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Dear Shareholder:

As you already know, in June 2013 the Mahindra Group and CIE Automotive of Spain announced their Global Alliance whereby CIE Automotive would become the majority shareholder in the Systech Automotive Component businesses while integrating its European Forgings business with ours. The Mahindra Group would reduce its majority stake in its Systech Automotive Components businesses and become the second-largest shareholder in CIE Automotive, Spain which is listed on the Madrid Stock Exchange. This Alliance was subject to a series of regulatory approvals and while some of these are complete, there are some that are yet outstanding. We hope to receive those in the course of calendar year 2014.

From an industry perspective, our European businesses have seen signs of an improving market and we hope to see continued improvement in the health of the industry. In India, we were confronted by another year of listlessness in the passenger vehicle and commercial vehicle industry but the agricultural equipment sector saw robust growth in response to a good monsoon and strong fundamentals. As a diversified player in various segments of the automotive industry, we were protected from the worst. Our belief in the long term potential of the Indian market remains unshaken. And we are working hard to ensure that we are well-positioned for growth as it comes.

Since this is a transition year for the listed companies that comprised the Automotive Components businesses, you will see the introduction of a CIE identity in the Forgings and Composites annual reports.

In time, subject to various approvals, all the Systech Automotive Component businesses will be brought under the Mahindra CIE entity. While this will mean that Mahindra Composites, Mahindra Hinoday and MUSCO will cease to exist as standalone companies, we believe that this is a natural outcome of the increasing globalization and consolidation in the Indian automotive components industry. And one that we have been articulating under the idea of “OneSystech”.

Our teams here look forward to working hand-in-hand with their colleagues in CIE Automotive globally to improve their operating efficiencies, to widen their customer base, and bring new products and technologies to our business partners in India and beyond.

Thank you for being invested in us.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hemant Luthra', with a stylized flourish at the end.

Hemant Luthra

President, Mahindra Systech Sector

Chairman, Mahindra CIE

Board of Directors

Hemant Luthra – Chairman

B. M. Kataria

Dhananjay Mungale

R. R. Krishnan

Romesh Kaul

Antonio Maria Pradera Jauregui
(Appointed w.e.f. 4th October, 2013)

Jose Ramon Berecibar Mutiozabal
(Appointed w.e.f. 4th October, 2013)

Jose Sabino Velasco Ibanez
(Appointed w.e.f. 4th October, 2013)

Jesus Maria Herrera Barandiaran
(Appointed w.e.f. 4th October, 2013)

Pedro Jesus Echegaray Larrea
(Appointed w.e.f. 10th February, 2014)

Chief Operating Officer

Mahadev Shinde

Compliance Officer

Shailesh Kulkarni – Chief Financial Officer

Committees of the Board

Audit Committee

B. M. Kataria

Jose Sabino Velasco Ibanez

Jose Ramon Berecibar Mutiozabal

Dhananjay Mungale

Nomination and Remuneration Committee

Hemant Luthra

Dhananjay Mungale

B. M. Kataria

Jose Ramon Berecibar Mutiozabal

Jesus Maria Herrera Barandiaran

Shareholders' / Investors' Grievance Committee

R. R. Krishnan

Jose Ramon Berecibar Mutiozabal

Pedro Jesus Echegaray Larrea

Registered Office

145, Nehru Nagar Road,

Off Mumbai – Pune Road,

Pimpri, Pune - 411 018, India.

Tel. : (020) 2742 5265 / 2742 5266.

Fax : (020) 2742 5272

Plant Locations

Plant – 1

Survey No.178/0, Village Sale,

Taluka : Mangaon, Dist. Raigad 402 104.

Tel. : (02140) 263 112 / 263 129

Fax : (02140) 263 145

Plant – 2 & HO

145, Nehru Nagar Road,

Off. Mumbai – Pune Road,

Pimpri, Pune - 411 018.

Tel. : (020) 2742 5265 / 2742 5266

Fax : (020) 2742 5272

Auditors

M/s. Deloitte Haskins & Sells

Chartered Accountants

706, 'B' Wing, 7th Floor, ICC Trade Tower,

Senapati Bapat Road, Pune – 411 016.

Bankers

HDFC Bank Ltd.

Citibank N.A.

Registrar and Share Transfer Agents

M/s. Sharepro Services (India) Private Limited

13 AB, Samhita Warehousing Complex, 2nd Floor

Near Saki Naka Telephone Exchange

Andheri–Kurla Road, Saki Naka, Andheri (East)

Mumbai – 400 072.

Tel. : (022) 6772 0300 / 6772 0400

Fax : (022) 2859 1568 / 2850 8927

E-mail : sharepro@shareproservices.com

NOTICE

Notice is hereby given that **THIRTY SECOND ANNUAL GENERAL MEETING** of the Members of **MAHINDRA COMPOSITES LIMITED** will be held on Tuesday 16th day of September, 2014 at 11:30 a.m. at Citrus Hotels, Opp. PCMC Building, Old Mumbai – Pune Highway, Pimpri, Pune – 411 018 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended 31st March, 2014 including the audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Hemant Luthra (DIN: 00231420) who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
3. To appoint a Director in place of Mr. R. R. Krishnan (DIN: 00097716) who retires by rotation and being eligible has offered himself for re-appointment.
4. To appoint a Director in place of Mr. B. M. Kataria (DIN: 00549567) who retires by rotation and being eligible has offered himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard, **to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, M/s. Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration No. 117365W), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting ("AGM"), until the conclusion of the next AGM of the Company, at a remuneration to be determined by the Board of Directors of the Company."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of section 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Antonio Maria Pradera Jáuregui (DIN: 06704890), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 4th October, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, 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 all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Jesus Maria Herrera Barandiaran (DIN: 06705854), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 4th October, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, 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 all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Jose Ramon Berecibar Mutiozabal (DIN: 06704914), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 4th October, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, 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 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr.

Jose Sabino Velasco Ibanez (DIN: 06704932), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 4th October, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, liable to retire by rotation."

10. 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 all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Pedro Jesus Echegaray Larrea (DIN: 06713892), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 10th February, 2014 and who holds office upto the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, liable to retire by rotation."

11. 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 sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Dhananjay Mungale (DIN: 00007563), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was not liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, being so eligible, be appointed as an Independent Director of the Company."

12. To consider and, if thought fit, to pass, with or without modification(s), the following as Special Resolution:

"RESOLVED THAT, in supersession of the Ordinary Resolution passed by the Members in the earlier General Meeting and pursuant to the provisions of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Rules made thereunder, approval of the Members be and is hereby accorded to authorise the Board of Directors of the Company (Board) which shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person(s), to mortgage/charge/hypothecate/encumber any of its movable and/or immovable properties wherever situated both present and future or to lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) and to create mortgage/charge/hypothecate/encumber, on such terms and conditions at such time(s) and in such form and manner, and with such ranking as to priority as the Board in its absolute discretion thinks fit on the whole or substantially the whole of the Company's any one or more of the undertakings or all of the undertakings of the Company in favour of any Bank(s) or Financial Institution(s) or Body(ies) Corporate or Person(s), whether the Members of the Company or not, together with interest, cost, charges and expenses thereon for an amount not exceeding Rs.50 Crore (Rupees Fifty Crore only) over and above the aggregate of the paid-up capital and free reserves (that is, reserves not set apart for any specific purpose) of the Company.

RESOLVED FURTHER THAT mortgage/charge/hypothecate/encumber to be created by the Company aforesaid may rank prior/pari-passu/subservient with/to the mortgage/charge/hypothecation/encumbrance already created or to be created by the Company as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle and execute such documents/deeds/writings /papers/agreements as may be required and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt relating thereto that may arise in regard to creating mortgage /charge as aforesaid."

13. To consider and, if thought fit, to pass, with or without modification(s), the following as Special Resolution:

"RESOLVED THAT, in supersession of the Ordinary Resolution passed by the Members at the Annual General Meeting of the Company held on 29th July, 2011 and pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Rules made thereunder, approval of the Members be and is hereby accorded to authorise the Board of Directors of the Company (Board) which shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person(s), to borrow moneys in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs. 50 Crore (Rupees Fifty Crore only) over and

above the aggregate of the paid-up capital and free reserves (i.e. reserves not set apart for any specific purpose) of the Company and that the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such moneys to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may be necessary, proper, desirable or expedient to give effect to this resolution."

NOTES:

1. The Explanatory Statement as required under section 102 of the Companies Act, 2013 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**

A person can act as a 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. 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 a proxy for any other person or shareholder. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/ authority as applicable.

3. Members/Proxies/Representatives are requested to bring the Attendance Slip enclosed in the Annual Report for attending the Meeting.
4. In the case of joint holders, the signature of any one holder on proxy form will be sufficient, but names of all the joint holders should be stated.
5. Bodies Corporate, whether a company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorisation letter/resolution authorising the same should be deposited with the Company/RTA/Scrutinizer.
6. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Sharepro Services (India) Private Limited (Sharepro), 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri- Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.
7. Register of Members and Share Transfer Books of the Company will remain closed from 13th September, 2014 to 16th September, 2014 (both days inclusive).
8. Pursuant to sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred the dividend amount being the unpaid and unclaimed dividend pertaining to Final Dividend, 2006 to the Investor Education and Protection Fund of the Central Government.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Sharepro.
10. Members are requested to send their queries at least 10 days before the day of meeting so that the information can be made available at the meeting.
11. Equity shares of the Company are listed on: Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. The Company has paid the Annual Listing fees for financial year up to 2014-2015.
12. Re-appointment of Directors:

At the ensuing Annual General Meeting Mr. Hemant Luthra, Mr. R. R. Krishnan and Mr. B. M. Kataria retire by rotation and being eligible, offer themselves for reappointment. The information or details to be provided for the aforesaid Directors under the code of Corporate Governance are as under:

Mr. Hemant Luthra is Director and Chairman of the Company since 3rd June, 2002. Mr. Luthra has over 35 years of varied and rich work experience in Operation Finance Business Development and Restructuring in several top management positions. He started his career with IBM India and then IBM Singapore. He later spent 18 years with the Thapar Group. He rose to become CFO and then took over as COO for their flagship company, Ballarpur Industries Limited. He was also on the Board of several joint ventures of the group with Dupont, Mitsubishi and OKI besides being the Chairman of the joint venture with Maersk. After the Thapar Group, Mr. Luthra as its first CEO founded a private equity fund for the ING Group. He later

joined the Essar Group a CEO of their Telecom business and helped engineer a lucrative merger of the business with Hutchinson. He was working with Enron India as CEO of their Broad Band business.

Mr. Luthra is also Director of the following Companies namely Mahindra Sona Limited, Mahindra Ugin Steel Company Limited, (Also Member of Investor/Shareholders Grievance Committee and Remuneration Committee) Mahindra Engineering Services Limited, (Also Member of Remuneration/Compensation Committee), Mahindra Gears and Transmissions Private Limited, (Also Member of Audit Committee and Remuneration/Compensation Committee), Stokes Forgings Limited, Stokes Forgings Dudley Limited, Stokes Group Limited, Mahindra Navistar Engines Private Limited, Mahindra CIE Automotive Limited, (Also Member of Remuneration / Compensation Committee), Mahindra Navistar Automotives Private Limited, Mahindra Aerospace Private Limited (MAPL), Mahindra Casting Limited, (Also Member of Audit committee), Mahindra Sanyo Special Steel Private Limited (Also Member of Remuneration/Compensation Committee) and Mahindra Investment India Private Limited.

He is not holding any shares in the Company.

