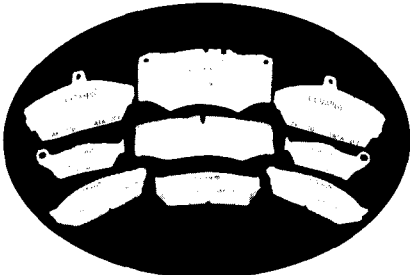
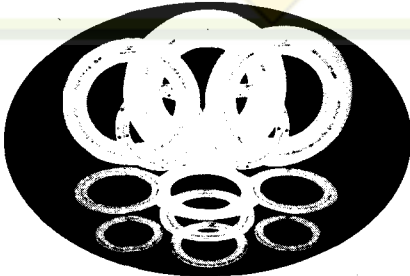


Annual Report 2005-2006



Report Junction.com



## ANNUAL REPORT 2005-06

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Second Annual General Meeting of the Company will be held at The Convention Hall, 4<sup>th</sup> Floor, Y.B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021 at 4.00 p.m. on 4th September, 2006 to transact the following business:

- 1) To consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2006 and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2006 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. V.B. Haribhakthi who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. D.L. Lyon 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. Varunn Mody be and is hereby appointed as 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 Mr. A.B. Vaidya be and is hereby appointed as Director of the Company".
- 8) 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, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approval, if any, as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. Vinay Sarin as Executive Director - Marketing of the Company for a period of 3 years w.e.f. 9<sup>th</sup> August, 2005 on the terms and conditions as set out in the Explanatory Statement attached to this Notice be and is hereby approved, with the authority to the Board of Directors to revise his 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."
- 9) 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, 309 read with Schedule XIII and other applicable provisions, if any, of the

Companies Act, 1956, and subject to such approval, if any, as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. V. D. Ingle as Executive Director - Manufacturing of the Company for a period of 3 years w.e.f. 9<sup>th</sup> August, 2005, on the terms and conditions as set out in the Explanatory Statement attached to this Notice be and is hereby approved, with the authority to the Board of Directors to revise his 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 :

By Order of the Board of Directors

B-11, Paragon Condominium,

P. B. Marg, Worli,

Mumbai - 400 013.

Kairav Trivedi

Date : April 26, 2006 Director-Finance (Non-Board) &amp; Company Secretary

## 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 31<sup>st</sup> March, 1999 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 29<sup>th</sup> August, 2006 to 4<sup>th</sup> September, 2006 (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 (applied for delisting). Upto 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**

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

**Mr.V.B.Haribhakti**, aged 77 years, is a leading Chartered Accountant and Senior Partner of the Chartered Accountants firm, M/s.Haribhakti & Co., with several years of in-depth proficiency in Corporate Affairs, Accounts & Finance. He has been an Independent Non-Executive Director of the Company since 1994. He is also the Chairman of the Audit Committee.

**Mr.D.Lawson Lyon**, aged 61 years, is the Managing Director of Pearsalls Limited, England, with rich and varied management experience. He has been Director of the Company since 1994.

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

**Item no. 6**

The Board of Directors had appointed Mr.Varunn Mody as an additional Director of the Company with effect from 05.09.2005 under Section 260 of the Companies Act, 1956 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.Varunn Mody for the office of Director. Mr.Varunn Mody, aged 22 Years, is a young entrepreneur and the Board consider that the Company should avail of the benefit of advice, guidance and entrepreneurship of Mr.Varunn Mody. It is recommended that Mr.Varunn Mody be appointed as a Director of the Company.

Except Mr.Varunn Mody and Mr.Raghu Mody, none of the other Directors of the Company are concerned or interested in the said Resolution

**Item no.7**

The Board of Directors had appointed Mr.A.B.Vaidya as an Additional Director of the Company with effect from 26.04.2006, under section 260 of the Companies Act, 1956 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.A.B.Vaidya for the office of Director. Mr.A.B.Vaidya aged 66 Years, possesses 45 years of rich experience in Banking, Insurance & Realty Sector and the Board consider that the Company should avail the benefit of advice, guidance and experience of Mr.Vaidya. It is recommended that Mr.A.B.Vaidya be appointed as a Director of the Company.

