



**HINDUSTAN
COMPOSITES
LIMITED**

Annual Report 2004-2005



BOARD OF DIRECTORS

Raghu Mody	Chairman
P. K. Choudhary	Managing Director
Vinay Sarin	Executive Director
V. D. Ingle	Executive Director
Keith M. Robinson	
D. Lawson Lyon	
V. B. Haribhakti	
Haigreve Khaitan	

MEMBER – MANAGEMENT TEAM

Varunn Mody

AUDITORS

Lodha & Co.

SOLICITORS

Khaitan & Co.

BANKERS

Bank of Baroda
Union Bank of India

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENTS

Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup,
Mumbai-400 078.

WORKS

Mumbai : L.B.S Marg, Ghatkopar (W).
Paithan : D-2/1, MIDC Industrial Area.
Bhandara : C-10/1, Bhandara Indl.Area, Gadegaon.
Jalna : C-11, Addl. Jalna Indl. Area.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty First Annual General Meeting of the Company will be held at The Convention Hall, 4th Floor, Y.B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021 at 4.00 p.m. on Monday, 5th September, 2005 to transact the following business:

- 1) To consider, approve and adopt the Audited Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the year ended 31st March, 2005 together with the Report of the Directors and Auditors thereon.
- 2) To declare Dividend on Equity Shares.
- 3) To appoint a Director in place of Mr. Raghu Mody who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Keith Robinson who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

- 6) To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. Haigreave Khaitan be and is hereby appointed as a Director of the Company."
- 7) To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to sections 198, 269, 302, 309, 310 & 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, and subject to such approval, if any, as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. P.K. Choudhary as Managing Director of the Company for a period of 3 years w.e.f 18th March, 2005, on the terms and conditions as set out in the Explanatory Statement attached to this Notice, be and is hereby approved, with liberty to the Board of Directors to revise the terms with regard to remuneration, from time to time, within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force.
RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

Registered Office :
B-11, Paragon Condominium,
P. B. Marg, Worli,
Mumbai - 400 013.
Date : April 27, 2005

By Order of the Board of Directors

P. K. CHOUDHARY
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME OF COMMENCEMENT OF THE MEETING.
2. Pursuant to the provision of Section 205A of the Companies Act, 1956 as amended, dividend for the financial year ended 31st March, 1998 which remained unpaid or unclaimed for a period of 7 years has been, and thereafter, dividend which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEPF). It may be noted that no claims will lie against the Company or the Investor Education and Protection Fund in respect of the said unclaimed dividend amount transferred to the fund.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 25th August, 2005 to 5th September, 2005 (both days inclusive).
4. The Company has listed its shares at The Stock Exchange, Mumbai, National Stock Exchange of India Ltd., and Calcutta Stock Exchange. Up to date listing fees of these exchanges have been paid.
5. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the meeting so that the answers may be made available at the Meeting.

ANNEXURE TO NOTICE

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

Item no. 6

The Board of Directors had appointed Mr. Haigreave Khaitan as an Additional Director of the Company with effect from 06.09.2004, under Section 260 of the Companies Act read with Article 112 of the Company's Articles of Association. He holds office till date of ensuing Annual General Meeting and is eligible for appointment. The Company has received a notice in writing alongwith requisite deposit from Member pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Haigreave Khaitan for the office of Director. Mr. Khaitan is a prominent Advocate and the Board consider that the Company should avail of the benefit of advice, guidance and experience of Mr. Khaitan. It is recommended that Mr. Khaitan be appointed as a Director of the Company.

Except Mr. Khaitan, none of the other Directors of the Company are concerned or interested in the said Resolution

Item no. 7

Mr. P.K. Choudhary was appointed as Managing Director of the Company on 18th March, 2002 for a period of 3 years.