Mr. R. R. Krishnan has been with the Mahindra Group for close to 52 years and has held several senior positions. He was Senior Advisor in Mahindra & Mahindra Limited. He is Director of Mahindra Ugin Steel Company Limited and also member of Audit Committee.

He is not holding any shares in the Company.

Mr. R. R. Krishnan is an independent director on the Board. In the opinion of the Board Mr. R. R. Krishnan fulfills the conditions specified in the Companies Act. 2013 for appointment as an independent director.

Mr. B. M. Kataria did his B.Tech (Metallurgy) from IIT Kharagpur in 1962. He post-graduated in Management Development from Cambridge in 1978. Additionally, he did his post-graduation in Competition & Strategy from Harvard Business School in 1995. Mr. Kataria joined Mahindra Sintered Products Limited as an Asst. Metallurgist in 1963. He later rose to the rank of Managing Director in June, 1979. He retired in July, 2004 from GKN Sinter Metals Limited (formerly Mahindra Sintered Products Limited).

Mr. Kataria was also on the Board of Mahindra Ugin Steel Company Limited as a Director from April, 1996 to July, 2002 and as Chairman in Siro Plast Limited from February, 1992 to July, 2002.

He was also a Board member in the Management Board Member Committees of Mahindra & Mahindra Limited since January, 1995 to September, 2002.

Presently he is Director of Emitec Emission Control Technologies India Private Limited and Knowledge Township Limited (also member of Audit Committee).

He is holding 2500 shares in the Company.

Mr. B. M. Kataria is an independent director on the Board. In the opinion of the Board Mr. B. M. Kataria fulfills the conditions specified in the Companies Act. 2013 for appointment as an independent director.

13. Voting through electronic means:

- i. In terms of the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (the Rules), the items of Business given in AGM Notice may be transacted through electronic voting system and the Company is providing e-voting facility to the members who are the members as on Friday, 15th August, 2014 (End of Day) being the "Record Date" fixed for the purpose, to exercise their right to vote at the 32nd AGM by electronic means through the e-voting platform provided by National Securities Depository Limited (NSDL).
- ii. The e-voting period commences on 08th September, 2014 (9:00 am) and ends on 10th September, 2014 (5:00 pm). During the e-voting period, members' of the Company, holding shares either in physical form or in dematerialized form, may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The instructions for e-voting are as under;

- A. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/Depository Participant(s)]:
 - (i) Open email and open PDF file MCL e-Voting.pdf with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder – Login
 - (iv) Put user ID and password noted in step (i) above as initial password/PIN. Click Login.

- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" (E-voting Event Number) of Mahindra Composites Limited.
 - (viii) Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to cssdlimaye@gmail.com with a copy marked to evoting@nsdl.co.in.
- B.** In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s)]:
- (i) User ID, initial password and EVEN will be provided at the bottom of the Attendance Slip for the AGM.
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.
 - (iii) In case of any queries, you may refer to the Frequently Asked Questions ("FAQs") for Shareholders and e-voting user manual for Shareholder available at the Downloads section of <http://www.evoting.nsdl.com>.
 - (iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - (v) The e-voting period commences on Monday, 08th September, 2014 (09:00 am IST) and ends on Wednesday, 10th September, 2014 (05:00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 15th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
 - (vi) The voting rights of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date i.e. 15th August, 2014.
 - (vii) Mr. Shyamprasad D. Limaye, Practicing Company Secretary (Membership No.FCS 1587) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - (viii) The Scrutinizer shall, within a period not exceeding 3 (three) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - (ix) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.mahindracomposites.com and on the website of NSDL www.evoting.nsdl.com within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited, where the shares of the Company are listed.

All documents referred in the accompanying notice and the statement pursuant to Section 102(1) of the Companies Act 2013, will be available for inspection at the registered office of the Company during business hours on all working days up to the date of 32nd Annual General Meeting of the Company.

By order of the Board
MAHINDRA COMPOSITES LIMITED

HEMANT LUTHRA
Chairman

Mumbai: 29th July, 2014.

EXPLANATORY STATEMENT

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

ITEM NO. 6

Mr. Antonio Maria Pradera Jauregui was appointed as an Additional Director of the Company by the Board of Directors on 4th October, 2013 and according to the provisions of Section 161 of the Companies Act, 2013 and Article 92 of the Articles of Association of the Company, he holds office of Director only up to the date of the ensuing Annual General Meeting.

As required by Section 160 of the Companies Act, 2013, the Company has received notice from a member signifying his intention to propose the candidature of Mr. Antonio Maria Pradera Jauregui for the appointment as a Director of the Company at the forthcoming Annual General Meeting.

Mr. Antonio Maria Pradera Jauregui is nominee of CIE.

Mr. Antonio Maria Pradera Jauregui is not holding any shares in the Company.

The Board considering the varied experience of Mr. Antonio Maria Pradera Jáuregui, thought it is desirable that the Company should continue to avail the services of Mr. Antonio Maria Pradera Jáuregui.

Except the aforesaid Director, no other Director of the Company is concerned or interested in this resolution.

ITEM NO. 7

Mr. Jesus Maria Herrera Barandiaran was appointed as an Additional Director of the Company by the Board of Directors on 4th October, 2013 and according to the provisions of Section 161 of the Companies Act, 2013 and Article 92 of the Articles of Association of the Company, he holds office of Director only up to the date of the ensuing Annual General Meeting.

As required by Section 160 of the Companies Act, 2013, the Company has received notice from a member signifying his intention to propose the candidature of Mr. Jesus Maria Herrera Barandiaran for the appointment as a Director of the Company at the forthcoming Annual General Meeting.

Mr. Jesus Maria Herrera Barandiaran is nominee of CIE.

Mr. Jesus Maria Herrera Barandiaran is not holding any shares in the Company.

The Board considering the varied experience of Mr. Jesus Maria Herrera Barandiaran, thought it is desirable that the Company should continue to avail the services of Mr. Jesus Maria Herrera Barandiaran..

Except the aforesaid Director, no other Director of the Company is concerned or interested in this resolution.

ITEM NO. 8

Mr. Jose Ramon Berecibar Mutiozabal was appointed as an Additional Director of the Company by the Board of Directors on 4th October, 2013 and according to the provisions of Section 161 of the Companies Act, 2013 and Article 92 of the Articles of Association of the Company, he holds office of Director only up to the date of the ensuing Annual General Meeting.

As required by Section 160 of the Companies Act, 2013, the Company has received notice from a member signifying his intention to propose the candidature of Mr. Jose Ramon Berecibar Mutiozabal for the appointment as a Director of the Company at the forthcoming Annual General Meeting.

Mr. Jose Ramon Berecibar Mutiozabal is not holding any shares in the Company.

Mr. Jose Ramon Berecibar Mutiozabal is an independent director on the Board. In the opinion of the Board Mr. Jose Ramon Berecibar Mutiozabal fulfills the conditions specified in the Companies Act, 2013 for appointment as an independent director.

The Board considering the varied experience of Mr. Jose Ramon Berecibar Mutiozabal, thought it is desirable that the Company should continue to avail the services of Mr. Jose Ramon Berecibar Mutiozabal.

Except the aforesaid Director, no other Director of the Company is concerned or interested in this resolution.

ITEM NO. 9

Mr. Jose Sabino Velasco Ibanez was appointed as an Additional Director of the Company by the Board of Directors on 4th October, 2013 and according to the provisions of Section 161 of the Companies Act, 2013 and Article 92 of the Articles of Association of the Company, he holds office of Director only up to the date of the ensuing Annual General Meeting.

As required by Section 160 of the Companies Act, 2013, the Company has received notice from a member signifying his intention to propose the candidature of Mr. Jose Sabino Velasco Ibanez for the appointment as a Director of the Company at the forthcoming Annual General Meeting.

Mr. Jose Sabino Velasco Ibanez is not holding any shares in the Company.

Mr. Jose Sabino Velasco Ibanez is an independent director on the Board. In the opinion of the Board Mr. Jose Sabino Velasco Ibanez fulfills the conditions specified in the Companies Act, 2013 for appointment as an independent director.

The Board considering the varied experience of Mr. Jose Sabino Velasco Ibanez thought it is desirable that the Company should continue to avail the services of Mr. Jose Sabino Velasco Ibanez.

Except the aforesaid Director, no other Director of the Company is concerned or interested in this resolution.

ITEM NO. 10

Mr. Pedro Jesus Echegaray Larrea was appointed as an Additional Director of the Company by the Board of Directors on 10th February, 2014 and according to the provisions of Section 161 of the Companies Act, 2013 and Article 92 of the Articles of Association of the Company, he holds office of Director only up to the date of the ensuing Annual General Meeting.

As required by Section 160 of the Companies Act, 2013, the Company has received notice from a member signifying his intention to propose the candidature of Mr. Pedro Jesus Echegaray Larrea for the appointment as a Director of the Company at the forthcoming Annual General Meeting.

Mr. Pedro Jesus Echegaray Larrea is not holding any shares in the Company.

The Board considering the varied experience of Mr. Pedro Jesus Echegaray Larrea, thought it is desirable that the Company should continue to avail the services of Mr. Pedro Jesus Echegaray Larrea.

Mr. Pedro Jesus Echegaray Larrea is nominee of CIE.

Except the aforesaid Director, no other Director of the Company is concerned or interested in this resolution.

ITEM NO. 11

To comply with SEBI guidelines Mr. Dhananjay Mungale being independent Director of the Company has to be appointed for the period of Five years.

Mr. Dhananjay Mungale is Chartered Accountant and a law graduate, has spent the major part of his career in corporate and investment banking in India and Europe with Bank of America and DSP Merrill Lynch Limited. He is presently acting as advisor to select corporations in India and in Europe.

Presently he is Director of I-Nestor Advisors Private Limited, J. P. Morgan Asset Management India Private Limited, LICHFL Trustee Company Private Limited, L&T Infra Investment Partners Advisory Private Limited Lavgan Dockyard Private Limited, Mentor Technologies Pvt Limited, Snowcem Paints Private Limited, Chowgule Steamships Limited (also Chairman of Audit Committee and member of Compensation Committee), Kalpataru Limited (also member of Audit Committee and Compensation Committee), IL&FS Engineering & Constructions Company Limited, (also member of Audit Committee), Mahindra & Mahindra Financial Services Limited (also Chairman of Audit Committee and member of Compensation Committee and Chairman of ALCO Committee), Mahindra CIE Automotive Limited, (also Chairman of Shareholders Grievance Committee and Member of CSR Committee), National Organic Chemical Limited (also member of Audit Committee and member of Compensation Committee), Samson Maritime Limited (also member of Audit Committee and Compensation Committee), Sicagen India Limited (also Member of Audit committee and Compensation Committee). Tamilnadu Petroproducts Limited.

Mr. Dhananjay Mungale is not holding any shares in the Company.

Mr. Dhananjay Mungale is an independent director on the Board. In the opinion of the Board Mr. Dhananjay Mungale fulfills the conditions specified in the Companies Act, 2013 for appointment as an independent director.

Except the aforesaid Director, no other Director of the Company is concerned or interested in this resolution.

ITEM NO. 12

The borrowings of the Company are in general required to be secured by mortgages/ charges / hypothecation or encumbrances on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be stipulated by the lender(s) and accepted by the Board of Directors of the Company from time to time.

The mortgages and / or charges by the Company of its movable and immovable properties and/ or the whole or any part of the undertaking(s) of the Company in favour of any Bank(s) or Financial Institution(s) or Body(ies) Corporate or Person(s) with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

In view of the above, your Directors recommend to the Members to pass a Special Resolution under the provisions of Section 180(1)(a) of the Companies Act, 2013 so as to enable the Board of Directors of the Company to create mortgage and/ or charge for securing the borrowings of the Company, as and when necessary.