Except Mr.A.B.Vaidya, none of the other Director of the Company is concerned or interested in the said resolutions.

**Item no. 8 & 9**

**Mr.Vinay Sarin**, aged 58 years, a post-graduate in Management from Jamnalal Bajaj Institute of Management studies, Mumbai, is associated with the Company for the last 18 years having a total business experience of 36 years in the Automobile Industry.

**Mr.V.D.Ingle**, aged 59 years, is a Science Graduate, associated with the Company for 32 years and has considerable experience in the manufacturing function of the Company.

The Board of Directors at the meeting held on 5th September, 2005 re-appointed Mr.Vinay Sarin and Mr.V.D.Ingle as Executive Director – Marketing and Executive Director – Manufacturing, respectively, in terms with Section 198, 269 and 309 of the Companies Act, 1956 for a period of 3 years, subject to the approval at the forthcoming General Body meeting. The terms and conditions of the appointment of Mr.Vinay Sarin and Mr.V.D.Ingle are as under.

- |  |  |
|--|--|
| 1. Salary  | : Rs.30000/- 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.2000/- per month. In case no accommodation is provided by the Company, the payment of House Rent Allowance subject to the ceiling of Sixty percent of the salary. |
| 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.15000/- per annum.   |
| 5. Leave Travel Concession                               | : As per the rules of the Company's Scheme not exceeding Rs.70000/- per annum.   |
| 6. Provident and other funds Superannuation and Gratuity | : As per the rules of the Company's Scheme.  |
| 7. Personal Accident Insurance                           | : As per the rules of the Company's Scheme.  |
| 8. Club Subscription                                     | : Reimbursement of club subscription fees to one club whenever, applicable.  |
| 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.Vinay Sarin and Mr.V.D.Ingle, the Directors recommend the Ordinary Resolution for approval of the members.

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

**Registered Office :**

B-11, Paragon Condominium,  
P. B. Marg, Worli,  
Mumbai - 400 013  
Date : April 26, 2006

**By Order of the Board of Directors**

**Kairav Trivedi**  
Director-Finance (Non-Board) & Company Secretary

## ANNUAL REPORT 2005-06

## DIRECTORS' REPORT

Your Directors present their Forty Second Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2006.

## 1. FINANCIAL RESULTS

	Rs.Lacs Year ended 31 <sup>st</sup> March, 2006	Rs.Lacs Year ended 31 <sup>st</sup> March, 2005
<b>Net Sales</b>	<b>6156</b>	<b>6025</b>
Operating Profit before interest & depreciation	<b>701</b>	853
Interest	<b>(221)</b>	(214)
Gross Profit	<b>480</b>	639
Depreciation	<b>(260)</b>	(254)
Profit before extraordinary item and tax	<b>220</b>	385
Employees separation cost	<b>(109)</b>	(194)
<b>Profit before tax</b>	<b>111</b>	<b>192</b>
Provision for taxation - Current (including FBT)	<b>(55)</b>	(17)
- Deferred	<b>11</b>	(32)
<b>Profit after taxation</b>	<b>67</b>	<b>143</b>
Profit available for appropriation after adjustments	<b>112</b>	<b>177</b>
<b>Appropriations</b>		
Proposed Dividend	<b>55</b>	55
Corporate Dividend Tax	<b>8</b>	8
Transfer to General Reserve	<b>10</b>	70
Surplus carried to Balance Sheet	<b>39</b>	44
	<b>112</b>	<b>177</b>

## 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 results during the year ended 31<sup>st</sup> March 2006 could have been better, but for the underperformance of its Ghatkopar Plant, where Management efforts for its economic revival remained unsuccessful. Heavy flooding, as a consequence of the unprecedented deluge in Mumbai, in July last year also severely affected operations during the second quarter of the year.

Despite adverse operating conditions at Ghatkopar, the net turnover of the company increased to Rs.61.56 crores from the previous year's Rs.60.25 crores. The Gross profit before interest was Rs.701 Lacs and the net profit before extra ordinary item was Rs.220 Lacs. After considering extra ordinary item on account of employees' separation cost of Rs.109 Lacs, profit before tax was Rs.111 Lacs as against Rs.192 Lacs in the previous year.

