. In addition, the powers and role of the Audit Committee are as laid down under Regulation 18 and Schedule II Part C of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

Composition:

During the year 2019-2020 the Audit Committee was reconstituted. Mr. Lalit Kumar Bararia, Additional Non-Executive, Independent Director was appointed as Chairman of the Committee effective from 12th March, 2020 in place of Mr. Chakrapani Brajesh Misra, who ceased to be the Member of the Audit Committee upon his resignation from directorship of the Company. As on 31st March 2020, the Audit Committee comprised of Mr. Lalit Kumar Bararia, Mr. A. B. Vaidya, Mr. Deepak Sethi, Lt. Gen. (Retd.) K. S. Brar and Mr. Raghu Mody as its members. All members of the Audit Committee are financially literate and have related financial management expertise by virtue of their comparable experience and background. The partners / authorised representatives of Statutory Auditors and Internal Auditors are invited to the meetings of the Audit Committee, as and when required.

The Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee.

Meetings and attendance during the year:

During the year 2019-2020, the Audit Committee met five times on 6th May, 2019, 10th August, 2019, 14th September, 2019, 13th November, 2019 and 13th February, 2020. The attendance at the Committee meetings was as follows:

Sl. No.	Name of Directors	Category	Status	No. of meetings attended
1.	Mr. Chakrapani Brajesh Misra ¹	Non-Executive, Independent Director	Chairman	2
2.	Mr. Lalit Kumar Bararia ²	Non-Executive, Independent Director	Chairman	NA
3.	Mr. Deepak Sethi	Non-Executive, Independent Director	Member	5
4.	Mr. A. B. Vaidya	Non-Executive, Independent Director	Member	5
5.	Lt. Gen. (Retd.) K.S. Brar	Non-Executive, Independent Director	Member	4
6.	Mr. Raghu Mody	Executive Chairperson, Promoter	Member	5

Note:

- Upto 28th February, 2020.
- Appointed as a Chairman of the Audit Committee w.e.f. 12th March, 2020.

6. Nomination and Remuneration Committee:

Pursuant to the provisions of Section 178 of Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has duly constituted the

Nomination and Remuneration Committee. The Nomination and Remuneration Committee, inter alia, recommends the remuneration payable to executive directors, key managerial personnel (KMPs) and senior management personnel (SMPs) of the Company.

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 and Senior Management under the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 and Schedule II Part D (A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Composition:

During the year 2019-2020, the Nomination and Remuneration Committee was reconstituted. Mr. Lalit Kumar Bararia, Additional Non-Executive, Independent Director was appointed as Chairman of the Committee effective from 12th March, 2020, in place of Mr. Chakrapani Brajesh Misra who ceased to be the Member of the Nomination and Remuneration Committee upon his resignation from the directorship of the Company. As on 31st March 2020, the Nomination and Remuneration Committee comprised of Mr. Lalit Kumar Bararia, Mr. A. B. Vaidya, Lt. Gen. (Retd.) K. S. Brar as its members.

The Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee.

Meetings and attendance during the year:

During the year 2019-2020 the Nomination and Remuneration Committee met thrice on 6th May, 2019, 10th August, 2019 and 13th February, 2020. The attendance at the Committee meeting was as follows:

Sl. No.	Name of Directors	Category	Status	No. of meetings attended
1.	Mr. Chakrapani B. Misra ¹	Non-Executive, Independent Director	Chairman	2
2.	Mr. Lalit Kumar Bararia ²	Non-Executive, Independent Director	Chairman	NA
3.	Mr. A. B. Vaidya	Non-Executive, Independent Director	Member	3
4.	Lt. Gen. (Retd.) K. S. Brar	Non-Executive, Independent Director	Member	3

Note:

- Ceased to be a Director of the Company w.e.f. 28th February, 2020. Accordingly, he also ceased as a Chairman of the Nomination and Remuneration Committee w.e.f. 28th February, 2020.

2. Appointed as a Chairman of the Audit Committee w.e.f. 12th March, 2020.

• **Performance evaluation criteria for Independent Directors:**

Pursuant to the provisions of Section 178(2) of the Companies Act, 2013 read with Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has evaluated the performance of each Independent Director and fulfilment of the independence criteria as specified in Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and their independence from the management. The questionnaires are prepared considering the business of the Company. The evaluation framework for assessing the performance of Independent Directors comprises of the following key areas:

1. Attendance at Board and Committee Meetings;
2. Quality of contribution to Board deliberations
3. Strategic perspectives or inputs regarding future growth of the Company and its performances;
4. Providing perspectives and feedback going beyond information provided by the management.