None of the Directors or Key Managerial Personnel or their relative(s) is/are in any way concerned or interested, in passing of the above mentioned resolution, except to the extent of their shareholding in the Company.

ITEM NO. 13

The Members at its meeting held on 29th July, 2011, had delegated the powers to the Board of Directors of the Company to borrow the funds upto Rs. 50 crore (Rupees Fifty Crore only) above the statutory limits over and above the aggregate of the paid-up capital and free reserves of the Company. However, the resolution was passed as an Ordinary Resolution as per the requirement of Companies Act, 1956.

As the Companies Act, 2013, effective from 1st April, 2014, requires a Special Resolution of the members for the purpose under the requirements of Section 180 (1) (c) of the Act.

In view of the above, your Directors recommend to the Members to pass a special resolution under the provisions of Section 180(1)(c) of the Companies Act, 2013 so as to enable the Board of Directors of the Company to borrow an amount within overall limit, as and when necessary.

None of the Directors or Key Managerial Personnel or their relative(s) is/are in any way concerned or interested, in passing of the above mentioned resolution, except to the extent of their shareholding in the Company.

By order of the Board
MAHINDRA COMPOSITES LIMITED

HEMANT LUTHRA
Chairman

Mumbai: 29th July, 2014.

DIRECTORS' REPORT

The Directors are pleased to present herewith the Thirty-second Annual Report and the Audited Accounts for the year ended 31st March, 2014 of your Company.

1. FINANCIAL RESULTS:

	(Rupees in Lakhs)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Gross income	7380.43	5680.63
Profit/(Loss) before depreciation and interest	280.48	190.07
Interest	102.52	112.43
Depreciation	202.96	172.50
Profit/(Loss) before tax	(24.99)	(94.86)
Provision for taxation:		
– Current	–	–
– Deferred	(7.00)	3.00
– Short provision for earlier years	–	–
	(7.00)	3.00
Exceptional item	96.19	–
Net profit/(loss) after tax	78.20	(97.86)
Balance in profit & loss account – B/F	759.08	856.94
	837.28	759.08
Appropriation recommended by the Directors:		
Proposed dividend	Nil	Nil
Income tax on distributed profit	Nil	Nil
Transfer to general reserve	–	–
Balance in profit & loss account	837.28	759.08
	837.28	759.08

2. OPERATIONS:

Sales of Company has grown by 30% in F14 inspite of slowdown in switchgear, construction and automotive industry. This was possible due to customer engagement in Electrical switch gear industry and strongly connecting with meter manufacturers for Electra.

Company produces SMC/DMC compounds and sells them to Electrical Switchgear OEMs and their moulding vendors. The Company itself moulds a portion of these compounds to produce automotive components and own products like 'electra' and 'Sarovar'. The Compound business has grown up 27% and major growth in compound has received from DMC which has grown 36%. The sales to Legrand has gradually increased to 45T per month in F14.

Though the component business was flat compared to previous year, Electra received better orders and as a result its sales grew by 69%. Last year's investment to increase product range is giving results. However some of the orders received have been postponed to next year due to slow movement in infrastructural development in the country.

Company has launched new product, SMC Panel Water Tank with brand name 'Sarovar' on Mahindra Group's founder day 2nd October, 2012. The F14 sales for Sarovar was Rs.143 Lacs.

Rising input cost and rupee depreciation continue to reduce margins. Although initiatives of using alternative materials and sources resulted in limiting this impact, reduced volumes in market did not allow passing on all the cost increase to customers.

The Company has emphasized sustainability and both the plants have been certified for ISO 14001 & OHSAS 18001. This is helping to control wastages. The Company has been also certified TS16949 during F14.

3. DIVIDEND :

To conserve the resources of the Company your Director's do not recommend any payment of dividend.

4. DIRECTORS :

The Board has appointed Mr. Antonio Maria Pradera Jauregui, Mr. Ignacio Artazcoz Barrena, Mr. Jesus Maria Herrera Barandiaran, Mr. Jose Ramon Berecibar Mutiozabal and Mr. Jose Velasco as Additional Directors of the Company on 4th October, 2013. They hold office up to the forth coming Annual General Meeting.

The Company has received notices from members signifying their intention to propose Mr. Antonio Maria Pradera Jauregui, Mr. Jesus Maria Herrera Barandiaran, Mr. Jose Ramon Berecibar Mutiozabal and Mr. Jose Velasco as Directors of the Company.

Mr. Ignacio Artazcoz Barrena resigned as Director of the Company. Your Board wish to place on record the valuable contribution made by him during his tenure as Director of the Company.

The Board has appointed Mr. Pedro Jesus Echegaray Larrea as an Additional Director of the Company on 10th February, 2014. He holds office up to the forth coming Annual General Meeting.

The Company has received notice from member signifying his intention to propose Mr. Pedro Jesus Echegaray Larrea as Director of the Company.

Mr. Hemant Luthra, Mr. R. R. Krishnan and Mr. B. M. Kataria, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Dhananjay Mungale who is an independent director on the Board has expressed his intention for reappointment as Director of the Company at the forthcoming Annual General Meeting of the Company to comply with SEBI guidelines.

The Company has received notice from member signifying the intention to propose Mr. Dhananjay Mungale as Director of the Company.

5. AUDITORS :

M/s. Deloitte Haskins & Sells, *Chartered Accountants*, Mumbai retire and are eligible for re-appointment.

6. COST AUDIT REPORT :

Messrs. Dhananjay V. Joshi & Associates, *Cost Accountants*, Pune, (Firm Registration No.000030) conducted the audit of Cost Accounting Record maintained by the Company for the Financial Year 2012-13 and submitted their report to the Central Government, Ministry of Corporate Affairs, New Delhi. They were reappointed to conduct the Audit of the cost Accounting Records maintained by the Company for the Financial Year 2013-14. The Cost Auditors shall forward their report to the Central Government, Ministry of Corporate Affairs, New Delhi for the Financial Year 2013-14 within the prescribed time.

As required under the provisions of Section 224(1B) read with Section 233B(2) of the Companies Act, 1956, the Company has obtained a written confirmation from Messrs. Dhananjay V. Joshi & Associates to the effect that they are eligible for re-appointment as Cost Auditors under the above-mentioned sections. The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

7. PUBLIC DEPOSITS AND LOANS / ADVANCES :

Your Company has not accepted any deposits from the public or its employees during the year under review.

8. INFORMATION UNDER SECTION 217(1)(e) THE COMPANIES ACT, 1956:

Information required to be disclosed in terms of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and also forming part of this report is given in the enclosed annexure 'A'.

9. PARTICULARS OF EMPLOYEES :

Information required in terms of Section 217 (2A) of the Companies Act, 1956, read with amended Companies (Particulars of employees) Rules, 1975 and forming part of this Report is not enclosed as none of the employees is covered under these rules.

10. DIRECTORS RESPONSIBILITY STATEMENT :

Directors hereby state that:

- i. In preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgment 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 year.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The Directors have prepared the annual accounts on a going concern basis.

11. CORPORATE GOVERNANCE :

The Company has obtained a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance. The same is annexed to this Report.

12. COMPLIANCE CERTIFICATE:

As per the requirement of Section 383A of the Companies Act, 1956, a Certificate from a Company Secretary stating that the Company has complied with all the provisions of this Act is attached to this report.

13. CHANGE IN SHAREHOLDING PATTERN AND PROPOSED SCHEME OF MERGER :

As a part of Mahindra Group Strategy to consolidate the auto components business and formation of a global alliance with CIE Automotive, Spain., the Board of Directors of the Company at their meeting held on 15th June, 2013, duly considering the recommendation of the Audit Committee and subject to regulatory approvals, have approved a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, involving the Company with Mahindra Forgings Limited- subsequently renamed as Mahindra CIE Automotive Limited ("Transferee Company"), with effect from 1st October, 2013. ("the Scheme").

As part of the above arrangement and in accordance with the Share Purchase Agreement dated 15th June, 2013, 1,341,203 equity shares representing 29.95% of the paid up equity share capital have been transferred by Mahindra & Mahindra Limited. and 220,000 equity shares representing 4.91% of the paid up equity share capital have been transferred by Mahindra Holdings Limited to Participaciones Internacionales Autometal DOS, S.L. ("PIA 2") in October'2013. Consequently PIA has become a promoter and the Board of Directors of the company and the committees thereof have been reconstituted.

Also, PIA 2 (Acquirer) along with Autometal S.A. and CIE Automotive S.A., in their capacity as "Persons acting in Concert" with the Acquirer, made an open offer for acquisition of 1,164,616 equity shares of Rs.10 each representing 26.01% of the Total Equity Capital (including potential equity shares of ESOP scheme) from the public shareholders of the Company at a price of Rs.74.70 per share as described in Detailed Public Statement dated 15th June, 2013 and Letter of Offer dated 13th September, 2013. Consequent to the Open Offer, the Acquirer acquired 1,164,616 equity shares representing 26.01% of the paid up capital of the Company. Accordingly, the Acquirer now holds 60.87% of the total equity capital of the company (including potential equity shares of ESOP scheme).

Securities and Exchange Board of India ("SEBI") vide its observation letter dated 7th March, 2014 has conveyed its comments on the draft Schemes to the BSE Limited ("BSE"), the designated stock exchange.

Pursuant to the above SEBI letter, the BSE vide its Observation letter dated 7th March 2014 has conveyed its no-objection to file the Schemes with the Hon'ble High Court of Bombay, subject to certain conditions specified therein.

Accordingly, on 14th March, 2014, the Company has filed applications under Sections 391 to 394 of the Companies Act, 1956 before the Hon'ble High Court Of Judicature at Bombay, for seeking its directions for holding meetings of its equity shareholders and holding/ dispensation of meetings of its secured and unsecured creditors, to seek their approvals to the said Scheme. The Company has also taken approval of the public shareholders to the said scheme by holding Shareholders Meeting on 6th June, 2014 and through a postal ballot/e-voting process on 19th June, 2014 as required under the provisions of the relevant circulars issued by SEBI.

14. STOCK OPTIONS :

The Remuneration / Compensation Committee of the Board of Directors of the Company ("the Committee") has allotted 510 equity shares to the permanent employee and 834 equity shares to non-executive Director of the company under Employee's Stock Options Scheme. The Remuneration / Compensation Committee of your Company has not granted any Stock Options to the employees during the year under review.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure 1 to this Report.

15. ENVIRONMENT & HEALTH :

Mahindra Composites Mangaon unit took measures to conserve Energy. Successful efforts were taken to reduce hazardous waste by controlling process loss.

16. INDUSTRIAL RELATIONS :

During the year under review industrial relations remained satisfactory.

FOR AND ON BEHALF OF THE BOARD
HEMANT LUTHRA
Chairman

Mumbai: 29th July, 2014.

ANNEXURE “A” TO THE DIRECTORS’ REPORT

Particulars as per the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors’ Report.

COMPOUND MANUFACTURING

1. The Company obtained UL approval against new customer requirements for Injection DMC as well Sheet Molding Compound towards MCCB global supply.
2. The DMC developed for Head lamp reflector, under validation with two prospective customers.

A. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Mahindra Composites has entered into Technology License Agreement with Polmix srl, an Italian Compound manufacturer and Molder, tier one global supplier to one of our key customer in the field of MCB.

