



**Annual Report 2013-14**



Construction in progress of Disc Brake facility of our New J/V Company “Compo Advics (India) Private Limited” at Bhalgaon, Aurangabad.



**BOARD OF DIRECTORS**

Raghu Mody	Executive Chairman
P. K. Choudhary	Managing Director
Varunn Mody	Executive Director– Treasury & Business Development
K. M. Robinson	Independent Director
A. B. Vaidya	Independent Director
Lt. Gen. (Retd.) K. S. Brar	Independent Director
Brijmohan Rai Bahl	Independent Director
Amit Goenka	VP - Finance & Company Secretary
Sunil Jindal	Chief Financial Officer

**AUDITORS**

LODHA & CO.

**SOLICITORS**

KHAITAN & CO.

**BANKERS**

Bank of Baroda  
ICICI Bank

**REGISTERED OFFICE**

Peninsula Business Park, 'A' Tower,  
8<sup>th</sup> Floor, Senapati Bapat Marg,  
Lower Parel, Mumbai 400013  
Phone : (022) 6688 0100  
Fax : (022) 6688 0105  
Email : investor@hindcompo.com

**REGISTRAR & SHARE TRANSFER AGENTS**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai – 400 078  
Phone : (022) 2596 3838  
Fax : (022) 2594 6969  
Email : rnt.helpdesk@linkintime.co.in

**WORKS**

Paithan : D-2/1, MIDC Industrial area,  
Paithan, Dist. Aurangabad - 431 107  
Bhandara : C-10/1, Bhandara Industrial Area,  
Gadegaon, Dist. Bhandara - 441 904

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## Hindustan Composites Limited

CIN: L29120MH1964PLC012955

Peninsula Business Park, "A" Tower, 8<sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

Tel.: (022) 6688 0100, Fax: (022) 6688 0105, E-mail: [hcl@hindcompo.com](mailto:hcl@hindcompo.com), Website: [www.hindcompo.com](http://www.hindcompo.com)

### NOTICE

Notice is hereby given that the Fiftieth Annual General Meeting of the Company will be held on Monday, 1<sup>st</sup> September, 2014 at 4.00 p.m. at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on equity shares for the financial year ended on 31<sup>st</sup> March, 2014.
3. To appoint a Director in place of Mr. Varunn Mody, Executive Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Lodha & Company, Chartered Accountants, Mumbai (having FRN: 301051E), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. K. M. Robinson (DIN: 02353919), Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. K. M. Robinson as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31<sup>st</sup> March, 2019, who shall not be liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Brijmohan Rai Bahl (DIN: 00222406), Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Brijmohan Rai Bahl as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31<sup>st</sup> March, 2019, who shall not be liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Lt. Gen. (Retd.) K. S. Brar (DIN: 01146720), Director of the Company, whose office is liable to determination to retire by rotation and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Lt. Gen. (Retd.) K. S. Brar as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31<sup>st</sup> March, 2019, who shall not be liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. A. B. Vaidya (DIN: 00246208), Director of the Company, whose

office is liable to determination to retire by rotation and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. A. B. Vaidya as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto 31<sup>st</sup> March, 2019, who shall not be liable to retire by rotation.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force), M/s. M. R. Pandit & Co., Cost Accountants, Aurangabad, the Cost Auditors appointed by the Board of Directors of the Company to conduct audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015 be paid a remuneration of ₹ 65,000/- (Rupees Sixty Five Thousand only) *plus* service tax and out-of-pocket expenses.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be required to carry on the purpose of the aforesaid resolution.”

**By order of the Board of Directors**

**Place: Mumbai**

**Amit Goenka**

**Date: 29<sup>th</sup> May, 2014**

**VP - Finance & Company Secretary**

**Regd. Office:**

Peninsula Business Park, 'A' Tower,  
8<sup>th</sup> Floor, Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** A person can act as Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the

total share capital of the company carrying voting rights, provided that a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.