7. Remuneration to Directors:

- a. The Non-Executive Directors had no pecuniary relationship or transactions with the Company during the year 2019-2020.
- b. Non-Executive Directors did not draw any remuneration from the Company. Sitting fees to Non-executive Directors is being paid at the rate of ₹ 10,000/- for each meeting of the Board and Committees attended by them. Within the ceiling of the Act, Independent Directors are also paid a commission, the amount whereof is determined by the Board.

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

(₹ in Lakhs)

Name	Salary	Perquisites or Allowances	Contribution to PF and others	Commission	Sitting fees	Total
Mr. Raghu Mody	156.00	0.29	-	-	-	156.29
Mr. P. K. Choudhary	74.89	11.20	4.69	-	-	90.78
Mr. A. B. Vaidya	-	-	-	2.00	1.70	3.70
Mr. Chakrapani Brajesh Misra	-	-	-	-	0.80	0.80
Mr. Deepak Sethi	-	-	-	2.00	1.00	3.00
Lt. Gen. (Retd.) K.S. Brar	-	-	-	2.00	1.50	3.50
Mrs. Sakshi Mody	-	-	-	-	0.50	0.50

- (i) The above details of remuneration or fees paid include all elements of remuneration package of individual director summarized under major groups.
- (ii) Apart from the above mentioned remuneration or fees paid, there are no other fixed component and performance linked incentives based on the performance criteria;
- (iii) There are no separate service contracts with any of the directors. The tenure of office of the Managing Director is for five years and Whole Time / Executive Directors is for three years from their respective dates of appointment, and can be terminated by either party by giving one month's notice in writing. There is no separate provision for payment of severance fees.
- (iv) No stock options are offered to any of the Directors of the Company.

8. Stakeholders Relationship Committee:

Pursuant to the provisions of Section 178 of Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has duly constituted the Stakeholders' Relationship Committee.

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

The Committee is empowered to oversee the redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfer/transmission /demat / remat of shares and other miscellaneous complaints. The Committee is also responsible for the satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services. In addition the terms of reference of this committee includes the provisions of Regulation 19 and Schedule II Part D (B) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

• **Composition:**

During the year 2019-2020, the Stakeholders Relationship Committee was reconstituted upon cessation of Mr. Chakrapani Brajesh Misra from the Membership of the Stakeholders Relationship Committee after his resignation from the directorship of the Company. As on 31st March 2020, the Stakeholders Relationship Committee comprised of Mr. A. B. Vaidya, Lt. Gen. (Retd.) K. S. Brar and Mr. Raghu Mody as its members.

Mr. A. B. Vaidya, Non-Executive, Independent Director of the Company is the Chairman of the Committee. The Company Secretary and Compliance Officer of the Company acts as Secretary to the Committee.

Mr. Vikram Soni is Company Secretary and Compliance Officer of the Company

• Status of investors' complaints/services requests:

Opening balance at the beginning of the year : Nil

Received during the year : 13

Disposed during the year : 13

Closing balance at the end of the year : Nil

9. Corporate Social Responsibility (CSR) Committee:

Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Board of Directors has duly constituted the Corporate Social Responsibility (CSR) Committee.

• Brief description of terms of reference:

- I. To frame the CSR Policy and its review from time-to-time.
- II. To ensure effective implementation and monitoring of the CSR activities as per the approved policy, plans and budget.
- III. To ensure compliance with the laws, rules and regulations governing the CSR and to periodically report to the Board of Directors.

• Composition:

During the year 2019-2020, the Corporate Social Responsibility Committee was reconstituted upon cessation of Mr. Chakrapani Brajesh Misra from the Membership of the Corporate Responsibility Committee after his resignation from the directorship of the Company.

As on 31st March 2020, the Corporate Social Responsibility Committee comprised of Lt. Gen. (Retd.) K. S. Brar, Mr. P. K. Choudhary and Mr. Raghu Mody as its members. Lt. Gen. (Retd.) K. S. Brar Non-Executive, Independent Director of the Company is the Chairman of the Committee.

The Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee.