2. **Expenditure on R & D:**

	2013–2014	2012–2013
	Rs. in lakhs	Rs. in lakhs
(a) Capital.....	Nil	Nil
(b) Recurring	26.94	28.00
Total.....	26.94	28.00
Total R&D Expenditure as % of Total turnover.....	0.41%	0.56%

B. FOREIGN EXCHANGE EARNINGS & OUTGO:

Total Foreign Exchange Earnings and Outgo:

	2013–2014	2012–2013
	Rs. in lakhs	Rs. in lakhs
Earnings	464.56	430.54
Outgo.....	831.96	663.57

FOR AND ON BEHALF OF THE BOARD

HEMANT LUTHRA
Chairman

Mumbai: 29th July, 2014.

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2014.

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

(a)	Options granted.....	: 90,000
(b)	The pricing formula	: Exercise Price of Rs.47.40 is calculated at a discount not higher than 15% of the average of the daily high and low of the price for the company's equity shares quoted on the Bombay Stock Exchange Limited during the 15 days preceding the Grant of the Options.
(c)	Options vested	: Nil
(d)	Options exercised.....	: 1,344
(e)	The total number of shares arising as a result of exercise of options	: 1,344
(f)	Options lapsed	: Nil
(g)	Variation of terms of options.....	: Nil
(h)	Money realized by exercise of options.....	: Rs.63,706
(i)	Total number of options in force.....	: 90,000
(j)	Employee-wise details of options granted to:	
	(i) Senior managerial personnel.....	: As per list attached.
	(ii) Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	: None
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	: None

Diluted Earnings per Shares (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'..... : (Rs.1.77)

Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.

: The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by Rs.2.03 lakhs, profit after tax would have been lower by Rs.2.03 lakhs & both the basic and diluted earning per share would have been lower by Rs.0.05.

Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock..... : -

A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:

- | | | |
|-------|--|-----|
| (i) | risk free interest rate | : - |
| (ii) | expected life | : - |
| (iii) | expected volatility | : - |
| (iv) | expected dividends, and..... | : - |
| (v) | the price of the underlying share in market at the time of option grant..... | : - |

During the year the Company has not granted any options to employees or senior managerial persons.

Statement attached to Annexure 1 to the Directors' Report for the year ended 31st March, 2014:

Name of the Senior Management Persons of the Company to whom Stock Options have been granted	Number of Options granted in 2009-10
Mr. B. M. Kataria.....	2,500
Mr. R. R. Krishnan.....	2,500
Mr. C. S. Devale *	2,500

* Resigned w.e.f.4th October, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Mahindra Composites Limited (MCL) is one of India's leading players in the field of composites supplying SMC/DMC compounds and components to the electrical switchgear, power distribution, automotive and medical equipment industry. MCL operates out of two plants, one at Mangaon, Dist.Raigad and the other in Pimpri, Pune. The plant at Mangaon has a capacity of 15000MT of SMC/DMC compound manufacturing. The SMC/DMC component manufacturing plant at the same location has 6 compression moulding presses ranging from 100MT to 500MT capacity. There are also 3 RTM stations and hand-layup setup to manufacture components. The plant at Pimpri, Pune houses additional 6 compression moulding presses along with an innovation lab which focuses on product concept, design and engineering.

We sell SMC/DMC compounds to electrical switchgear OEMs like L&T, Schneider, Legrand, Siemens, ABB etc. who in turn sells Product in the Electrical market. The electrical switchgear industry is the key end user of the company's products and accounts for almost 65% of MCL's revenue. To strengthen Companies position in this segment, Company has entered into Technical agreement with Polmix Srl, Italian Company having 5 decades experience of DMC/SMC Compound.

We sell moulded components to the power distribution industry, under the brand name 'Electra'.

We sell moulded body parts with and without painting to auto & tractor OEMs. The component business for both the electrical and automotive market has been developed in the last few years.

The Company's revenue during F14 has grown upto 30% compared with F13.

Industry Outlook

F14 saw the slow down, as it was in F13 in the Electrical Switch Gear Industry except MCB. Market influenced mainly by the slow down in the Construction Industry and new industrial projects getting postponed. This phenomenon is expected to reduce growth of the domestic switchgear market in the coming year. The sales of leading electrical switchgear OEMs has also been impacted. There is also increasing competition in this market with the entry of new manufacturers of SMC/DMC compounds with the latest manufacturing know-how.

Company had undertook a major brand building of its products Electra and Sarover by participating in various exhibitions and Trade shows. The revenue of Electra has grown up by almost 70% during F14.

The automotive market is accepting new applications of composites products but as an industry it also showing down resulting in postponement of development and new launches by OEM.

Performance

In spite of slowdown in our target industry (Electrical Switchgear, Infrastructure & Automotive) Company sale has increased by 30% compared with F13. This was possible due to increasing customer engagement and improving our response in terms of QCD (quality, cost and delivery).

We have launched new product panel water tank named "Sarovar" in Indian market and bagged first orders in F14. The sale for Sarover during F14 was Rs.143 Lacs.

Given the current and expected slowdown in the approval of infrastructure projects, the GRP Pipe Project had been withdrawn and as a matter of abundant precaution the expected expenses as a result of holding of a project were already provided for in F12.

Strategy, Opportunities & Threats

We will continue to consolidate our core business of SMC/DMC compounds for the switchgear industry by improving our manufacturing efficiency and product reliability with the aim of optimising our margins in this segment as far as possible. The Polmix TLA will further strengthen our position in this segment, primarily due to the European connection of Polmix with Legrand and also L&T is developing next generation MCB along with Polmix in Europe. (The manufacturing of MCB will move to India during F15).

We will continue to focus on expanding our moulded components business. The 'Electra' ranges of products are a key focus area and additionally we have launched panel water tank named "Sarovar" in India. Efforts are also on to increase acceptance of composite parts in the automotive market. The exterior body panel business for the Truck industry is a good platform for growth and we will leverage our expertise to grow in this business. We will continue to scan for and evaluate opportunities that can help us move up the value chain from compounds to components in an accelerated manner. In this regard, we are open to global strategic partnerships that can improve our technical capabilities and expand our product portfolio.

We have also created an innovation lab within the company which keeps on experimenting with new composite products for different end user applications, the details of which are explained in the next section.

Innovation & Technology Development

The seamless carbon fibre wind mill blade which won accolades from ICERP-JEC F12 has been successfully put into production; however the sales have been lower than envisaged due to change in Govt. Policy towards small wind mills during the year.

Innovation & Technology Development

The seamless carbon fibre wind mill blade which won accolades from ICERP-JEC F12 has been successfully put into production; however the sales have been lower than envisaged due to change in Govt. Policy towards small wind mills during the year.

The formulation R&D team continues its innovation efforts and contributes to protecting margins in a competitive environment. The efforts resulted in generating alternative materials and sources which helped to limit cost increase effect on our margins. Our association with Polmix will improve our R&D capability in compound. We will continue to work with reputed RM suppliers to develop state of art products for our customers.

Outlook F-15

Your Company has taken up a modest target for 18% Growth.

Electrical switch gear OEM has predicated flat sale in F15 except in MCB market. We will try to push this MCB segment and will achieve the increased sale during F15. Also localisation efforts in Electrical switch gear by Schneider, Siemens, ABB will improve our compound sale by engaging and working with these OEM's for the developments.

MCL will also actively work on Automotive market segment and try to improve its share. Volvo order will also go in Production during F15. Company has obtained TS16949 certification during F14, as a part of its strategy to enter aggressively in Automotive segment.

In F15 we will ensure that the "electra" orders in hand are pushed to the market in the power distribution segment. The "Channel Partner" network to sale "Sarovar" will be increased to cover the sales in country and significant revenue will be added during F15.

The Mahindra – CIE Deal

On 15th June 2013, Mahindra & Mahindra Limited and CIE Automotive Group of Spain got into an agreement to create one of India's larger multi-technology automotive component companies.

Step 1:

- CIE has purchased controlling stakes in MCAL, Mahindra Composites Limited (MCL) and Mahindra Hinoday Industries Limited (MHIL) and is a majority shareholder after the closure of Open Offer at MCAL & MCL.
- Simultaneously, M&M has purchased a stake of 13.5% in CIE. Therefore, M&M continues to be a strategic investor in the auto components business with participation in Mahindra CIE and CIE Spain (parent level).
- Effective 29th November 2013, Mahindra Forgings Limited has been renamed as Mahindra CIE Automotive Limited.

Step 2:

MUSCO, MHIL, Mahindra Gears, PIA2 and Mahindra Investment India private limited will merge in to MCAL through an integrated scheme of merger. MCL will merge into MCAL through a separate scheme of merger. This is expected to be completed by October 2014 subject to regulatory approvals.

The structure of the deal is also indicative that M&M is reaffirming it's commitment to the automotive components business.

The Rationale for the Deal

Both CIE and M&M have had a strategy to globalize their auto components business interests. This partnership will help both the groups in furthering that aim.

Synergies with Parents

Relationship with CIE Group

CIE group is a group specialised in providing automotive components and sub-assemblies, to the global automotive industry, working with complementary technologies and a number of different associated processes.

With the active involvement of the CIE group MCL intends to achieve the following synergies:

1. CIE products and customers can be introduced in India.
2. Gaining Market Share in India with existing CIE customers (Western OEMs' from global markets) and expanding into all the technologies which CIE operates in viz. Aluminium, Painting, and Plastics.
3. Improving operational efficiencies by using CIE's expertise and enhancing the product offerings.

MCL adheres to the corporate values, principles and established corporate governance practices of the CIE Group.

Relationship with Mahindra Group

Mahindra & Mahindra, which holds a minority stake in MCAL, is the flagship company of the Mahindra group and one of the leading automotive manufacturers in India. M&M is an anchor customer but there is an arms-length relationship between M&M and MCAL companies. Association with the Mahindra Group aids MCAL in winning new businesses due to higher brand recall and obtaining financial assistance.

Risks and Concerns

Foreign Raw Material suppliers are setting up plants in India and this will reduce Imports. The Company has a planned strategy to develop local sources to reduce the risk of currency fluctuations. However commodity (petro based RM) price variation will continue to be a risk

The Company will invest in new business segments to grow the company and this strategy is accompanied by the inevitable risk of entering new markets with limited knowledge. However these efforts will see the benefits in medium term as we have experienced in 'electra' and 'Sarovar'. The Company will raise finance through long term debts to meet its needs for adding assets to enable growth.

Internal Control Systems and Their Adequacy

In the opinion of the Management, the Company has an adequate internal audit and control systems to ensure that all transactions are authorised, recorded and reported correctly. The internal control systems comprise extensive internal and statutory audits.

The internal audit of our operations is conducted by M&M's Corporate Management Services (CMS) regularly. This provides reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The QHS certifications will ensure continuous improvement in each of these areas. The Company has also achieved TS 16949 certification in F14. Both plants continue to be fully operational under ERP facilitating MIS.

Human Resources and Management Systems

Your Company continues to implement the Mahindra Annual Planning Cycle which facilitates Senior Management reviews and actions in Operation and Strategy.

The Company has a programme called "BINDAAS BOL" (Speak your mind) aimed at encouraging all the employees to contribute their knowledge and experience in areas outside their own immediate duties by making suggestions for improvements.

There is increased participation across all levels in the implementation of initiatives for continuous improvement. A leadership development program has been instituted to develop young leaders to be able to take on higher positions in the growth of the Company.

Your Directors place on record their appreciation for contributions made by employees at all levels and for cordial relations through out the year.

Sustainability

In the assessment of DNV and The Mahindra Way (TMW), MCL has upgraded its Quality and Environment and Health Management Systems and will continue to improve and drive excellence in its internal manufacturing and business processes. Key initiatives also reduced the power and fuel consumption during the year. With an eye on sustainability we will continue to measure and optimise consumption of resources to stay competitive and promote a green planet. In pursuit of this both our plants have been certified for ISO 14001 & OHSAS 18001 standards.