In terms of Article 132 of the Articles of Association, read with Section 198, 269 and 309 of the Companies Act, 1956 the Board of Directors re-appointed him as Managing Director for a period of 3 years w.e.f 18th March 2005. Mr. P.K. Choudhary is a qualified Chartered Accountant and a qualified Company Secretary and associated with the Company since last 14 years. The terms and conditions of the appointment of Mr. P.K. Choudhary are as under :

- | | |
|--|--|
| 1. Salary | R.40,000/- per month, with an increase which may be decided by the Board of Directors from time to time within the limits, specified in Schedule XIII of the Companies Act, 1956. |
| 2. Accommodation | Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises and reimbursement of the cost of servants etc., not exceeding Rs.4,200/- per month. |
| 3. Motor Car | Provision of motor car with driver. |
| 4. Medical | Reimbursement of medical expenses and insurance premium for self, spouse and dependant children, not exceeding Rs.40,000/- per annum. |
| 5. Leave Travel Concession | As per rules of the Company's Scheme not exceeding Rs.1,00,000/- per annum. |
| 6. Provident and other funds including superannuation and gratuity | As per the rules of the Company's Scheme. |
| 7. Personal Accident Insurance | Premium not to exceed Rs 5,000/- per annum. |
| 8. Club Subscription | Reimbursement of club subscription fees of two clubs. |
| 9. Leave Encashment | Encashment of leave accumulation as per the rules of the Company. |

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

In view of considerable gain to the Company by the appointment of Mr. P.K. Choudhary through his expertise and experience, the Directors recommend the Ordinary Resolution for approval of the members.

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

Registered Office :

B-11, Paragon Condominium,
P. B. Marg, Worli,
Mumbai - 400 013.
Date : April 27, 2005

By Order of the Board of Directors

P. K. CHOUDHARY
Managing Director

INFORMATION REQUIRED UNDER CLAUSE 49 (VI)(A) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED/RE-APPOINTED

Mr. Raghu Mody aged 66 years, has been the Chairman of the Company since 1987. He is a leading Industrialist with several years of extensive and varied experience. He is also the Chairman of J.L. Morison (India) Ltd. Rasoi Ltd and also a Director of ten companies.

Mr. Keith Robinson aged 57 years, is a leading Lawyer based in the United Kingdom. He is associated with the Company for the last 10 years as a Director.

Mr. Haigreave Khaitan aged 35 years, a leading advocate having a practice of more than 10 years and a partner of M/s. Khaitan & Co., a leading solicitor firm in India. He holds 18 directorships in public/private companies and is a member of 10 various committees.



DIRECTORS' REPORT

Your Directors present their Forty First Annual Report together with the Audited Accounts for the year ended 31st March, 2005.

1. FINANCIAL RESULTS

	In Rs. Lacs	
	Year ended	
	31 st March, 2005	31 st March, 2004
Net Sales	6025	5559
Operating Profit before interest & depreciation	853	758
Interest	(214)	(196)
Gross Profit	639	562
Depreciation	(254)	(235)
Profit before extraordinary item and tax	385	327
Employees separation cost	(194)	(108)
Profit before tax	192	219
Provision for taxation - Current	(17)	(45)
- Deferred	(32)	(24)
- Prior period adjustment	-	5
Profit after taxation	143	155
Profit available for appropriation after adjustments	177	196
Appropriations		
Proposed Dividend	55	55
Corporate Dividend Tax	8	7
Transfer to General Reserve	70	100
Surplus carried to Balance Sheet	44	34
	177	196

2. DIVIDEND

The Directors are happy to recommend a dividend of Rs.55 lacs, being 10% of the paid up equity capital of the Company, out of the profits for the year (previous year: 10%).

3. PERFORMANCE

The Company's performance in the year 2004-05 was marked with higher sales and improved operational profit.

The net turnover of the Company has increased by 8% to Rs.60.25 crores from previous year's Rs.55.59 Crores. The performance could have been still better but for VAT confusion, which prevailed throughout the last quarter of the year. The gross profit before interest has also gone up from Rs.758 lacs to Rs.853 lacs and the net profit was higher at Rs.385 lacs. After considering extra ordinary item on account of employees' separation cost of Rs.194 lacs (Rs.108 Lacs) profit before tax was slightly lower at Rs.191 Lacs

as against Rs.219 lacs in the previous year. Although business conditions remain bullish throughout the year, profitability of the Company was affected on account of major cost escalations in petroleum products, steel and other input costs.

The working of Paithan plant was generally satisfactory. The unit is now geared up to produce more Asbestos-free products in Railway Brake Block, Disc Brake Pad and Roll Lining segments.

The performance of Bhandara plant has improved with higher capacity utilisation but profitability of the plant was under pressure because of stiff competition from unorganised sector. The management has entered into a productivity-linked agreement with the union for a period of 3 years during the year under review.

The Ghatkopar plant after prolonged lockout of seven months resumed operation in May,2004 with arriving into a settlement with the union. Under this settlement, surplus manpower at the unit was identified and many of them separated under a VRS scheme. However, this unit is still unviable with poor productivity of the workmen, high operation cost and lower price realisation of products due to adverse supply / demand ratio.