Although bullish business conditions remain throughout the year, the company's profitability was adversely affected due to major cost escalations in the petroleum & metal based raw materials and other input costs, which could not be passed on to customers on account of highly competitive market conditions.

The workings of the Paithan Plant was satisfactory with a good order book position. The Unit is now successfully Manufacturing the entire range of Asbestos-free products covering Railway Brake Blocks, Disc Brake Pads, Commercial Vehicle Liners and Roll Linings.

The performance at the Bhandara Plant was generally satisfactory, but profitability remained under pressure because of stiff competition from the unorganized sector. The Unit has increased its product range in the industrial friction materials segment.

The working of the newly set up Jalna Plant has improved, but the Plant is yet to achieve optimum level of productivity due to initial teething problems.

Despite all efforts and Management inputs over several years, the Ghatkopar Plant remains unviable with high operating costs, poor productivity of the workmen and lower price realization of products due to highly competitive market conditions. The Management, having exhausted all the avenues of resurrecting viable operations at the Ghatkopar Plant, was left with no alternative but take a decision to close this unviable Unit. Accordingly, an application for the closure of the Unit has been made to the appropriate authorities of the Government of Maharashtra.

In view of emerging business opportunities the company has focused on the growth of its OEM & Export business and has provided a major thrust in this direction. Accordingly new capacities for Asbestos-free products are being installed, both at the Paithan and Bhandara Units. Additional equipment has also been ordered for its Technology Centre at Paithan and this will augment the development of new products consistent with the changing technological requirements of both domestic and export customers.

The Company participated in the Auto Expo 2006 at Pragati Maidan, New Delhi in the month of January 2006. This is rated as the largest exhibition of its kind in Asia. The response from both domestic and international customers was encouraging.

In view of the continuing buoyancy in both automotive and industrial product segments, the company is hopeful of achieving better results in the coming years with continued investments in modern equipment, process technology and a focus on R&D.

## 4. PUBLIC DEPOSITS

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

## 5. PERSONNEL

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

## 6. CONSERVATION OF ENERGY &amp; TECHNOLOGY ABSORPTION

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

## 7. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earning from exports amounted to Rs.780 Lacs, of FOB value basis whilst the outgo for raw materials, components and spares amounted to Rs.576 Lacs.



**8. DIRECTORS**

The Board is pleased to appoint Mr Varunn Mody and Mr A.B.Vaidya as Additional Directors w.e.f. 5<sup>th</sup> September 2005 and 26<sup>th</sup> April 2006 respectively. Pursuant to the Provisions of Section 260 of the Companies Act, 1956, they hold Office upto the date of forthcoming Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 and the requisite deposits have been received from two members signifying their intention to propose the appointments of Mr. Varunn Mody and Mr. A.B.Vaidya as Directors of the Company.

The Board of Directors re-appointed Mr.Vinay Sarin and Mr. V.D.Ingle as Executive Director-Marketing and Executive Director-Manufacturing respectively for a period of 3 years w.e.f. 9<sup>th</sup> August 2005 subject to confirmation by shareholders at the forthcoming Annual General Meeting.

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

**9. AUDITORS**

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

**10. CORPORATE GOVERNANCE**

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

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

**12. ACKNOWLEDGEMENT**

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

By order of the Board of Directors

Mumbai

Date : 26<sup>th</sup> April 2006

**RAGHU MODY**

Chairman

Additional information as required under Section 217 (1)(e) of the Companies Act, 1956, read with the Rules framed thereunder forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2006.

Report Junction.com

**ANNEXURE TO THE DIRECTORS' REPORT****CONSERVATION OF ENERGY:-**

1. Energy audit carried out at the plants and recommended action plan implemented to save fuel and electrical energy.
2. Moulding Presses re-modified with PLC controls and increase in ram upstroke speed to reduce time lag between two consecutive product cycles.

**RESEARCH AND DEVELOPMENT (R & D)****(1) Specific Area where R & D being carried out by the company.**

- 1.1 Asbestos free drum brake linings for passenger car and tractor segment.
- 1.2 Solvent free, lead free clutch facings for passenger car and tractor segment.
- 1.3 Non-Asbestos organic disc brake pads for scooters.
- 1.4 Non-asbestos high friction brake blocks for Indian railway's freight wagon stock.
- 1.5 Ceramic based insulation products for industrial application.
- 1.6 High performance Cera-Metallic clutch buttons.