2. The Statement pursuant to Section 102 of the Companies Act, 2013, in respect of special business is annexed hereto and forms part of the Notice.
3. Corporate members are requested to send duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the Annual General Meeting (including through e-voting).
4. Brief resume of Directors proposed to be appointed/re-appointed at the ensuing Annual General Meeting in terms of Clause 49 of the Listing Agreement is annexed to the Notice.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 28<sup>th</sup> August 2014 to Monday, 1<sup>st</sup> September 2014 (both days inclusive) for determining the name of members eligible for dividend on Equity Shares, if approved by the members at the ensuing Annual General Meeting.
6. The shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. Listing fees for the financial year 2014-15 has been paid to both the stock exchanges.
7. Members are requested to bring their Attendance slip along with their copy of Annual Report to the Meeting.
8. Members who hold shares in dematerialized form are requested to bring their client ID and DPID for easier identification of attendance at the meeting.
9. Members holding shares in identical order of names in more than one folio are requested to write to the Company/ Registrar and Share Transfer Agents (RTA) enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio for better services.
10. Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates to the Company / RTA quoting their Folio Number. Members holding shares in the Demat form may update such details with their respective Depository Participants.
11. As required under Section 205A and 205C of the Companies Act 1956, unclaimed dividend for the financial years ended upto 31<sup>st</sup> March, 2006 has been transferred to the Investor Education and Protection Fund (IEPF). The shareholders whose dividend remained unclaimed for the subsequent financial years are requested to claim it immediately from the Company.



12. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the meeting so that the answers can be made available at the Meeting.
13. Members are requested to forward all Share Transfers and other communications to the RTA of the Company and are further requested to always quote their Folio Number in all correspondences with the Company.
14. Dividend on Equity shares as recommended by the Board of Directors for the year ended 31<sup>st</sup> March, 2014, if approved by the members at the Annual General Meeting, will be paid to those members whose names stand registered in the Register of Members as on 1<sup>st</sup> September, 2014.
15. To comply with the provision of Section 88 of the Companies Act, 2013 read with Rule 3 of the Companies (Management and Administration) Rule 2014, the Company is required to update its database by incorporating some additional details of its members.

You are thus requested to submit your e-mail ID and other details vide the e-mail updation form attached in this Annual Report. The same could be done by filling up and signing at the appropriate place in the said form and returning the same by post.

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

16. The Register of Directors' Shareholdings maintained under Section 170 and Register of Contract or arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 are open for inspection at the Registered Office of the Company during the office hours on all working days, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting and will be open for inspection during the Annual General Meeting also.
17. The Notice of the 50<sup>th</sup> Annual General Meeting and instructions for e-voting alongwith Assent-Dissent Form, Attendance Slip and Proxy Form are being sent by electronic mode to all members whose email address are registered with the Company/Depository Participant(s) unless member has requested for hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by courier.

## **The Information of Directors being proposed for appointment/re-appointment**

### **[As required under Clause 49(IV) (G) of the Listing Agreement]**

1. **Mr. Varunn Mody**, aged 29 years, is a young entrepreneur having good knowledge of business. He has good knowledge and experience in the field of Finance, Business Administration and Treasury functions.

He is also Director in Rasoi Express Private Limited, J. L. Morison (India) Limited, Compo Advics (India) Private Limited and Designated Partner in Daisy Day Businesses LLP.

He does not hold any position as Member/Chairman in any Committee in the companies, where he is a Director.

As on 31<sup>st</sup> March, 2014, he does not hold any share in the Company.

2. **Mr. K. M. Robinson**, aged 65 years, is a leading lawyer based in the United Kingdom. He is associated with the Company since 19 years as an Independent Director and possesses rich experience in Mergers & Acquisitions, International Taxation and Trade Laws.

He is not director in any other company. He is member of Stakeholders' Relationship Committee of the Company.

As on 31<sup>st</sup> March, 2014, he does not hold any share in the Company.

3. **Mr. A. B. Vaidya**, aged 73 years, possesses 51 years of rich experience in Banking, Insurance & Realty Sector.

He is not director in any other company. He is a member of Audit Committee and Nomination and Remuneration Committee and Chairman of Stakeholders' Relationship Committee of the Company.

As on 31<sup>st</sup> March, 2014, he does not hold any share in the Company.

4. **Lt. Gen. (Retd.) K. S. Brar**, aged 79 years, has a rich and varied management experience.

He is also a Director of Al Kabeer Exports Private Limited. He is Member of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee of the Company.

As on 31<sup>st</sup> March, 2014, he does not hold any share in the Company.

5. **Mr. Brijmohan Rai Bahl**, aged 77 years, is a Senior Chartered Accountant, Company Secretary and Lawyer by profession. He is a Senior Partner of B. R. Bahl & Associates, Company Secretaries and Management Consultant. He had been associated with TATA Group for 25 years.

He is also Director in Blitz Multimedia Private Limited, Bhakti Capital Advisors Private Limited and Khandwala Securities Limited. He is Chairman of Audit Committee and member of Nomination and Remuneration Committee of the Company.