The Jalna plant became operational during the year to manufacture Joining and Textile products.

In view of buoyancy in auto and other industrial segment, the Company is confident of achieving better results in the coming years with continuous improvement in technology, rationalisation of manpower and cost cutting measures.

4. EXPORTS

Despite the stiff competitive situation, the Company achieved export turnover of Rs.794 lacs, a significant increase of 62% over the previous year. The Company has participated in Auto-Mechanika at Frankfurt in September, 2004, which is the largest Autocomponent Exhibition of its kind in the world.

5. PUBLIC DEPOSITS

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

6. PERSONNEL

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

7. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Particulars required under Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption are given in an Annexure to this Report.

8. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earning from exports amounted to Rs.762 lacs, of FOB value basis whilst the outgo for raw materials, components, spares and capital goods amounted to Rs.656 lacs.

9. DIRECTORS

The Board records its appreciation for the valuable services rendered by Mr.T. Akiyama, who resigned as Director of the Company owing to his travel restrictions w.e.f 6th September, 2004.

The Board also records its appreciation for the valuable services rendered by Mr. A. B. Vaidya, whose nomination has been withdrawn by Life Insurance Corporation of India w.e.f. 23rd April, 2004.

The Board is pleased to appoint Mr. Haigreve Khaitan, as Additional Director w.e.f. 6th September, 2004. Pursuant to the provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of forthcoming Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 and the requisite deposit has been received from a member signifying his intention to propose the appointment of Mr. H. Khaitan as a Director.

The Board of Directors re-appointed Mr. P. K. Choudhary as Managing Director for a period of 3 years w.e.f., 18th March, 2005 subject to confirmation by shareholders at the forthcoming Annual General Meeting.

Mr. Raghu Mody and Mr. Keith Robinson, Directors retire by rotation and being eligible offer themselves for re-appointment.

10. AUDITORS

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

11. CORPORATE GOVERNANCE

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

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

13. ACKNOWLEDGEMENT

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

By order of the Board of Directors

Mumbai,

Date : April 27, 2005

RAGHU MODY

Chairman

Additional information as required under Section 217 (1)(e) of the Companies Act, 1956, read with the Rules framed thereunder forming part of the Directors' Report for the year ended 31st March, 2005.



ANNEXURE TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY :

1. Condensate Recovery System was installed at Solvent Recovery Plant to re-direct the hot water to boiler through separator.
2. Time sensitive PLC controls were installed at Moulding Pressures to reduce the time between two cycles.
3. Insulation of moulding dies was carried out in all the pressures to eliminate heat decipation.

RESEARCH & DEVELOPMENT (R&D) :-

1. Specific area where R & D being carried out by the company

- 1.1. Asbestos free Brake Liners for commercial vehicles.
- 1.2. Asbestos Free organic Disc Brake Pads / Liners for two / three wheeler applications.
- 1.3. Asbestos Free Composition Brake Blocks "L" Type for Meter gauge Coaching and Locomotive application.
- 1.4. Asbestos Free Thermal Insulation products like Cloth, Caulking Ropes and Laggings
- 1.5. Lead free Random Wound Clutch Facings.

2. Benefits as results of above R&D :-

Wide range of Asbestos Free Products provide new opportunities in OEM's, Railways and Industry Segment in domestic as well as export markets.

3. Future Plan of Action :-

3.1 Water based technology for Random wound clutch facings.

3.2 High Performance Sintered products

4. Expenditure on R&D :- Rs.

4.1 Capital	10.59 Lacs
4.2 Recurring	79.25 Lacs
4.3 Total	89.84 Lacs
4.4 Total as a % of Turnover	1.49 %

5. TECHNICAL ABSORPTION, ADAPTATION AND INNOVATION:

5.1 Joint development work with different manufacturers of Resin and Man made Mineral Fibre, Organic and High performance Fibre in Europe, Japan and North America for entire range of products is continuing more vigorously.

5.2 The Company has appointed an overseas leading consulting firm for technical upgradations.

**CORPORATE GOVERNANCE REPORT****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 endeavours to improve on these aspects.