**(2) Benefits as results of above R & D :**

New range of asbestos free products provide new opportunities in OEM's, Railway's and industrial segment in domestic as well as export market segments.

**(3) Future Plan of action**

- 3.1 Non asbestos woven roll linings
- 3.2 Speciality packings for industrial segments.
- 3.3 Disc brake pads for railways.

**(4) Expenditure on R & D:**

4.1 Capital	Nil
4.2 Recurring	86.76 Lacs
4.3 Total	86.76 Lacs
4.4 Total as a % of Turnover.	1.41%

**(5) TECHNICAL ABSORPTION, ADAPTATION AND INNOVATION.**

- 5.1 The company has appointed an overseas leading consulting firm for technical knowhow for brake linings

## ANNUAL REPORT 2005-06



## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2005 - 2006.

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

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

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

### 2. Corporate Ethics.

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

#### 2.1 Code of Conduct of Board Members and Senior Management.

The Board of Directors of the Company adopted the Code of Conduct for its members and Senior Management at their meeting held on 5<sup>th</sup> September 2005. The Code highlights Corporate Governance as the cornerstone for sustained management performance and for serving all the stakeholders and for instilling pride of association. The code has been posted on the website of the Company i.e www.hindcompo.com.

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

The Company has adopted a Code of Conduct for Prevention of Insider Trading for its management, staff and directors. The Code lays down guidelines and procedures to be followed and disclosures to be made by directors, top level executives and staff whilst dealing in shares. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

#### 2.3 Whistle Blower Mechanism.

The Company encourages all employees, officers and Directors to report any suspected violations promptly and intends to investigate any good faith report of violations.

#### 2.4 SHE (Safety, Health & Environment) System.

The Company has adopted Safety, Health and Environment (SHE) System with a commitment to provide a safe and healthy working environment.

### 4. Board of Directors

#### • Composition:

The Board of Directors as on 31<sup>st</sup> March 2006 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	4	Yes	7	1	2
Mr. Varunn Mody (w.e.f 05/09/2005)	Non-Executive Director, Promoter	3	N.A	3	-	-
Mr. V. B. Haribhakti	Non-Executive, Independent	5	Yes	7	2	4
Mr. Douglas Lyon	Non-Executive, Independent	1	Yes	-	-	-
Mr. Keith M Robinson	Non-Executive, Independent	1	Yes	-	-	-
Mr. Haigreave Khaitan	Non-Executive, Independent	2	Yes	11	7	-
Mr. P. K. Choudhary	Executive Director	5	Yes	2	-	-
Mr. V. D. Ingle	Executive Director	5	Yes	-	-	-
Mr. Vinay Sarin	Executive Director	4	Yes	-	-	-

#### • 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:

27<sup>th</sup> April 2005, 30<sup>th</sup> July 2005, 05<sup>th</sup> September 2005, 29<sup>th</sup> October 2005 & 27<sup>th</sup> January 2006.

### 3. Secretary's Responsibility Statement.

The Company Secretary confirms that the Company has :

- Maintained all the Statutory Registers required to be maintained under the Companies Act, 1956 ("The Act") and the rules made thereunder.
- Filed all the forms and returns and furnished necessary particulars in time to the Registrar of Companies (RoC) and / or Authorities as required under the Act.
- Issued all notices as required to be given for convening the meeting of the Board of Directors and General Meetings of the shareholders within the time limit prescribed by law.
- Conducted the meetings of the Board of Directors and Annual General Meeting as per the provisions of the Act.
- Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors and the shareholders.
- Made due disclosures under the requirements of the Act including the requirements in pursuance to the disclosures made by the Directors.
- Obtained necessary approvals of the Directors, shareholders, Central Government and other authorities as per the statutory requirements.
- Given loans and made investments in accordance with the requirements of the Act.
- Not exceeded the borrowing powers of the Company.
- Registered all the particulars relating to the creation, modification and satisfaction of the charges with the Registrar of Companies.
- Effected share transfers and despatched the certificates within the time prescribed under the Act and the rules made thereunder.
- Paid dividend to the shareholders within the prescribed time limit and complied with all provisions relating to declaration and payment of dividend.
- Complied with all the requirements of the Listing Agreement entered into with the Stock Exchanges.