As on 31<sup>st</sup> March, 2014, he does not hold any share in the Company.

**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:****Item Nos. 5, 6, 7 and 8:**

Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Lt. Gen (Retd.) K. S. Brar and Mr. A. B. Vaidya were appointed as Independent Directors of the Company on 27<sup>th</sup> January, 1994, 16<sup>th</sup> May, 2012, 30<sup>th</sup> September, 2008 and 4<sup>th</sup> September, 2006 respectively. Their office is liable to retire by rotation at Annual General Meetings of the Company as per their terms of appointment.

In terms of provisions of Section 149 and 152 of the Companies Act, 2013 which became effective from 1<sup>st</sup> April, 2014, an Independent Director of a Company can be appointed for a term of 5 consecutive years and he shall not be liable to retire by rotation.

To comply with the above provisions, it is proposed to appoint Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Lt. Gen (Retd.) K. S. Brar and Mr. A. B. Vaidya as Independent Directors of the Company to hold office as such for a period upto 31<sup>st</sup> March, 2019, who shall not be liable to retire by rotation.

Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Mr. A. B. Vaidya and Lt. Gen (Retd.) K. S. Brar have given the requisite declarations pursuant to Section 149(7) of the Companies Act, 2013 to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. The Company has also received notices along with requisite deposit under Section 160 of the Companies Act, 2013 proposing their candidature for the office of Independent Director.

In the opinion of the Board, Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Lt. Gen (Retd.) K. S. Brar and Mr. A. B. Vaidya proposed to be appointed as Independent Directors fulfill the conditions specified in the Act and the rules made thereunder and are independent of the management.

Brief resume of the Independent Directors proposed to be appointed as stipulated under the Clause 49 of the Listing Agreement with BSE Limited and National Stock Exchange of India Limited are given in the Notice.

The Board recommends the resolutions as set out at item nos. 5, 6, 7 and 8 of the Notice for your approval.

Except Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Lt. Gen. (Retd.) K. S. Brar and Mr. A. B. Vaidya, none of the Directors, Key Managerial Personnel of your Company or relatives of Directors/Key Managerial Personnel are concerned or interested in the said resolutions.

**Item No. 9:**

The Board, on the recommendation of the Audit Committee, appointed M/s. M. R. Pandit & Co., Cost Accountants, Aurangabad, as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015 at the remuneration of ₹ 65,000/- (Rupees Sixty Five Thousand only) *plus* service tax and out of pocket expenses, subject to approval of the Shareholder of the Company.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rule, 2014, the remuneration payable to the Cost Auditor shall be ratified by the Members of the Company.

Accordingly, consent of the members is sought by passing an Ordinary Resolution as set out at item no.9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2015.

The Board recommends the resolution as set out in item no.9 of the Notice for your approval.

None of the Directors, Key Managerial Personnel of your Company or relatives of Directors/Key Managerial Personnel are concerned or interested in the said resolution.

**By order of the Board of Directors**

**Place: Mumbai**

**Date: 29<sup>th</sup> May, 2014**

**Amit Goenka**

**VP - Finance & Company Secretary**

**Regd. Office:**

Peninsula Business Park, 'A' Tower,  
8<sup>th</sup> Floor, Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013

## DIRECTORS' REPORT

To  
**The Members,**  
**Hindustan Composites Limited**

Your Directors have pleasure in presenting the Fiftieth Annual Report together with Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2014.

### 1. FINANCIAL RESULTS

Particulars	(₹ in Lacs)	
	Year	Year
	ended	ended
	31 <sup>st</sup>	31 <sup>st</sup>
	March	March
	2014	2013
<b>Net Sales and Income from Investments</b>	13,774.02	11,699.41
Other Operating Income	68.78	19.65
Profit before Interest, Depreciation, exceptional item and other income	2,825.31	1,835.73
Interest	(74.15)	(28.53)
Depreciation (Net)	(703.29)	(615.23)
Profit before Other Income and Tax	2,047.87	1,191.97
Other Income	113.95	24.48
<b>Profit Before Tax</b>	2,161.82	1,216.45
<b>Provision for Tax</b>	441.93	196.42
<b>Profit After Tax</b>	1,719.89	1,020.03

### 2. DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 2/- per share, being 20% of the paid-up equity capital of the company for the year ended 31<sup>st</sup> March, 2014. It includes a special Golden Jubilee Dividend of 10%. The Corporate Dividend Tax of ₹ 16.73 Lacs will be payable on the total dividend amount of ₹ 98.46 Lacs.