2. Board of Directors

- Composition:*

The Board of Directors consists of eight Directors. The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of directorships in other companies and committees are given below :

Name of Director	Category	Attendance particulars		No. of other Directorship / Committee Positions		
		Board Meetings	Last AGM	No. of Directorships	Committee Positions Member	Chairman
Mr. Raghu Mody	Non-Executive, Chairman, Promoter	3	Yes	9	1	2
Mr. V. B. Haribhakti	Non-Executive, Independent	5	Yes	9	3	7
Mr. Douglas Lyon	Non-Executive, Independent	1	Yes	-	-	-
Mr. Keith M Robinson	Non-Executive, Independent	1	Yes	-	-	-
Mr. Haigreve Khaitan*	Non-Executive, Independent	3	Yes	18	10	-
Mr. P. K. Choudhary	Executive Director	5	Yes	2	-	-
Mr. V. D. Ingle	Executive Director	5	Yes	-	-	-
Mr. Vinay Sarin	Executive Director	3	Yes	-	-	-
Mr. A. B. Vaidya **	Non-Executive	-	No	-	-	-
Mr. T. Akiyama***	Non-Executive Independent	-	No	-	-	-

* Mr. Haigreve Khaitan has been appointed as an Additional Director w.e.f. 6th Sept, 2004. Of the 18 directorships, 3 companies are private limited companies and holds alternate directorships in 2 companies.

** Mr. A. B. Vaidya resigned w.e.f. 23rd April, 2004 owing to withdrawal of his nomination by L.I.C.

*** Mr. T. Akiyama resigned w.e.f. 6th Sept, 2004.

- Number and dates of Board Meetings held :*

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

23.04.2004, 28.07.2004, 06.09.2004, 28.10.2004 & 21.01.2005.

3. Audit Committee

- Composition:*

The Audit Committee is constituted by the Board of Directors consisting of three non-executive directors viz., Mr. V. B. Haribhakti, the Chairman, is a leading Chartered Accountant, Mr. Raghu Mody, Member, is a prominent industrialist and Mr. Haigreve Khaitan, is a leading Advocate by profession. 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 Audit Committees under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

- Meetings and attendance during the year:*

There were three meetings of the Audit Committee during the year on 23.04.2004, 28.10.2004 & 21.01.2005 and the attendance for the meetings was as follows :

Name of Directors	No. of Meetings Attended
Mr. V. B. Haribhakti	3
Mr. Raghu Mody	1
Mr. A. B. Vaidya (resigned w.e.f. 23/04/04)	1
Mr. Haigreve Khaitan (appt. w.e.f. 06/09/04)	2

4. Remuneration Committee

The Company has not formed remuneration Committee, being non-mandatory requirement. However, the Board of Directors reviews the remuneration and performance of the Executive Directors from time to time.

- Remuneration policy:*

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

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

Directors	Salary & Perquisites	Sitting fees
Raghu Mody	-	25,000
Keith M. Robinson	-	7,000
D. Lawson Lyon	-	7,000
V. B. Haribhakti	-	45,000
Haigreve Khaitan	-	25,000
A. B. Vaidya	-	15,000
P. K. Choudhary	8,12,000	-
Vinay Sarin	6,07,360	-
V. D. Ingle	6,07,360	-

Note - No Stock options have been issued to any Directors during the year under review.

ANNUAL REPORT 2004-05



5. Shareholders' Committee

The Shareholders' Committee comprises of Mr. Raghu Mody - Chairman, Mr.V.B.Haribhakti and the Company Secretary acts as the Secretary to the Committee. During the year under review, 27 complaints were received from investors which were replied / resolved to the satisfaction of the investors. All the complaints received upto 31st March, 2005 were duly attended in time.

6. General Body Meetings

• Location and time, where last three AGMs held:

AGM for the financial year ended	Date & Time of AGM	Location
2001-02	August 8, 2002 at 4.00 p.m.	The Convention Hall, 4 th Floor, Y.B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021
2002-03	August 18, 2003 at 4.00 pm	-Do-
2003-04	September 6, 2004 at 4.00 pm	-Do-

• Special resolutions

In the Annual General Meeting held on August 8, 2002, a Special resolution was passed to amend the Articles of Association of the Company in accordance with the changes in the Companies Act, 1956.

In the Annual General Meeting held on 6th September, 2004, Special resolutions were passed for (i) Delisting of the Company's shares from the Calcutta Stock Exchange, and (ii) Payment of commission to Directors not in whole time employment.

• Postal Ballot:

No postal ballot was used in any of these AGMs.