• Meetings and attendance during the year:

During the year 2019-2020 the CSR Committee met twice on 6th May, 2019 and 13th November, 2019. The attendance at the Committee meeting was as follows:

Sl. No.	Name of Directors	Category	Status	No. of meetings attended
1.	Lt. Gen. (Retd.) K. S. Brar	Non-Executive, Independent Director	Chairman	2
2.	Mr. Chakrapani Brajesh Misra ¹	Non-Executive, Independent Director	Member	1
3.	Mr. P. K. Choudhary	Managing Director	Member	2
4.	Mr. Raghu Mody	Executive Chairperson, Promoter	Member	2

Note:

1. Upto 28th February, 2020.

10. General Body Meetings:

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

Financial year	Time	Date	Location
2016-17	11.30 a.m.	12 th September, 2017	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2017-18	11.30 a.m.	30 th August, 2018	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2018-19	11.30 a.m.	29 th August, 2019	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

• Special resolutions passed at last three AGMs:

AGM	Particulars of Special Resolutions
12 th September, 2017	1. Re-appointment of Mr. Raghu Mody as Executive Chairman and Whole Time Director of the Company for a further period of 3 years w.e.f 1 st October, 2017 till 30 th September, 2020.
30 th August, 2018	1. Special Resolution for re-appointment of Mr. A. B. Vaidya (DIN: 00246208) as an Independent, Non – Executive Director of the Company, for another term of five consecutive years w.e.f. 1 st April, 2019 to 31 st March, 2024. 2. Special Resolution for re-appointment of Lt. Gen. (Retd.) K. S. Brar (DIN: 01146720) as an Independent, Non – Executive Director of the Company, for another term of five consecutive years w.e.f. 1 st April, 2019 to 31 st March, 2024.

AGM	Particulars of Special Resolutions
29 th August, 2019	1. Special Resolution for re-appointment of Mr. Deepak Sethi (DIN: 07165462) as an Independent Non –Executive Director of the Company, for a second term of five consecutive years w.e.f. 23 rd April, 2020 to 22 nd April, 2025. 2. Special Resolution for revision in remuneration payable to Mr. Raghu Mody, (DIN: 00053329), Executive Chairman and Whole Time Director of the Company, w.e.f. 1 st April, 2019 for the remaining period of his tenure.

Postal Ballot:

During the year under review, no Resolution was passed through Postal Ballot process.

None of the business proposed to be transacted at the ensuing AGM is required to be transacted through postal ballot.

11. Means of communication:

- The Company has published its Quarterly Results as per the details mentioned below:

News Papers	Date of Board Meeting	Date of Publication
Financial Express (English - All India Edition) Mumbai Laksyadeep (Marathi)	06-05-2019	07-05-2019
Financial Express (English - All India Edition) Mumbai Laksyadeep (Marathi) (Published only Standalone Financial Results)	10-08-2019	11-08-2019
Financial Express (English - All India Edition) Mumbai Laksyadeep (Marathi) (Published only Consolidated Financial Results)	14-09-2019	15-09-2019
Financial Express (English - All India Edition) Mumbai Laksyadeep (Marathi)	13-11-2019	14-11-2019
Financial Express (English - All India Edition) Mumbai Laksyadeep (Marathi)	13-02-2020	14-02-2020

Website: The Company's website viz. www.hindcompo.com contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

News releases, presentations, among others: All Corporate Announcements made to the Stock Exchanges during the year 2019-2020 are available on the website of the Company.

During the year 2019-2020, the Company has not made any presentations to institutional investors or analysts.

12. General Shareholder information:

- Annual General Meeting:** Tuesday, 29th September, 2020 at 11.45 a.m. via. Video Conferencing (VC) / Other Audio Visual Means (OAVM)
- Financial Year:** April 1 to March 31;
- Dividend Payment Date:** The dividend of ₹ 2.00 per equity share of ₹ 5 each, as recommended by the Board, if declared at the AGM, will be credited / paid directly in their bank accounts, subject to deduction of income-tax at source wherever applicable, between Wednesday, 7th October, 2020 to Tuesday 20th October, 2020. For the Members who have not furnished their bank account details, the Company shall dispatch the dividend warrants upon normalization of postal services.
- Book Closure:** The Register of Members and the Share Transfer Books of the Company shall remain closed from Wednesday, 23rd September, 2020 to Tuesday, 29th September, 2020 (both days inclusive).
- Cut-off date for remote e-voting:** The remote e-voting/voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on the cut-off date i.e. Tuesday, 22nd September, 2020. Remote voting shall remain open from Saturday, 26th September, 2020 (9.00 a.m.) and ends on Monday, 28th September, 2020 (5.00 p.m.).
- Listing on Stock Exchanges:**
Equity Shares
 - BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
 - National Stock Exchange of India Limited Exchange Plaza, 5th Floor, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
- Listing Fees:**
The Company has paid the listing fees for the year 2020-21 to all the stock exchanges where the shares are listed.
- Stock Code:**
BSE :509635
NSE :HINDCOMPOS
ISIN :INE310C01029
- Stock Market Price Data and performance in comparison to BSE Sensex/NSE NIFTY 50:**
The monthly high / low quotations of shares traded on the BSE Limited during each month in last financial year and performance in comparison to BSE Sensex are as follows:

Month	Share price of the Company on BSE (₹)*		BSE Sensex (Points)*	
	High	Low	High	Low
April, 2019	226.50	211.45	38858.88	39487.45
May, 2019	223.60	200.00	39036.51	40124.96
June, 2019	214.00	190.00	39806.86	40312.07
July, 2019	200.00	169.20	39543.73	40032.41
August, 2019	209.00	166.00	37387.18	37807.55
September, 2019	201.00	168.60	37181.76	39441.12
October, 2019	185.00	162.00	38813.48	40392.22
November, 2019	185.50	163.70	40196.07	41163.79
December, 2019	175.50	157.45	41072.94	41809.96
January, 2020	255.00	169.10	41349.36	42273.87
February, 2020	212.75	163.00	40753.18	41709.30
March, 2020	168.95	95.20	38910.95	39083.17

*Source: www.bseindia.com

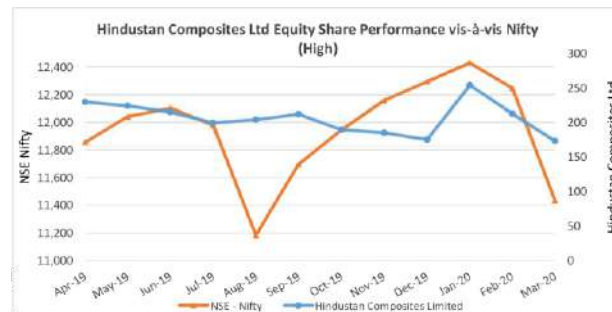
The monthly high / low quotations of shares traded on the National Stock Exchange of India Limited during each month in last financial year and performance in comparison to NSE Sensex are as follows:

Month	Share price of the Company on NSE (₹)*		NSE NIFTY 50 (Index)*	
	High	Low	High	Low
April, 2019	229.50	210.35	11,856.15	11,549.10
May, 2019	224.00	196.25	12,041.15	11,108.30
June, 2019	215.00	188.45	12,103.05	11,625.10
July, 2019	199.30	165.00	11,981.75	10,999.40
August, 2019	204.00	164.05	11,181.45	10,637.15
September, 2019	211.95	166.00	11,694.85	10,670.25
October, 2019	189.40	165.00	11,945.00	11,090.15
November, 2019	185.00	160.00	12,158.80	11,802.65
December, 2019	175.00	157.00	12,293.90	11,832.30
January, 2020	253.80	169.00	12,430.50	11,929.60
February, 2020	212.50	165.00	12,246.70	11,175.05
March, 2020	173.00	94.95	11,433.00	7,511.10

*Source: www.nseindia.com

j) Stock Performance in comparison to broad based indices:

The chart below shows the comparison of the Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex and NSE Nifty for the financial year ended 31st March, 2020.



- k) **Trading of Securities:** The securities of the Company were not suspended from trading during the year 2019-2020.
- l) **Registrar and Share Transfer Agents:** Link Intime India Pvt. Ltd, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Phone: (022)– 4918 6000 /270 Fax: (022)- 4918 6060 e-mail: rnt.helpdesk@linkintime.co.in
- m) **Share Transfer System:**

All shares sent for transfer in physical form are registered by the Company's Registrar and Share Transfer Agent (RTA) within 15 days of the lodgment, if documents are found to be in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 21 days.

Company's RTA viz. Link Intime India Pvt. Ltd. has informed that due to COVID 19 and the proactive steps taken by Government of India in declaring a 21 days lockdown effective from 24th March, 2020 and prior to this date the advisory/prohibitory orders issued by the Government of India and various State Governments effective from mid of March 2020 certain Demat / remat transactions inwards by their office from the period first week of March, 2020 which were to be processed and released within 15 days / 30 days as the case may be, could not processed/released since their office was functional with bare minimum staff reporting to office from mid-March 2020 onwards. Further, both the Depositories have issued circulars that from 23rd March, 2020 to 30th April, 2020 the processing of demat requests will be excluded for computing the existing timelines specified and further 15 days' time period will be allowed to clear backlogs after 30th April, 2020. They also confirmed that certain transactions processed might be pending for release; certain DRN generated by DPs electronically but physical documents might not have been dispatched by the DP; or might have been dispatched by the DP but not received by us/not

inwarded which has arisen due to the extraordinary circumstances as explained in details above.