### 3. PERFORMANCE

During the year 2013-2014, the Company posted improved results with higher sales and increased investment income. The turnover of the company increased by 14% to ₹ 106.25 Crores from ₹ 93.01 Crores in the previous year. This growth was achieved despite significant slow-down in the Automotive Sector and was possible with a focused approach on its Export and domestic Aftermarket business. Investment income during the year was much higher at ₹ 31.49 Crores, as against ₹ 23.98 Crores. This was achieved with judicious deployment of funds in high yielding assets.

The gross profit of the Company was increased by 54% from ₹ 18.35 Crores to ₹ 28.25 Crores. After considering interest of ₹ 0.74 Crores, depreciation of ₹ 7.03 Crores and Other Income of ₹ 1.14 Crores, the Profit before Tax was ₹ 21.62 Crores and net Profit after providing Tax of ₹ 4.42 Crores was ₹ 17.20 Crores. The profitability of manufacturing

segment was improved mainly due to various cost control measures taken at both the Plants.

During the year under review, overall economy remained subdued and there was sharp reduction in demand from Automotive Sector. This has resulted into low order-book from OEM customers, particularly Commercial Vehicle segment. However, this was compensated by higher sale in domestic Aftermarket & Export business. With the recent Political stability at the Centre, we foresee better future for Indian economy, which in turn will boost the demand in both Automobile and Auto Component sector. We also foresee stability in the financial market, which should improve the yield on our Investment.

The Company participated at the Auto Expo 2014 at Pragati Maidan, New Delhi in February, 2014. This is the largest Exhibition for Automobile Show in Asia. The response from Domestic as well as International customers was encouraging.

The Company has entered into a Joint Venture Agreement with ADVICS North India Private Limited, an Affiliate of ADVICS Company Limited, Japan and formed a new Company namely Compo ADVICS (India) Private Limited, which was incorporated on 28<sup>th</sup> November, 2013. This new Joint Venture Company will manufacture Disc Brake Pads for Passenger Vehicle at a green field site at Bhilgaon, Aurangabad. Our Company holds 49% Shares, its associate holds 2% Shares and ADVICS North India Private Limited holds 49% Shares.

### 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 within the meaning of Section 58A and 58AA of the Companies Act, 1956.

### 5. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

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

### 6. INFORMATION UNDER THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has constituted an Internal Complaint Committee under Section 4 of the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no complaint was made before the Committee.

### 7. PARTICULARS OF EMPLOYEES

The particulars required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given in Annexure II to this report.



However, in terms of the provisions of Section 219(1)(b) (iv) of the Companies Act, 1956, the Directors' Report (excluding Annexure II) is being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

## **8. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange earnings from exports amounted to ₹ 859 Lacs (previous year ₹ 731 Lacs) of FOB value whilst the outgo for Raw Materials and Capital Goods amounted to ₹ 734 Lacs (previous year ₹ 743 Lacs).

## **9. DIRECTORS**

The Board of Directors of the Company re-appointed Mr. Raghu Mody, as Executive Chairman of the Company for a further period of 3 years, effective from 1<sup>st</sup> October, 2014 to 30<sup>th</sup> September, 2017.

The Board of Directors at its meeting held on 29<sup>th</sup> May, 2014 re-designated Mr. Varunn Mody from "Executive Director – Treasury" to "Executive Director-Treasury and Business Development". In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 and Articles of Association of the Company, Mr. Varunn Mody, Executive Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

In terms of the provisions of Section 149 and 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 which became effective from 1<sup>st</sup> April, 2014, an Independent Director of a Company can be appointed for a term of 5 consecutive years and shall not be liable to retire by rotation.

To comply with above provisions, it is proposed to appoint Mr. K. M. Robinson, Mr. Brijmohan Rai Bahl, Lt. Gen. (Retd.) K.S. Brar and Mr. A. B. Vaidya as Independent Directors of the Company to hold office as such upto 31<sup>st</sup> March, 2019, who shall not be liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered with the Stock Exchanges. Your Board recommends for their appointment as Independent Directors of the Company in terms of the provisions of the Companies Act, 2013.

Brief resume of the Directors proposed to be appointed/re-appointed as stipulated under Clause 49 of the Listing Agreement entered with the BSE Limited and National Stock Exchange of India Limited are given in the Notice convening 50<sup>th</sup> Annual General Meeting.