7. Disclosures

• There are no related party transactions of a materially significant nature that may have a potential conflict with the interests of the Company at large.

• During the last three years, there were no strictures or penalties imposed by either the Stock Exchange or SEBI or any Statutory Authority for non-compliance of any matter related to capital markets.

8. Means of communication

• The Company has published its quarterly results in 'Financial Express' (English) and 'Puniya Nagri' (Regional)/ 'The Free Press Journal' (English) and 'Navshakti'(Hindi). The results are available on website - www.sebiedifar.nic.in

• Management Discussion & Analysis is a part of the Annual Report.

9. General Shareholder Information

• AGM : 5th September, 2005 at 4.00 p.m.

• Financial Calendar : Financial year 2005-06
(tentative)

- (a) First quarter results – End of July 2005
- (b) Second quarter results – End of October 2005
- (c) Third quarter results – End of January 2006
- (d) Fourth quarter results – End of April 2006

- Date of Book closure : 25th August, 2005 to 5th September, 2005 (both days inclusive)
- Dividend Payment Date : On or after 5th September, 2005
- Listing on Stock Exchanges: (a) The Stock Exchange, Mumbai
(b) National Stock Exchange
(c) Calcutta Stock Exchange
- Stock Code : Physical : 509635 on Mumbai Stock Exchange
HINDCOMPOS on National Stock Exchange

Demat : INE310C01011

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

Month	BSE (share prices)		BSE SENSEX	
	High Rs.	Low Rs.	High	Low
Apr' 2004	25.60	18.15	5979.25	5599.12
May 2004	24.90	18.45	5772.64	4227.50
Jun' 2004	21.00	16.55	5012.52	4613.94
Jul' 2004	21.50	16.50	5200.85	4723.04
Aug' 2004	21.30	17.80	5269.22	5022.29
Sept' 2004	35.10	21.10	5638.79	5178.57
Oct' 2004	44.70	32.75	5803.82	5558.14
Nov' 2004	41.00	30.00	6248.43	5649.03
Dec' 2004	56.35	33.50	6617.15	6176.09
Jan' 2005	52.00	35.20	6696.31	6069.33
Feb' 2005	80.65	38.00	6721.08	6508.33
Mar' 2005	92.70	64.50	6954.86	6321.31

• Registrar and Transfer Agents : Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup
Mumbai-400 078.
Tel : 55555454 Fax : 55555353
e-mail : isrl@intimespectrum.com

• 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. The Share Transfer Committee of the Company meets as often as required.

• Distribution of Shareholding:

Range of ordinary	No. of shares	% holders	No. of	% shares
1-500	14279	98.06	778829	14.16
501-1000	133	0.92	107888	1.96
1001-2000	72	0.49	111383	2.03
2001-3000	22	0.15	55037	1.00
3001-40000	7	0.05	25711	0.47
40001-50000	7	0.05	33426	0.61
50001-100000	13	0.09	97468	1.77
100001 and above	28	0.19	4290258	78.00
TOTAL	14561	100.00	5500000	100.00



• *Categories of Shareholders on March 31, 2005:*

Category	No. of shares of Rs.10 each	%
Promoters		
- Indian	3416082	62.11
- Persons acting in concert	250	-
Indian Institutional Investors	345894	6.29
Bodies Corporate	324659	5.90
Indian Public	1400103	25.46
NRIs	13012	0.24
Total	5500000	100.00

• *Dematerialization of Shares:*

As on March 31, 2005, 26.97% of the total shares of the Company are dematerialised.

• *Plant Locations* : Mumbai : L.B.S Marg, Ghatkopar, Mumbai
 Paithan : D-2/1, MIDC Industrial Area
 Bhandara : C-10/1, Bhandara Indl. Area,
 Gadegaon
 Jalna : C-11, Addl. Jalna Indl. Area.

• *Address for Correspondence* : Hindustan Composites Limited
 B-11, Paragon Condominium,
 P.B. Marg,
 Worli, Mumbai – 400 013
 Telephone : 56530101/2/3/4 Fax:56530105
 e-mail : secretarial@hindcompo.com

Auditors's Certificate on 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 year ended 31st March, 2005 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March 2005 no investor grievances are pending against the Company as on 31st March 2005, as per records maintained by the Company and presented to the Shareholders Grievance Committee.

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

For LODHA & CO.,
Chartered Accountants

Mumbai,
Dated : 27th April, 2005

(R.P.BARADIA)
Partner
Member No : 44101