n) Distribution of Shareholding as on 31st March, 2020:

Shares having nominal value of ₹ From To	No. of holders	%	No. of holders	%
1 – 500	15099	95.45	1270029	8.60
501 – 1000	431	2.72	299914	2.03
1001 – 2000	169	1.07	238359	1.61
2001 – 3000	44	0.28	113463	0.77
3001 – 4000	21	0.13	71220	0.48
4001 – 5000	10	0.06	45021	0.30
5001 – 10000	13	0.08	90499	0.61
10001 and above	32	0.20	12640495	85.59
TOTAL	15819	100.00	14769000	100.00

o) Dematerialization of Shares:

As on 31st March, 2020, 95.96% of the total shares of the Company were in dematerialized form.

p) Convertible instruments:

The Company has not issued any Global Depository Receipts (GDRs)/American Depository Receipts

t) List of all credit ratings obtained by the entity along with revisions (if any):

Sr. No.	Name of the Credit Rating Agency	Details of Credit Ratings obtained including revisions		
		Scale	Amount (₹ Cr)	Rating
1	Acuite Ratings & Research Limited (formerly known as SMERA Ratings Limited)	Long Term Instruments (fund based)	7.00	ACUITE A- / Stable
		Short Term Instruments (fund based + non fund based)	18.00	ACUITE A2+
		Total	25.00	

13. Other Disclosures:

i. Related Party Transactions:

During the financial year, the Company had no transactions with its promoters, directors or with their relatives etc. which may have conflict with the interest of the Company. Details on materially significant related party transactions are given in the appended financial statements under notes to the accounts. The policy on dealing with Related Party Transactions is available on Companys' website at <https://www.hindcompo.com/investor-relations/documents/related-party-transaction-policy.pdf>

ii. Compliance by the Company:

The Company has complied with all the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as the regulations and guidelines of SEBI. Consequently there were no strictures or penalties

(ADRs)/warrants or any convertible instrument, which is likely to have impact on the Companys' Equity.

q) Commodity Price risk or foreign exchange risk and hedging activities:

The Company is exposed to the risk of Price fluctuations of raw material, which are proactively managed by forward booking of materials, inventory management and vendor development practices.

As regards, foreign exchange risk, there is natural hedging of risk as our import and export generally remains at the same level.

r) Plant Locations :

MIDC Industrial Area, Paithan, Dist. Aurangabad –431107

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

s) Regd. Office & Address for Correspondence:

Hindustan Composites Limited,
 Peninsula Business Park, 'A' Tower,
 8th Floor, Senapati Bapat Marg,
 Lower Parel, Mumbai 400013
 Telephone: 022 66880100; Fax: 022 66880105
 E-mail: investor@hindcompo.com

imposed by either SEBI or Stock Exchanges or any other statutory authorities for non-compliance of any matter related to the capital markets during the last three years, except imposition of fine by the BSE for non-submission of the financial results (consolidated) for the quarter ended 30th June, 2019 within specified time, however the BSE vide its circular no LIST/COMP/30/2019-20 dated 26th September, 2019 clarified that the Company is required to submit consolidated financial results from the quarter ending 30th September, 2019, and not from the quarter ended 30th June, 2019, accordingly the Company was not required to pay any fine as imposed.

iii. Whistle Blower policy /Vigil Mechanism 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 2019-2020, no employee was denied access to the Audit Committee.

iv. Adoption of mandatory and non-mandatory requirements of Regulation 27 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

The Company has complied with all mandatory requirements of Regulation 27 and Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirements of Regulation 27 and Part E of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

- (a) Audit Qualification - The Company is in the regime of unmodified audit opinion on financial statements.
- (b) Separate posts of Chairman and CEO – The Company has separate Chairman and Managing Director or Chief Executive Officer.
- (c) Reporting of Internal Auditor – The Internal Auditors directly reports to the Audit Committee.

v. Policy for determining Material Subsidiaries:

The Company does not have any subsidiary, hence is not required to frame policy on Material Subsidiaries.

vi. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015:

During the financial year 2019-2020, the Company has not raised any funds through preferential allotment or qualified institutions placement.

vii. Certificate from Company Secretary:

A certificate received from M/s. M Baldeva Associates, Practicing Company Secretaries, Thane is attached in this report stating that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

viii. Recommendation by Committee:

The Board has accepted all recommendations from all the committees of the Board which is mandatorily required, during the financial year under review.

ix. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Details relating to fees paid to the Statutory Auditors are given in Note 32 to the Standalone Financial Statements and to the Consolidated Financial Statements.

x. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

14. Compliance of the requirement of Corporate Governance Report:

During the year 2019-20, the Company has complied with the requirements of Corporate Governance Report of sub paras (2) to (10) of the Point C of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

15. Disclosure of the Compliance with Corporate Governance

The Company has complied with the Regulations 17-20, 22-23, 24A, 25-27 and Clauses (b) and (i) sub-regulations 46 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, during the year 2019-20. Regulations 21 and 24 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are not applicable to the Company.