## **10. AUDITORS**

M/s Lodha & Company, Chartered Accountants, Mumbai, the Statutory Auditors of your Company hold office upto the conclusion of the ensuing Annual General Meeting

and are eligible for re-appointment. The Company has received a letter from them to the effect that they are willing to continue as Statutory Auditors and if re-appointed, their re-appointment would be within the limits prescribed under Section 139 of the Companies Act, 2013.

Your Directors recommend the re-appointment of M/s Lodha & Company, Chartered Accountants, Mumbai as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting upto the conclusion of next Annual General Meeting of the Company and to audit financial statements for the financial year 2014-2015.

## **11. COST AUDITORS**

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and in terms of of Circular No. F. No. 52/26/CAB-2010 dated 30<sup>th</sup> June, 2011 and 52/26/CAB-2010 dated 24<sup>th</sup> January, 2012 issued by the Ministry of Corporate Affairs, Cost Audit Branch, the Company, with the prior approval of the Central Government has appointed M/s. M. R. Pandit & Co., Aurangabad as Cost Auditors of the Company for audit of the cost accounting records of the financial year 2013-2014.

As per the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 the Board of Directors of the Company has appointed M/s. M. R. Pandit & Co., Aurangabad as Cost Auditors of the Company to conduct the cost Audit for the financial year 2014-2015, on a remuneration of ₹ 65,000/- (Rupees Sixty Five Thousand only) plus service tax and out of pocket expenses. The approval of Shareholders is sought for payment of remuneration to said Cost Auditors.

## **12. CORPORATE GOVERNANCE**

As required under Clause 49 of the Listing Agreement entered into with various Stock Exchanges, the Corporate Governance Report, including Management Discussion and Analysis Report alongwith the Certificate of Compliance from the Auditors, are attached and forms part of this Report.

## **13. DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 the Board of Directors of the Company hereby confirms that –

- (i) The applicable Accounting Standards have been followed and proper explanations relating to material departures have been given wherever necessary;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2014 and of the profit of the Company for that period;
- (iii) The Directors had taken 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; and

- (iv) The Directors have prepared the Annual Accounts on a going concern basis.

#### 14. LISTING OF SECURITIES

The Equity Shares of the Company are listed at BSE Limited and National Stock Exchange of India Limited. The Company has paid the Annual listing fees for the year 2014-2015 to the said Stock Exchanges and custodian fees to the National Securities Depository Limited and Central Depository Services (India) Limited.

The Equity Shares of the Company were also listed at The Calcutta Stock Exchange Association Limited, but in view of no active trading of shares and disproportionate to the listing fees payable by the Company to the said Stock Exchange, the Company decided to delist the same from the Calcutta Stock Exchange Association Limited. Upon making application for delisting of the equity shares, the

said Stock Exchange, vide its delisting approval letter CSE/LD/8173/2013 dated 23<sup>rd</sup> August, 2013, delisted the equity shares of the Company from the Stock Exchange w.e.f. 27<sup>th</sup> August, 2013.

#### 15. ACKNOWLEDGEMENT

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

**By order of the Board of Directors**

**Varunn Mody**  
**Executive Director–**  
**Treasury & Business**  
**Development**

**P.K. Choudhary**  
**Managing Director**

Place: Mumbai  
Date: 29<sup>th</sup> May, 2014

### ANNEXURE TO DIRECTORS' REPORT

#### CONSERVATION OF ENERGY

The Company appointed an agency for Energy Conservation Exercise. Under their guidance few measures, such as, replacement of conventional light fitting with new generation energy efficient fittings, use of Nansulate Epoxy Paint in Tooling has resulted into a saving of about 2%.

#### Research & Development [R & D]

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

- Development of Roll formed Hammer Mill Brakes.

##### (2) Benefit Derived as a source of the above R & D

- New Business opportunity in the Industrial applications.

##### (3) Future Plan of Action

- Enhancement of applications of Sintered Products.

- Replacement of Clutch Facings made on high energy intensive Foriender Machine by cost effective DM Process.

#### (4) Expenditure on R & D

		Current Year	Previous Year
4.1	Capital	Nil	Nil
4.2	Recurring	₹ 80 Lacs	₹ 65 Lacs
4.3	Total	₹ 80 Lacs	₹ 65 Lacs
4.4	Total R & D Expenditure as a % of Total Turnover	0.75%	0.70%

#### (5) TECHNICAL ABSORPTION, ADAPTION & INNOVATION

- Technical absorption for Solvent-free Clutch Facings.