Looking Ahead

With continued support of its parents; the Mahindra and CIE groups, your Company will continue to strive for improved financial performance. The Company also recognizes the long term trend towards growth especially in India, and will continue to look out for and evaluate opportunities in this direction.

For and on behalf of the Board

Hemant Luthra
Chairman

Mumbai: 29th July, 2014.

MANAGEMENT DISCUSSION & ANALYSIS

(Rs. in lakhs)

A) MAJOR HIGHLIGHTS	Year ended 31st March, 2014		Year ended 31st March, 2013		Change
Sales & other income	6,641.44		5,040.64		31.76%
Operational profit/(loss).....	(25.04)		(94.90)		(73.62%)
Interest Received & Abnormal Income	0.05		–		–
Profit before tax.....	(24.99)		(94.86)		(73.66%)
Return on capital employed	(1.45%)		(6.06%)		(76.07%)
Operating cash flow	313.21		350.96		(10.76%)
B) FINANCIAL POSITION AT A GLANCE					
Asset (owned & leased)					
Fixed assets (net)	989.13		1,028.29		
Investment	–		–		
Non - current assets / (liabilities) (net).....	28.75		23.92		
Current assets / (liabilities) (net)	709.17		512.26		
	<u>1,727.05</u>		<u>1,564.47</u>		
Financed by:					
Long term borrowings	184.99		101.25		
Net worth.....	1,542.06		1,463.22		
	<u>1,727.05</u>		<u>1,564.47</u>		
Represented by:					
Share capital	441.53		441.39		
ESOP outstanding.....	9.42		9.62		
Retained earnings.....	1,091.11		1,012.21		
	<u>1,542.06</u>		<u>1,463.22</u>		
C) DISTRIBUTION OF INCOME					
Material consumed	4701.62	70.79%	3,343.91	66.34%	
Employee cost.....	549.95	8.28%	496.93	9.86%	
Other expenses	1109.38	16.70%	1,009.73	20.03%	
Finance cost.....	102.52	1.54%	112.43	2.23%	
Depreciation	202.96	3.06%	172.50	3.42%	
Exceptional item	(96.19)	(1.45%)	–	0.00%	
Provision for taxation	(7.00)	(0.11%)	3.00	0.06%	
Current.....	–	–	–	0.00%	
Deferred.....	(7.00)	(0.11%)	3.00	0.06%	
Short provision for earlier years.....	–	–	–	0.00%	
Tax on dividend	–	–	–	0.00%	
Dividend.....	–	–	–	0.00%	
Retained earnings.....	78.20	1.18%	(97.86)	(1.94%)	
	<u>6,641.44</u>	<u>100.00%</u>	<u>5,040.64</u>	<u>100.00%</u>	

(Figures of previous year have been regrouped to match the current year's basis)

REPORT ON CORPORATE GOVERNANCE

A. MANDATORY REQUIREMENTS

1. Company's philosophy of Corporate Governance

Mahindra Composites Limited looks on Corporate Governance as a necessary tool for achieving all round business excellence reflected in enhanced shareholder value, without compromising on the needs and interests of other stakeholders. For the Company, the essence of corporate governance is to ensure transparency in its business operations.

Recognising that good corporate governance begins with Company's own internal policies and practices, your Company is focusing on a wide spectrum of activities, covering various business areas, through a combination of good practices and legal compliance, in a manner that would spell corporate fairness, transparency and accountability, because this is what Corporate Governance is all about.

A report on the implementation of the Code of Corporate Governance introduced by the Securities and Exchange Board of India and incorporated in the Listing Agreement is given below.

2. Board of Directors

(a) Composition:

The Board of Directors comprises of Ten directors, all of whom are non-executive directors.

More than one-third of the Board comprises of the independent directors. The independent directors have confirmed that they satisfy the criteria for an independent director as stipulated in Clause 49I(A)(iii) of the listing agreement.

The directors bring to the Board a wide range of experience and skills. The composition of the Board is in conformity with the listing agreements. Independent directors play a key role in the decision-making process of the Board as they approve the overall strategy of the Company and oversee the performance of management. The independent directors are committed to acting in what they believe is in the best interest of the Company and its stakeholders.

(b) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM):

Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance at the last AGM
Mr. Hemant Luthra	Chairman - NED	5	No
Mr. C. S. Devala (Resigned w.e.f. 4th October, 2013)	NED	4	Yes
Mr. R. R. Krishnan	NED – I	3	No
Mr. B. M. Kataria	NED – I	5	Yes
Mr. Dhananjay Mungale	NED – I	5	No
Mr. Romesh Kaul	NED	6	Yes
Mr. Antonio Maria Pradera Jáuregui (Appointed w.e.f. 4th October, 2013)	NED	3	NA
Mr. Jesus Maria Herrera Barandiaran (Appointed w.e.f. 4th October, 2013)	NED	3	NA
Mr. Ignacio Artazcoz Barrena (Appointed w.e.f. 4th October, 2013 and Resigned w.e.f. 10th February, 2014)	NED – I	2	NA
Mr. Jose Ramon Berecibar Mutiozabal (Appointed w.e.f. 4th October, 2013)	NED - I	3	NA
Mr. Jose Velasco (Appointed w.e.f. 4th October, 2013)	NED – I	2	NA
Mr. Pedro Jesús Echegaray Larrea (Appointed w.e.f. 10th February, 2014)	NED	1	NA

NED – Non-Executive Director

NED-I – Non-Executive Director – Independent

- (c) Number of other Companies or Committees the Director of the Company is a Director / Member / Chairman:

Name of Director	No. of Directorships in other Boards*	No. of Memberships in other Board Committees #	No. of Chairmanships in other Board Committees #
Mr. Hemant Luthra	14	6	NIL
Mr. C. S. Devale (Resigned w.e.f. 4th October, 2013)	NIL	NIL	NIL
Mr. R. R. Krishnan	1	1	NIL
Mr. B. M. Kataria	1	1	NIL
Mr. Dhananjay Mungale	14	12	3
Mr. Romesh Kaul	3	NIL	NIL
Mr. Antonio Maria Pradera Jáuregui (Appointed w.e.f. 4th October, 2013)	NIL	3	NIL
Mr. Jesus Maria Herrera Barandiaran (Appointed w.e.f. 4th October, 2013)	3	NIL	NIL
Mr. Ignacio Artazcoz Barrena (Appointed w.e.f. 4th October, 2013 and Resigned w.e.f. 10th February, 2014)	-	-	-
Mr. Jose Ramon Berecibar Mutiozabal (Appointed w.e.f. 4th October, 2013)	2	1	NIL
Mr. Jose Velasco (Appointed w.e.f. 4th October, 2013)	2	2	NIL
Mr. Pedro Jesús Echegaray Larrea (Appointed w.e.f. 10th February, 2014)	-	-	-

* Directorships in Foreign Companies and Private Limited Companies are included in the above table.

Memberships in Committees other than Audit Committee / Shareholders' Grievance Committee of all Public Limited Companies and all Committees of Private Limited / Foreign Companies are excluded in the above table.

- (d) Details of Board Meetings held during the year under review:

Sr. No.	Date
1.	30th April, 2013
2.	15th June, 2013
3.	24th July, 2013
4.	4th October, 2013
5.	22nd October, 2013
6.	10th February, 2014

The Board has met six times in the year with a gap of less than four months between any two meetings.

- (e) Code of Conduct:

The Board has laid down a code of conduct for all Board Members and senior management of the Company. The code of conduct is posted on the website of the Company. The certificate from the COO confirms compliance with the Code of Conduct by the Directors and Senior Management and is enclosed.

- (f) As required under Clause 49 V of the Listing Agreement with the Stock Exchange, the Chief Operating Officer and Chief Financial Officer of the Company have certified to the Board regarding the financial statements, and matters related to internal controls in the prescribed format for the year ended 31st March, 2014.

3. Audit Committee

- (a) Composition, No. of meetings and Attendance:

Details of Audit Committee Meetings held during the year under review–

Sr. No.	Date
1.	30th April, 2013
2.	15th June, 2013
3.	24th July, 2013
4.	22nd October, 2013
5.	10th February, 2014

The Audit Committee has met five times in the year with a gap of less than four months between any two meetings.

Sr. No.	Name of Director	No. of Meetings attended
1.	Mr. B. M. Kataria #	4
2.	Mr. C. S. Devale (Resigned w.e.f. 4th October, 2013)	3
3.	Mr. Dhananjay Mungale	4
4.	Mr. R. R. Krishnan (Till 4th October, 2013)	3
5.	Mr. Jose Ramon Berecibar Mutiozabal (Appointed w.e.f. 4th October, 2013)	2
6.	Mr. Ignacio Artazcoz Barrena (Appointed w.e.f. 4th October, 2013 and Resigned w.e.f. 10th February, 2014)	1
7.	Mr. Jose Velasco (Appointed w.e.f. 4th October, 2013)	2

Chairman

All members of Audit Committee are non-executive directors. Majority of members of the Audit Committee are Independent Directors; Chief Operating Officer, Chief Financial Officer, Internal Auditors and Statutory Auditors are invitees to the meetings. The Company Secretary acts as the secretary to the Committee. The Chairman of the Audit Committee Meeting was present at the Annual General Meeting held on 27th September, 2013.

- (b) Terms of Reference:

A qualified and independent Audit Committee has been set up. The Chairman of the Audit Committee is an independent director. The members of the Audit Committee are financially literate and the Chairman of the Audit Committee has accounting and related financial management expertise.

The Committee recommends to the Board, the appointment or re-appointment of the Statutory Auditors and the audit fees payable. The Audit Committee and statutory auditors discuss the nature and scope of audit prior to the commencement of the audit and areas of concern, if any, arising post audit. In addition, the Committee approves payment of fees for other services rendered by the statutory auditors.

The responsibility of the Committee is to also review the findings of any internal investigation by the internal auditors in matters relating to suspected fraud or irregularity or failure of internal control systems of material nature and report the same to the Board.

The Committee reviews the reports of the internal and statutory auditors and ensures that adequate follow-up action is taken by the Management on observations and recommendations made by the respective auditors.

4. Remuneration Committee

- (a) Terms of Reference:

To frame Company's Remuneration Policy on behalf of the Board and on behalf of the shareholders on specific remuneration packages for Directors including pension rights, ESOP and any compensation payment.

- (b) Composition:

Members of the Committee are

Mr. B. M. Kataria (Till 4th October, 2013) – Chairman

Mr. Dhananjay Mungale (Till 4th October, 2013)

Mr. Jesus Maria Herrera Barandiaran (Appointed w.e.f. 4th October, 2013) – Chairman

Mr. Jose Ramon Berecibar Mutiazabal (Appointed w.e.f. 4th October, 2013)

Mr. Hemant Luthra (Appointed w.e.f. 4th October, 2013)

No meeting of Remuneration Committee Meeting was held during the year.

(c) Remuneration of Directors:

Presently Company is not having any Executive Director.

(d) The Board of Directors decides the remuneration of non-executive directors, which consists of sitting fees as well as commission based on the net profits of the Company, payable to certain directors.

Details of Remuneration paid/payable to Non-Executive Directors during the year are as follows:

Name of the Director	Directors' Fees	Commission
Mr. B. M. Kataria	60,000/-	Nil
Mr. Dhananjay Mungale	60,000/-	Nil
Mr. R. R. Krishnan	50,000/-	Nil
Mr. C. S. Devale (Resigned w.e.f. 4th October, 2013)	45,000/-	Nil

Employee Stock Option Scheme (ESOS)

During the year, Company allotted 510 Equity Shares to the permanent employee & 834 Equity Shares to Non-Executive Director of the Company at the price of Rs. 47.40 per share under Employee Stock Option Scheme (ESOS).