16. Disclosure of accounting treatment:

In the preparation of financial statements, the Company has followed the Indian Accounting Standards (Ind AS) as specified under Section 133 of the Act, issued by the Institute of Chartered Accountants of India to the extent applicable.

17. Related Party Disclosures:

The disclosures as required by Indian Accounting Standard (Ind AS - 24) on "Related Party" are given in appended in Standalone and Consolidated Financial Statements under Notes to Accounts.

18. Disclosure with respect to demat suspense account / unclaimed suspense account:

The Company does not have any of its securities lying in demat/unclaimed suspense account arising out of public/bonus right issues as at 31st March, 2020. Hence, the particulars relating to aggregate number of shareholders and the outstanding securities in suspense account and other related matters does not arise.

19. Compliance Certificate for Code of Conduct:

A declaration by Managing Director of the Company affirming compliance by the Board members and Senior Management Personnel to the Code of Conduct is also annexed herewith and forms part of Annual Report as per Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

20. Compliance Certificate by Statutory Auditors:

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, which is annexed herewith and forming part of Annual Report.

For and on Behalf of the Board of Directors

Raghu Mody
Chairman
DIN: 00053329

Place: Mumbai
Date: 29th June, 2020

Declaration – Code of Conduct

As per Regulation 17 and Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, I, P.K. Choudhary, Managing Director of the Company do hereby declare that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct during the year ended 31st March, 2020.

For Hindustan Composites Limited

Place: Mumbai
Date : 29th June, 2020

P. K. Choudhary
Managing Director
DIN : 00535670

Certificate from Company Secretary in Practice

(Pursuant to Regulation 34(3) read with Schedule V Part C Sub-clause 10(i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
Hindustan Composites Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the directors of Hindustan Composites Limited (CIN: L29120MH1964PLC012955) and having registered office at Peninsula Business Park, 'A' Tower, 8th Floor, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Raghu N. Mody	00053329	29/12/1987
2.	Mr. Pawan Kumar Choudhary	00535670	18/03/2005
3.	Mr. Ashok B. Vaidya	00246208	04/09/2006
4.	Mr. Deepak Sethi	07165462	23/04/2015
5.	Lt. Gen. (Retd.) Kuldip Singh Brar	01146720	30/09/2008
6.	Mr. Lalit Kumar Bararia	00204670	13/02/2020
7.	Mrs. Preeti Vimal Agrawal	08693668	13/02/2020

Ensuring the eligibility of for the appointment / continuity of every director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M Baldeva Associates
Company Secretaries

CS Manish Baldeva
Proprietor

Place: Thane
Date: 29th June, 2020

M. No. FCS: 6180 C.P. No. 11062
UDIN: F006180B000398297

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 of SEBI(Listing Obligations and Disclosure Requirements), Regulations 2015

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L29120MH1964PLC012955
2.	Name of the Company	Hindustan Composites Limited
3.	Registered address	Peninsula Business Park,"A" Tower 8 th Floor, Senapati Bapat Marg, Lower Parel, Mumbai 400013
4.	Website	www.hindcompo.com
5.	E-mail id	investor@hindcompo.com
6.	Financial Year reported	2019 - 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	
	(a) Friction materials - Brake lining, Brake Block, Clutch facing and Button	29301
	(b) Investment and Treasury operations	643
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	1) Brake Lining; 2) Brake Block; 3) Clutch Facing and Button
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	International location - Nil
	(b) Number of National Locations	1) One Registered Office in Mumbai, Maharashtra, 2) Two Manufacturing Units in Aurangabad & Bhandara in Maharashtra, 3) Four Branch Offices in Mumbai, Kolkata, Delhi & Chennai
10.	Markets served by the Company – Local/ State/ National/ International	The company products are sold in both National & International Markets