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.

## 5. Audit Committee

### Brief description of terms of reference:

The terms of reference of this committee are wide enough covering the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

### Composition:

The Audit Committee is constituted by the Board of Directors consisting of 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. Haigreave Khaitan, is a leading Advocate by profession. The Company Secretary acts as the Secretary to the Committee.

### Meetings and attendance during the year:

There were **four** meetings of the Audit Committee during the year on 27<sup>th</sup> April, 2005, 30<sup>th</sup> July, 2005, 29<sup>th</sup> October, 2005 & 27<sup>th</sup> January, 2006 and the attendance for the meetings was as follows:

Sl. No.	Name of Directors	No. of Meetings Attended
1.	Mr. V. B. Haribhakti	4
2.	Mr. Raghu Mody	4
3	Mr. Haigreave Khaitan	2

The Broad terms and reference of Audit Committee are to review the financial statements before submission to the Board, to review reports of the Concurrent Auditors and Internal Audit department and to review the weakness in internal controls reported by Concurrent, Internal and Statutory Auditors and to review the remuneration of Internal Auditor. In addition, the powers and role of the Audit Committee are as laid down under clause 49(II)C & 49(II)D of the Listing Agreement and Section 292A of the Companies Act, 1956.

## 6. Remuneration Committee

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:

Name of the Directors	Salary & Perquisites (Rs.in lacs)	Sitting Fees Board Meeting (in Rs.)	Sitting Fees Audit Committee Meeting (in Rs.)	Shareholders' / Investors Grievance Committee Meeting (In. Rs.)
Mr.Raghu Mody	N.A	20,000	15,000	N.A
Mr.Varunn Mody (w.e.f 05/09/2005)	N.A	1,15,000*	N.A	N.A
Mr.Keith M. Robinson	N.A	5,000	N.A	N.A
Mr.D.Lawson Lyon	N.A	5,000	N.A	N.A
Mr.V.B. Haribhakti	N.A	25,000	20,000	5,000
Mr.Haigreave Khaitan	N.A	10,000	10,000	N.A
Mr.P. K. Choudhary	7.85	N.A	N.A	N.A
Mr.Vinay Sarin	6.55	N.A	N.A	N.A
Mr.V. D. Ingle	6.55	N.A	N.A	N.A

\* Includes the commission of Rs. 1,00,000/- for the year 2005-2006.

Note - Salary includes Basic Salary, House Rent Allowance, Bonus, LTA, Use of Company's Car, Furniture & Equipment and perquisites, the monetary value of which has been calculated in accordance with the provisions of the Income Tax Act, 1961 and Rules made thereunder but does not include Company's Contribution to Gratuity Fund.

The Non-executive Directors did not draw any remuneration from the Company except commission payable to Mr.Varunn Mody of Rs.1,00,000/- for the year 2005-2006. Sitting fees to Non-executive Independent Directors is being paid at the rate of Rs.5000/- for each meeting of the Board and sub-committees attended by them.

### Shareholding of Non-Executives Director(s).

As on 31<sup>st</sup> March 2006 the following Non-Executive Director(s) of the Company.

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

## 7. Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee comprises of Mr. Raghu Mody - Chairman, Mr.V.B.Haribhakti, Independent Director and Mr.Kairav Trivedi - Director Finance (Non-Board) & Company Secretary as Compliance Officer & the Secretary to the Committee. During the year under review, 69 complaints were received from investors which were replied / resolved to the satisfaction of the investors. All the complaints received upto 31<sup>st</sup> March 2006 was duly attended in time.

Mr.Kairav Trivedi, Director-Finance (Non-Board) & Company Secretary is the Compliance Officer. His address and contact details are given below :

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

Phone : 66530101 - 04

Fax : 66530105

Email : kt@hindcompo.com

No. of Shareholders' Complaints received during the year ended 31.03.06 : **69**

No. of pending complaints : **NIL**

No. of pending share transfers as on 31.03.06 : **NIL\***

\* There were no share transfers pending for registration for more than 15 days on the said date.