The disclosure in respect of ESOS as required under Clause 12.1 of SEBI (Employee Stock Option Scheme and Employee Stock Purchases Scheme) Guidelines, 1999 as amended, have been made in the Directors' Report.

5. Shareholders' / Investors' Grievance Committee

(a) Composition:

Members of the Committee are:

Mr. R. R. Krishnan – Chairman

Mr. B. M. Kataria (Till 4th October, 2013)

Mr. C. S. Devale (Resigned w.e.f. 4th October, 2013)

Mr. Jose Ramon Berecibar Mutiazabal (Appointed w.e.f. 4th October, 2013)

Mr. Ignacio Artazcoz Barrena (Appointed w.e.f. 4th October, 2013 and Resigned w.e.f. 10th February, 2014)

A Meeting of Shareholders' / Investors' Grievance Committee was held on 30th April, 2013.

(b) Compliance Officer:

Mr. Vijayendra Kolambkar – GM – Finance & Accounts (Resigned w.e.f. 5th April, 2014).

(c) Complaints:

One Complaint was received during the year under review. This complaint has been resolved.

As on 31st March, 2014 there were no transfers of shares pending for execution.

6. General Body Meetings

(a) Location and time where last three Annual General Meetings were held:

Financial Year	Date	Time	Venue	Any special resolution passed
2010-2011	29th July, 2011	3.00 p.m.	Hotel Panchshil, Chinchwad, Pune-19.	Yes
2011-2012	29th Sept., 2012	3.30 p.m.	Citrus Hotels, Pimpri, Pune-18.	Yes
2012-2013	27th Sept., 2013	11.00 a.m.	Citrus Hotels, Pimpri, Pune-18.	Yes

(b) Postal Ballot:

No resolution was required to be passed by means of a postal ballot during the year.

7. Disclosures

(a) Mr. B. M. Kataria (Non-executive Director Independent) holds 2,500 fully paid equity shares of Rs.10 each in the capital of the Company.

(b) Commission and sitting fees is paid to certain non-executive directors.

(c) Full disclosures on related party transactions, as per the Accounting Standard 18 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of

General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) is given under Note 27, Schedule XIII of the Annual Accounts.

- (d) Details of non-compliance, penalties, and strictures imposed on the Company by the Stock Exchanges/SEBI/Statutory Authorities on matters relating to capital markets during the last three years:
The Company has complied with the requirements of regulatory authorities on capital markets and no penalties / strictures have been imposed against it in the last three years.
- (e) The Company has a Risk Management Framework in place. The Company has established procedures to periodically place before the Board the Risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks.
- (f) The Company has followed the Guidelines of Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) in the preparation of its financial statements.

8. Means of Communication

i. Half-yearly report sent to each household of shareholders	No, as the results of the Company are published in the Newspapers every quarter.
ii. Quarterly Results published in newspapers	Yes. Indian Express – Pune Edition Loksatta – Pune Edition
iii. Any website, where results or official news are displayed	Yes: www.mahindracomposites.com
iv. The presentations made to Institutional investors or to the Analysts	No presentation has been made to Institutional Investors or to the Analysts.
v. Whether Management Discussion and Analysis is a part of Annual Report or not	Yes.

9. General Shareholder Information

AGM : Date, Time and Venue	On Tuesday, 16th September, 2014 at Citrus Hotels, Opp. PCMC Building, Old Mumbai-Pune Highway, Pimpri, Pune - 411 018 at 11.30 a.m.
Financial calendar (Tentative)	The financial year under review covers period from 1st April, 2013 to 31st March, 2014. The next financial year would be from 1st April, 2014 to 31st March, 2015. i) First Quarter Results – last week of July ii) Half-yearly Results – last week of October iii) Third Quarter Results – last week of January iv) Results for the year ending 31st March, 2015 – last week of April, 2015.
Date of Book Closure	Saturday, 13th September, 2014 to Tuesday, 16th September, 2014 (both days inclusive)
Dividend Payment date	Not Applicable.
Listing on Stock Exchanges	Bombay Stock Exchange Limited The Company has paid the listing fees for the year 2014-2015.
Stock Code – Physical ISIN Number for NSDL & CDSL	524138 on Bombay Stock Exchange Limited INE219G01015
Market Price Data: High, Low during each month in last financial year	Please see Annexure – A
Stock Performance	Please see Annexure – A
Registrar and Transfer Agents	Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex, 2nd floor, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Andheri (East), MUMBAI - 400 072.

	Tel- 022– 67720300 / 67720400 Fax- 022– 28591568 / 28508927 Email- sharepro@shareproservices.com
Share Transfer System	The share transfers for the period from 1st April, 2013 to 31st March, 2014 were processed by Sharepro Services (India) Private Limited. All the share transfers were approved by the Senior Executives of the Company.
Distribution of Shareholding and share holding pattern as on 31.03.2014	Please see Annexure – B
Dematerialisation of shares and liquidity	92.72% of the Paid-up Capital has been dematerialized as on 31.03.2014.
Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity	Not issued
Plant Locations	The Company's plants are located at Mangaon, District - Raigad and at Pimpri, Dist. Pune.
Address for correspondence	Mahindra Composites Limited, 145, Nehru Nagar Road, Off Mumbai-Pune Road, Pimpri, Pune – 411 018.

B. NON-MANDATORY REQUIREMENTS

(a) **Chairman of the Board – Re: Non-executive Chairman:**

Chairman of the Board is a Non-executive Director. However, he does not maintain any office at the Company's expense.

(b) **Re: Remuneration Committee:**

The Company has formed a Remuneration Committee of three non-executive independent directors. The Chairman of the Remuneration Committee Meeting was present at the Annual General Meeting held on 27th September, 2013.

(c) **Shareholders' Rights – Re: half yearly results:**

Under Review

(d) **Training of Board Members:**

Under Review

(e) **Mechanism for evaluating non-executive Board Members:**

Under Review

(f) **Whistle Blower Policy:**

Under Review

(g) **Tenure of Independent Directors:**

Under Review

FOR AND ON BEHALF OF THE BOARD

HEMANT LUTHRA
Chairman

Mumbai: 29th July, 2014.

ANNEXURE – A**Market Price Data & Stock Performance**

Month/Year	Bombay Stock Exchange Limited		Sensex, Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)	High	Low
April, 2013	37.40	23.45	19,622.68	18,144.22
May, 2013	28.15	21.85	20,443.62	19,451.26
June, 2013	53.10	25.00	19,860.19	18,467.16
July, 2013	67.80	55.75	20,351.06	19,126.82
August, 2013	66.65	61.30	19,569.20	17,448.71
September, 2013	71.00	61.70	20,739.69	18,166.17
October, 2013	71.05	38.05	21,205.44	19,264.72
November, 2013	43.60	37.50	21,321.53	20,137.67
December, 2013	42.85	38.50	21,483.74	20,568.70
January, 2014	51.50	41.00	21,409.66	20,343.78
February, 2014	58.85	39.50	21,140.51	19,963.12
March, 2014	78.20	58.75	22,467.21	20,920.98

ANNEXURE – B**Distribution of shareholding as on 31st March, 2014**

Number of shares held	Members		Shares	
	Number	%	Number	%
1– 500	4344	92.37	610938	13.84
501– 1,000	215	4.57	176066	3.99
1,001– 2,000	84	1.79	124963	2.83
2,001– 3,000	21	0.45	53347	1.20
3,001– 4,000	11	0.23	38183	0.87
4,001– 5,000	9	0.19	43865	0.99
5,001– 10,000	12	0.25	88536	2.00
10,001 and above	7	0.15	3279370	74.28
TOTAL	4703	100.00	4,415,268	100.00

Shareholding pattern as on 31st March, 2014

Category	No. of members	No. of Shares held	% to the Capital
Indian Promoters	1	416,000	9.42
Foreign Promoters	1	2,725,819	61.74
Mutual Funds & UTI.....	Nil	Nil	Nil
Banks, Financial Institutions & Insurance Companies	1	1,600	0.04
Foreign Institutional Investors.....	1	2,050	0.05
Private Corporate Bodies	125	91,908	2.08
Indian Public	4,525	1,143,043	25.88
Foreign Nationals / NRIs.....	49	34,848	0.79
Total.....	4,703	4,415,268	100.00

DISCLOSURE REGARDING CORPORATE GOVERNANCE

Non-Executive Directors:

None of the Non-Executive Directors has any material pecuniary relationship or transaction with the Company.

The Company pays sitting fees of Rs.5,000 per meeting to its Non-Executive Directors (NEDs) for attending meeting of the Board and other Committees of the Board. The shareholders have at the Annual General Meeting held on 21st July, 2008 of the Company approved of payment of Commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company, if the Company has a Managing Director / Whole-time Director / Manager or 3% of the net profits of the Company in any other case, as computed under the applicable provisions of the Companies Act, 1956. The said commission will be decided each year by the Board of Directors and distributed amongst the NEDs based on their attendance and contribution at Board and certain Committee Meetings, as well as the time spent on operational matters other than at meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

CHIEF OPERATING OFFICER'S CERTIFICATE

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS

AND

SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for all the Board Members and the Senior Management Personnel of the Company. The Code is available on the Company's website.

I confirm that the Company has, in respect of the financial year ended 31st March, 2014, received from all the Board Members and the Senior Management Personnel an affirmation of compliance with the Code.

Place: Mumbai
Date: 29th July, 2014.

Mahadev Shinde
Chief Operating Officer

COMPLIANCE CERTIFICATE

For the Financial year 1st April, 2013 to 31st March, 2014

To,
The Members
MAHINDRA COMPOSITES LIMITED

I have examined the registers, records, books and papers of Mahindra Composites Limited as required to be maintained under the Companies Act, 1956. (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2014. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a public limited company, has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 6 times respectively on 30/04/2013, 15/06/2013, 24/07/2013, 4/10/2013, 22/10/2013 and 10/02/2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 23rd September, 2013 to 27th September, 2013 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31st March, 2013 was held on 27th September, 2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary Meeting(s) was/were held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Board of Directors, or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. The Company has;
 - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act ;
 - (ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) The Company has not posted warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
15. The Company has not appointed any Managing Director /whole time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 1344 shares during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The amount borrowed by the Company from Directors, Members, Public, Financial Institutions, Banks and others during the financial year ending are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened annual general meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees and employers contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

I. U. THAKUR
Company Secretary
C. P. No.: 1402

Pune: 29th July, 2014.

Annexure A

Registers as maintained by the Company

1. Register of Members – under Section 150
2. Register of Directors – under Section 303
3. Register of Directors' shareholding – under Section 307
4. Minutes Books of General Meetings – under Section 193
5. Minutes Books of Board Meetings – under Section 193
6. Books of Accounts – under Section 209
7. Register of Charges – under Section 143
8. Register of Contracts – under Section 301
9. Proxy Register

OTHER REGISTERS

1. Register of Shareholders' Attendance
2. Register of Directors' Attendance
3. Register of Investors Complaints

Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2014.