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Financial details of the Company	FY 2019-20 Standalone (₹ in Lakhs)	FY 2019-20 Consolidated (₹ in Lakhs)
1.	Paid up Capital (INR)	738.45	738.45
2.	Total Turnover (INR)	17,805.19	17,805.19
3.	Total profit after taxes (INR)	1,203.50	1,047.41
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	As per Section 135 of the Companies Act, 2013 read with the rules made thereunder, the Company is required to spend at least 2% of average net profit of last 3 financial years i.e. ₹ 65.76 Lakhs. The Company has spent ₹ 70.00 Lakhs on CSR activities for FY 2019-20.	
5.	List of activities in which expenditure in 4 above has been incurred:-	Please refer to Annexure D of Board's Report for details	

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies ?	The Company does not have any subsidiaries
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1 Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1.	DIN Number	00535670
2.	Name	Mr. Pawan Kumar Choudhary
3.	Designation	Managing Director

(b) Details of the BR head

No.	Particulars	Details
1.	DIN Number (if applicable)	00535670
2.	Name	Mr. Pawan Kumar Choudhary
3.	Designation	Managing Director
4.	Telephone number	(022) 6688 0100
5.	e-mail id	pkc@hindcompo.com

2 Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

Principle No.	Name of the Principle
P 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.
P3	Businesses should promote the well-being of all employees.
P 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P 5	Businesses should respect and promote human rights.
P 6	Businesses should respect, protect, and make efforts to restore the environment.
P 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P 8	Businesses should support inclusive growth and equitable development.
P 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', released by the Ministry of Corporate Affairs, Companies Act and various SEBI Regulations.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?"	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.hindcompo.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to key internal and external stakeholders through the Companys' website www.hindcompo.com								
8.	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The policies are evaluated internally from time to time and updated whenever required.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	Y	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3 Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year - BRR is applicable from the year 2019-20.

- The Board of Directors of the Company shall review BR report annually or whenever required.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

- The BR is published as a part of the Annual Report for the financial year 2019-20 (being first year of its applicability) and is also available on website of the Company at www.hindcompo.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1 Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Ans. Yes, policy relating to ethics, bribery and corruption cover only the company. No it does not extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others.

2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Ans. Total 13 complaints were received from shareholders during the year 2019-20 and all have been resolved. Complaints/grievances from other stakeholders are dealt with on an ongoing basis. No major complaints were received.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Ans. The company continuously improves its products to meet customer requirements. Following products and their designs have incorporated social or environmental concerns, risks and opportunities :
 (a) Brake Blocks;
 (b) Brake Linings;
 (c) Clutch facings.

2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (i) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
- (ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Ans. (a) Brake Blocks - Usage of environmental friendly materials and Improvement in process.
 (b) Brake Linings - Efficient use of raw material and energy with manufacturing innovation.
 (c) Clutch facing - Usage of environmental friendly material and extraction of solvent.

3 Does the company have procedures in place for sustainable sourcing (including transportation)?
 (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Ans. Yes, the company is certified under IATF-16949-2016. It has procedures in place to support the sustainable sourcing activities.

These procedures are followed during vendor evaluation and applicable for suppliers as per audit plan and procedure. Approx 55 % products / services (including transportation) are sourced in a sustainable manner.

4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
 (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Ans. Yes, the company procures goods and services from MSMEs (Micro, Small and Medium Enterprises). The company assesses their capability on a regular basis and provides technical and financial support to improve their capability and capacity where ever required.

5 Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

- Ans. (a) The company is having a culture of continuously recycling the waste.
 (b) Drilling / Grinding dust is properly processed and re-used as per the set formulation. Percentage of such waste may be >10 %.
 (c) steel scrap is being sold to scrap dealers which is ultimately used in re-rolling industry. The value of such scrap is very low.

Principle 3 : Businesses should promote the well-being of all employees.

1 Please indicate the Total number of employees.

Ans. There were 549 permanent employees as on 31st March, 2020 in the Company.

2 Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Ans. There were 580 employees hired on temporary/ contractual / casual basis as on 31st March, 2020 in the Company.

3 Please indicate the Number of permanent women employees.

Ans. There were 8 permanent woman employees as on 31st March, 2020 in the Company.

4 Please indicate the Number of permanent employees with disabilities.

Ans. There were 6 employees with disabilities as on 31st March, 2020 in the Company.

5 Do you have an employee association that is recognized by management.

Ans. The Company have employees association i.e. Union-Maharashtra Kamgar Vikas Sanghatna (Paithan) & Union-Hindustan Composites Employee union (Bhandara) recognised by the Company's management.

6 What percentage of your permanent employees is members of this recognized employee association?

Ans. The company has 324 (59.02%) permanent employees as members in the aforementioned recognised employee associations.