1. Form No.66 (Compliance) as on 31st March, 2013 filed on 2nd October, 2013 under Section 383A.
2. Form no.23ACXBRL and 23ACAXBRL (Annual Report) as on 31st March, 2013 filed on 21st October, 2013 under Section 211.
3. Form no. 20B (Annual Return) filed on 9th November, 2013 filed under Section 159.
4. Form No. 17 (Satisfaction of Charge) filed on 17th May, 2013 under Section 138
5. Form 23C u/s 233B(2) filed on 13th June, 2013
6. Form No. 23D filed on 24th July, 2013
7. Form No. 2 filed on 14th September, 2013 under Section 75(1)
8. Form No.32 filed on 2nd October, 2013 under Section 303
9. Form No.32 filed on 19th October, 2013 under Section 303
10. Form No. 1INV as per Investor Education & Protection fund Rules 2001 filed as on 30/10/2013
11. Form 8(Creation of Charge) filed on 13th December, 2013 under Section 125
12. Form 5INV filed on 16th December, 2013 under Section rule 3 of the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012]
13. Form No.32 filed on 26/02/2014 under Section 303.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of
Mahindra Composites Limited

We have examined the compliance with conditions of Corporate Governance by **MAHINDRA COMPOSITES LIMITED** ("the Company") for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 according to the explanations given to us and the representations made by the Management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
Membership No.: 42791

Mumbai: 29th July, 2014.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA COMPOSITES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA COMPOSITES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner

Mumbai: 29th April, 2014.

(Membership No. 42791)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / result, etc. during the year, clauses (vi), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of paragraph 4 of the order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Fixed Assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals (except for items lying with third parties for which confirmations have been obtained as at the year end).
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that most of the items purchased are of a special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) Based upon the audit procedures performed and according to the information and explanations given to us, during the year there are no contracts or arrangements that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete."
- (ix) According to the information and explanations given to us in respect of Statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

- (c) Details of the dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March 2014 on account of disputes are given below:

Name of Statute	Nature of the dues	Amounts involved (dues quantified to the extent not deposited) (Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	189,106	1999–2000	Assistant Deputy Commissioner of Central Excise, Mahad
Central Excise Act, 1944	Service Tax	207,889	2005–2006	Assistant Deputy Commissioner of Central Excise, Mahad
Central Excise Act, 1944	Excise Duty	496,533	2013-2014	Assistant Commissioner of Central Excise, Mahad
Central Excise Act, 1944	Service Tax	35,973	2013-2014	Assistant Commissioner of Central Excise, Mahad
Central Excise Act, 1944	Service Tax	1,887,225	2013-2014	Assistant Commissioner of Central Excise, Mahad
Income Tax Act, 1961	Income Tax	2,740,030	2010-2011	Deputy Commissioner of Income Tax
	Total	5,556,756		

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. There are no dues to debenture holders.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)

Mumbai: 29th April, 2014.

BALANCE SHEET AS AT 31st MARCH, 2014

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
		Rupees	Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital.....	2	44,152,680	44,139,240
(b) Reserves and surplus.....	3	110,053,020	102,182,736
		154,205,700	146,321,976
(2) Non-current liabilities			
(a) Long-term borrowings	4	14,798,803	5,724,611
(b) Deferred tax liabilities (net)	5	3,700,000	4,400,000
		18,498,803	10,124,611
(3) Current liabilities			
(a) Short-term borrowings.....	6	54,983,879	66,807,691
(b) Trade payables	7	138,705,668	75,120,538
(c) Other current liabilities	8	37,397,006	19,797,762
(d) Short-term provisions	9	14,604,485	23,804,741
		245,691,038	185,530,732
Total.....		418,395,541	341,977,319
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets.....	10	88,910,503	93,911,572
(ii) Intangible assets.....	11	806,666	977,490
(iii) Capital work-in-progress		9,195,418	7,939,628
		98,912,587	102,828,690
(b) Long-term loans and advances	12	3,888,008	2,844,260
(c) Other non-current assets.....	13	—	89,700
		3,888,008	2,933,960
(2) Current assets			
(a) Inventories	14	56,179,542	57,386,026
(b) Trade receivables	15	217,460,742	147,326,213
(c) Cash and cash equivalents.....	16	5,377,212	3,762,879
(d) Short-term loans and advances.....	17	36,487,750	27,470,451
(e) Other current assets.....	13	89,700	269,100
		315,594,946	236,214,669
Total.....		418,395,541	341,977,319

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Z. F. Billimoria
Partner

Mahadev Shinde
Chief Operating Officer

Shailesh Kulkarni
Chief Financial Officer

For and on behalf of the Board
Hemant Luthra
B. M. Kataria
D. N. Mungale
Ramesh Kaul
Jose Ramon
Pedro Echegaray
Chairman
Directors

Mumbai: 29th April, 2014.

Mumbai: 29th April, 2014.

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
		Rupees	Rupees
I. Revenue from operations—(gross).....		734,335,345	567,442,675
Less: Excise duty		73,899,147	63,998,889
Revenue from operations—(net).....	18	660,436,198	503,443,786
II. Other income	19	3,707,797	620,107
III. Total revenue (I + II)		664,143,995	504,063,893
IV. Expenses:			
Cost of materials consumed.....	20	465,052,979	343,393,895
Changes in inventories of finished goods and work-in-progress..	21	5,109,016	(9,003,251)
Employee benefit expenses.....	22	54,995,418	49,693,487
Finance costs	23	10,251,660	11,243,013
Depreciation and amortisation expenses	10 & 11	20,295,790	17,250,069
Other expenses.....	24	110,938,452	100,972,920
Total expenses.....		666,643,315	513,550,133
V. Profit/(loss) before exceptional items and tax (III – IV).....		(2,499,320)	(9,486,240)
VI. Exceptional items		9,619,338	–
VII. Profit/(loss) before tax (V – VI)		7,120,018	(9,486,240)
VIII. Tax expense:			
(1) Current tax		–	–
(2) Deferred tax		(700,000)	300,000
(3) Short/(excess) provision for current tax in respect of earlier year(s)		–	–
		(700,000)	300,000
IX. Profit/(loss) for the year (VII – VIII)		7,820,018	(9,786,240)
X. Earnings/(loss) per equity share (face value per share Rs.10):			
(1) Basic.....	28	1.77	(2.22)
(2) Diluted	28	1.77	(2.22)

See accompanying notes forming part of the financials statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Z. F. Billimoria
Partner

Mahadev Shinde
Chief Operating Officer

Shailesh Kulkarni
Chief Financial Officer

For and on behalf of the Board
Hemant Luthra
B. M. Kataria
D. N. Mungale
Ramesh Kaul
Jose Ramon
Pedro Echegaray
Chairman
Directors

Mumbai: 29th April, 2014.

Mumbai: 29th April, 2014.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) before tax		7,120,018		(9,486,240)
Adjustment for:				
Depreciation/amortisation.....	20,295,790		17,250,069	
Interest expense.....	10,251,660		11,243,013	
(Profit)/loss on sale of fixed assets	(824,079)		(61,252)	
Interest income	(4,879)		(4,366)	
Unrealised exchange (gain)/loss	(418,520)		(60,012)	
Provision for employee benefits	419,082		(3,057,334)	
		29,719,054		25,310,118
Operating profit before working capital changes		36,839,072		15,823,878
Adjustments for changes in working capital				
Long-term loans and advances	(511,148)		(291,859)	
Inventories.....	1,206,484		(19,018,993)	
Trade receivables.....	(70,510,067)		32,729,564	
Short-term loans and advances.....	(8,974,946)		(5,160,291)	
Trade payables	64,318,663		11,696,786	
Other current liabilities.....	18,345,554		4,828,229	
Short-term provisions.....	(9,619,338)		(1,780,662)	
Other current assets	179,400		-	
Other non-current assets	89,700		269,100	
		(5,475,698)		23,271,874
Cash generated from operations.....		31,363,374		39,095,752
Income taxes paid.....		(42,353)		(4,000,038)
Net cash from operating activities		31,321,021		35,095,714
B. CASH FLOW FROM INVESTING ACTIVITIES				
Fixed Assets:				
Capital expenditure on fixed assets, CWIP including capital advances	(17,988,054)		(12,247,390)	
Proceeds from sale of fixed assets	1,743,432		379,777	
Investments:				
Fixed deposit with bank withdrawn/(placed) (under lien)	(559,851)		(33,659)	
Interest received	4,879		4,366	
Net cash used in investing activities.....		(16,799,594)		(11,896,906)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	63,706		-	
Proceeds from long term borrowings	20,000,000		2,151,000	
Repayment of long term borrowings	(10,925,808)		(3,908,658)	
(Repayment)/proceeds from short term borrowings (net).....	(11,763,287)		(9,911,023)	
Interest paid.....	(10,841,556)		(10,766,872)	
Net cash from/used in financing activities		(13,466,945)		(22,435,553)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,054,482		763,255
CASH AND CASH EQUIVALENTS – (as per Note 16)				
Cash and cash equivalents (Opening balance).....		3,666,743		2,903,488
Cash and cash equivalents (Closing balance).....		4,721,225		3,666,743
		1,054,482		763,255

Note : Figures in brackets represent outflows of cash and cash equivalents.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Z. F. Billimoria
Partner

Mahadev Shinde
Chief Operating Officer

Shailesh Kulkarni
Chief Financial Officer

For and on behalf of the Board

Hemant Luthra Chairman
B. M. Kataria
D. N. Mungale
Romesh Kaul
Jose Ramon
Pedro Echegaray Directors

Mumbai: 29th April, 2014.

Mumbai: 29th April, 2014.

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- a) The Financial Statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The preparation of the accounts requires the Management to make estimated and assumptions considered in the reported amounts of assets and liabilities (including the contingent liabilities) and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of accounts are prudent and reasonable. The actual results could differ from the estimates.

b) FIXED ASSETS / INTANGIBLES AND DEPRECIATION / AMORTISATION

- i) Fixed assets are stated at cost of acquisition or construction less depreciation/amortisation. Cost comprises the purchase price and other attributable costs.
- ii) a) Depreciation on tangible fixed assets is provided for on the straight line method at the rates and in the manner laid down in Schedule XIV to the Companies Act, 1956, except for the following:
- Moulds are depreciated at 33.33% of cost;
 - Vehicles are depreciated at 20% of cost;
 - Assets costing below Rs.5,000/- each are fully depreciated in the year of purchase.
- b) Leasehold land is amortised over the period of lease. Improvements to leased premises are amortised over the period of occupation of premises.
- c) Software is capitalised at the cost of acquisition and amortised on a straight line basis over four years. Any such expenditure on maintenance is charged off.

c) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. In determining the cost of inventories the weighted average method is used. Cost of work-in-progress and finished goods include material cost, labour and factory overheads on the basis of full absorption costing.

d) REVENUE RECOGNITION

Sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyers and there is no uncertainty in the realisation. Interest income is recognised on a time proportion basis.

e) EMPLOYEE BENEFITS

Employee benefits include gratuity, superannuation & provident fund and compensated absences benefits under the approved schemes of the Company. In respect of defined contribution plans, the contribution payable is charged to the Profit and Loss Statement. In respect of gratuity and compensated absences benefit, the employee benefit cost is accounted for, based on an independent actuarial valuation obtained as at the Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

f) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities are translated at year end exchange rates and the profit/loss so determined and also the realised exchange gains/losses are recognised in the Statement of Profit and Loss.

g) GOVERNMENT GRANTS

Government grants in the nature of promoters' contribution is credited to Capital Reserve.

h) TAXES ON INCOME

Tax expense for the year is included in the determination of the net profit for the year. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax in respect of unabsorbed depreciation and carried forward of losses are recognised if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realise such assets.