7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Ans. No complaint relating to child labour, forced labour, involuntary labour, sexual harassment was received in the financial year 2019-20. No complaint was pending either at beginning or at the end of the financial year.

No.	Category	No of Complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8 What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Ans. (a) Permanent Employees - > 91 %
 (b) Permanent Women Employees - 100 %
 (c) Casual / Temporary / Contractual Employees - about 75 %
 (d) Employees with Disabilities -100 %

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

1 Has the company mapped its internal and external stakeholders? Yes/No.

Ans. Yes.

2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders.

Ans. Identification of the disadvantaged, vulnerable and marginalised stakeholders is an on-going process and the Company is committed to the welfare of marginalised and vulnerable sections of the society through its various CSR activities.

3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

Ans. During the year, the Company has undertaken its CSR responsibilities through external agencies with a focus on the community development programs and upliftment of disadvantaged, vulnerable and marginalised stakeholders the details of such programmes are explained in more details in the “Annexure D” of the Board Report.

Principle 5 : Businesses should respect and promote human rights.

1 Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures / Suppliers / Contractors /NGOs/Others?

Ans. It covers the company.

2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Ans. No complaints relating to violation of human rights were received during the financial year.

Principle 6 : Businesses should respect, protect, and make efforts to restore the environment.

1 Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers / Contractors /NGOs/others.

Ans. Environmental Policy is applicable to all the business units of the company and it encourages all business partners including suppliers, vendors and contractors to follow this policy.

2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Ans. No.

3 Does the company identify and assess potential environmental risks? Y/N

Ans. Yes.

4 Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Ans. No.

5 Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Ans. Yes, the details are given under Director's Report.

6 Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Ans. Yes, the company ensures compliances with the applicable laws.

7 Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Ans. Nil.

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1 Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- Ans. (a) Automotive Component Manufacturers Association of India (ACMA).
 (b) Federation of Chamber of Commerce & Industry (FICCI)
 (c) Bombay Chamber of Commerce & Industry
 (d) Indian Chamber of Commerce
 (e) Indian Merchants Chamber

2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) -

Ans. No.

Principle 8 : Businesses should support inclusive growth and equitable development.

1 Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Ans. As a responsible corporate citizen, the Company focuses on community development through its CSR activities. Details of our CSR activities are provided in Annexure D to Directors' Report.

2 Are the programmes/projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

Ans. The Company undertakes its various CSR activities by contributing to the external NGOs and other organizations.

3 Have you done any impact assessment of your initiative?

Ans. The CSR programmes and their impacts are assessed, monitored and reviewed by the CSR Committee periodically.

4 What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

Ans. The total amount spent on all CSR activities and projects during the FY 2019- 2020 was ₹70 Lakhs and the details of the CSR projects and activities undertaken are provided in details in Annexure D of the Directors' Report and forms a part of this Annual Report for FY 2019-2020 .

5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Ans. Yes, the initiatives undertaken under CSR are tracked to determine the outcomes achieved and the benefits to the community. Internal tracking mechanisms are regularly carried out.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1 What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Ans. The Company has a robust system for addressing customer complaints. These complaints are properly dealt with and disposed off after verification. Pending complaints at the year end is negligible.

2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information)

Ans. Yes, the Company displays product information on the products label as per the mandated local laws.

3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

Ans. One of the customer filed a complaint towards anti-competitive behaviour with CCI. The matter is under investigation but company is of the opinion that there may not be any liability.

4 Did your company carry out any consumer survey/ consumer satisfaction trends?

Ans. Yes, the company carry out consumer survey periodically. The company leverages this survey to understand customers' requirements and help provide the required solution.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF HINDUSTAN COMPOSITES LIMITED

We have examined the compliance of conditions of corporate governance by **HINDUSTAN COMPOSITES LIMITED** ('the Company') for the year ended March 31, 2020 as stipulated in Regulations 17-27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility for compliance with the conditions of Listing Regulations

The compliance of the conditions contained in the corporate governance is the responsibility of the Management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

Our examination was limited to 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.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), Standards on auditing specified under section 143(10) of the Companies Act, 2013 and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on the procedures performed by us and to the best of our information and according to explanations given to us and representation made by the Management, in our opinion, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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.

Restriction on Use

The certificate is addressed to and provided to the Members of the Company solely for the purpose to enable the Company to comply with requirement of aforesaid Regulations, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **Bagaria & Co. LLP**
Chartered Accountants
Firm Registration No:
113447W/W-100019

Place: Mumbai
Date: 29th June, 2020

Vinay Somani
Partner
Membership No. 143503
UDIN :20143503AAAAHA2491