Notes forming part of the Financial Statements

i) BORROWING COST

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

j) EARNING PER SHARE (EPS)

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividends, interest and other charges to expenses or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity share are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

k) CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

l) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals of accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

m) OPERATING CYCLE

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2. SHARE CAPITAL

Particulars	As at 31st March, 2014	As at 31st March, 2013
	Rs.	Rs.
Authorised:		
15,000,000 (Previous year 15,000,000) equity shares of Rs.10 each.....	150,000,000	150,000,000
	150,000,000	150,000,000
Issued:		
4,416,318 (Previous year 4,414,974) equity shares of Rs.10 each.....	44,163,180	44,149,740
	44,163,180	44,149,740
Subscribed and paid up:		
4,415,268 (Previous year 4,413,924) equity shares of Rs.10 each fully paid up (excluding 1,050 shares not allotted but held in abeyance)	44,152,680	44,139,240
Total.....	44,152,680	44,139,240

Notes forming part of the Financial Statements

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
No of shares outstanding at the beginning of the year.....	4,413,924	44,139,240	4,413,924	44,139,240
Add : Additional shares issued during the year under Employee Stock Option Scheme	1,344	13,440	–	–
Number of shares outstanding at the end of the year.....	4,415,268	44,152,680	4,413,924	44,139,240

Notes:

i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Mahindra & Mahindra Limited.....	–	–	1,341,203	30.39%
Participaciones Internacionales Autometal, DOS S.L. ...	2,725,819	61.74%	–	–
Prudential Management and Services Pvt. Limited	416,000	9.42%	416,000	9.42%

ii) The Company has only one class of shares referred to as equity shares having a face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends to its shareholders which are proposed by the Board of Directors and approved by the shareholders at the Annual General Meeting. In the event of liquidation of Company, the equity shareholders will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) Refer to Note 29 for shares granted and issued under the Employee Stock Option Scheme.

iv) Refer to Note 38 regarding changes in shareholding pattern and proposed scheme of merger.

3. RESERVES AND SURPLUS

Particulars	Rs.	As at 31st March, 2014	Rs.	As at 31st March, 2013
Capital reserves (subsidy):				
As per last balance sheet.....	2,500,000			2,500,000
Additions/deductions during the year	–			–
		2,500,000		2,500,000
Securities premium account:				
As per last balance sheet.....	1,343,458			1,343,458
Additions on shares issued during the year under the Employee Stock Option Schemes	70,359			–
		1,413,817		1,343,458
Share options outstanding account:				
As per last balance sheet.....	961,838			961,838
Less : Options exercised under the Employee Stock Option Schemes	20,093			–
		941,745		961,838
General reserve:				
As per last balance sheet.....	21,469,950			21,469,950
Additions/deductions during the year	–			–
		21,469,950		21,469,950
Surplus i.e. balance in profit and loss statement				
As per last balance sheet.....	75,907,490			85,693,730
Add: Profit /(loss) for the year.....	7,820,018			(9,786,240)
		83,727,508		75,907,490
Total.....		110,053,020		102,182,736

Notes forming part of the Financial Statements

4. LONG-TERM BORROWINGS

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
		Rs.	Rs.
Term Loans			
From Banks: Secured			
(i) Secured by hypothecation of vehicles purchased out of the said loan	4a	1,227,588	1,189,117
(ii) Secured by hypothecation of existing plant and machinery ...	4b	12,000,000	—
(iii) Secured by hypothecation of equipments purchased out of the said loan	4c	1,571,215	4,535,494
		14,798,803	5,724,611
Total.....		14,798,803	5,724,611
	Lender	As at 31st March, 2014	As at 31st March, 2013
4a HDFC Bank Limited			
Vehicle Loan payable in 35 equal monthly installments @ 10.25% p.a. Balance pertains to 11 monthly installments due from April, 2015 (<i>Previous year 23 outstanding installments</i>)		286,700	525,002
Vehicle Loan payable in 36 equal monthly installments @ 10.75% p.a. Balance pertains to 6 monthly installments due from April, 2015 (<i>Previous year 18 outstanding installments</i>)		143,849	409,460
Vehicle Loan payable in 36 equal monthly installments @ 11% p.a. Balance pertains to 2 monthly installments due from April, 2015 (<i>Previous year 14 outstanding installments</i>)		38,400	254,655
Vehicle Loan payable in 36 equal monthly installments @ 11% p.a. Balance pertains to 24 monthly installments due from April, 2015.....		758,639	—
		1,227,588	1,189,117
4b HDFC Bank Limited			
Term Loan payable in 10 equal quarterly installments @ 12.5% p.a. Balance pertains to 6 quarterly installments due from April, 2015.....		12,000,000	—
		12,000,000	—
4c Karur Vysya Bank Limited			
Equipment Loan payable in 55 monthly installments @ 2.5% below the Prime Lending Rate of the Bank, with the minimum of 11% p.a. Balance Outstanding payable in 7 monthly installments (<i>Previous year 19 outstanding installments</i>)		1,571,215	4,535,494
		1,571,215	4,535,494

5. DEFERRED TAX LIABILITIES (NET)

(i) Break up of deferred tax liability:

Nature of timing difference	As at 31st March, 2014	As at 31st March, 2013
	Rs.	Rs.
Provision for depreciation	6,300,000	7,200,000
Total.....	6,300,000	7,200,000
(ii) Break up of deferred tax asset:		
Provision for doubtful debts/advances.....	411,266	780,000
Section 43B items	2,188,734	2,020,000
Total.....	2,600,000	2,800,000
(iii) Deferred tax liability net (i) – (ii)	3,700,000	4,400,000
(iv) Net deferred tax liability charged off	(700,000)	300,000

6. SHORT-TERM BORROWINGS

Particulars	As at 31st March, 2014	As at 31st March, 2013
	Rs.	Rs.
Loans repayable on demand :		
From banks		
Secured		
Working capital demand loan, cash credit and post shipment export credit (secured by hypothecation of movable assets including stocks & book debts)	29,983,879	16,807,691
Unsecured		
From other than related parties		
Inter corporate deposit	25,000,000	50,000,000
Total...	54,983,879	66,807,691

7. TRADE PAYABLES

Particulars	As at 31st March, 2014	As at 31st March, 2013
	Rs.	Rs.
Payable to suppliers*	127,410,861	68,704,781
Provision for expenses	11,294,807	6,415,757
Total...	138,705,668	75,120,538

* Based on the information available with the Company, no parties have been identified as "supplier" within the meaning of The Micro, Small and Medium Enterprises Development Act, 2006.

Notes forming part of the Financial Statements

8. OTHER CURRENT LIABILITIES

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
		Rs.	Rs.
Current maturities of long-term debt			
Term loans –			
from banks – Secured			
(i) Secured by hypothecation of vehicles purchased out of the said loan.....	8a	1,062,109	1,019,674
(ii) Secured by hypothecation of existing plant and machinery	8b	8,000,000	–
(iii) Secured by hypothecation of equipments purchased out of the said loan	8c	2,955,049	2,582,634
Interest accrued but not due on borrowings.....		515,860	1,105,756
Unclaimed dividends *		1,005,289	1,189,305
Other payables : Advances from customers		14,965,770	5,245,910
: Payables on purchase of fixed assets #.....		1,391,982	1,548,396
: Statutory and other dues		6,470,422	5,183,341
: Other dues.....		1,030,525	1,922,746
Total...		37,397,006	19,797,762

* There are no amounts which are due and payable to the Investor Education & Protection Fund.

Based on the information available with the Company, no parties have been identified as "supplier" within the meaning of The Micro, Small and Medium Enterprises Development Act, 2006.

	Lender	As at 31st March, 2014	As at 31st March, 2013
		Rs.	Rs.
8a	HDFC Bank Limited		
	Vehicle loan payable in 60 equal monthly installments @ 13% p.a. (Previous year balance pertains to 12 installments).....	–	79,126
	Vehicle loan payable in 36 equal monthly installments @ 9.25% p.a. (Previous year balance pertains to 12 installments).....	–	121,791
	Vehicle loan payable in 36 equal monthly installments @ 9.25% p.a. (Previous year balance pertains to 12 installments).....	–	150,515
	Vehicle loan payable in 35 equal monthly installments @ 10.25% p.a. balance pertains to 12 monthly installments due from April, 2014 (Previous year balance pertains to 12 installments).....	258,882	235,759
	Vehicle loan payable in 36 equal monthly installments @ 10.75% p.a. balance pertains to 12 monthly installments due from April, 2014 (Previous year balance pertains to 12 installments).....	265,611	238,660
	Vehicle loan payable in 36 equal monthly installments @ 11% p.a. balance pertains to 12 monthly installments due from April, 2014 (Previous year balance pertains to 12 installments).....	216,255	193,823
	Vehicle loan payable in 36 equal monthly installments @ 11% p.a. Balance pertains to 12 monthly installments due from April 2014.....	321,361	–
		1,062,109	1,019,674
8b	HDFC Bank Limited		
	Term loan payable in 10 equal quarterly installments @ 12.5% p.a. Balance pertains to 4 quarterly installments due from April 2014.....	8,000,000	–
		8,000,000	–

Notes forming part of the Financial Statements

	Lender	As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
8c	Karur Vysya Bank Limited		
	Equipment Loan payable in 55 monthly installments @ 2.5% below the Prime Lending Rate of the Bank, with the minimum of 11% p.a. Balance pertains to 12 monthly installments due from April 2014 (Previous year balance pertains to 12 installments)	2,955,049	2,582,634
		2,955,049	2,582,634

9. SHORT-TERM PROVISIONS

Particulars	Note No.	As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
Provision for employee benefits:			
Provision for compensated absences.....		4,604,485	4,185,403
Provision – others :			
Provision for expected expenses on account of keeping a project on hold	37	10,000,000	19,619,338
Total.....		14,604,485	23,804,741

10. FIXED ASSETS – Tangible

Particulars	Cost			As at 31st March, 2014 Rs.	Depreciation/amortization/impairment			Upto 31st March, 2014 Rs.	Net Block	
	As at 31st March, 2013 Rs.	Additions during the year Rs.	Disposals during the year Rs.		Upto 31st March, 2013 Rs.	For the year Rs.	On disposal Rs.		As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
TANGIBLE ASSETS										
Leasehold land.	318,463	–	–	318,463	92,175	3,376	–	95,551	222,912	226,288
Improvements to leasehold premises	24,971,660	1,790,328	–	26,761,988	9,156,689	2,007,897	–	11,164,586	15,597,402	15,814,971
Buildings	25,722,114	13,683	–	25,735,797	9,104,822	830,106	–	9,934,928	15,800,869	16,617,292
Plant & equipment	145,172,217	11,565,614	–	156,737,831	93,243,467	14,924,552	–	108,168,019	48,569,812	51,928,750
Furniture & fixtures.....	5,280,083	9,320	–	5,289,403	3,527,921	219,736	–	3,747,657	1,541,746	1,752,162
Vehicles.....	8,061,947	1,638,797	3,561,133	6,139,611	3,441,380	1,437,784	2,641,780	2,237,384	3,902,227	4,620,567
Office equipment	4,376,622	88,870	328,297	4,137,195	2,164,822	237,586	328,297	2,074,111	2,063,084	2,211,800
Computers.....	4,229,567	738,780	–	4,968,347	3,489,825	266,071	–	3,755,896	1,212,451	739,742
Total.....	218,132,673	15,845,392	3,889,430	230,088,635	124,221,101	19,927,108	2,970,077	141,178,132	88,910,503	93,911,572
Previous year	211,072,100	8,491,367	1,430,794	218,132,673	108,478,723	16,854,647	1,112,269	124,221,101	93,911,572	

11. FIXED ASSETS – Intangible – Other than internally generated

Particulars	Cost			As at 31st March, 2014 Rs.	Depreciation/amortization/impairment			Upto 31st March, 2014 Rs.	Net Block	
	As at 31st March, 2013 Rs.	Additions during the year Rs.	Disposals during the year Rs.		Upto 31st March, 2013 Rs.	For the year Rs.	On disposal Rs.		As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
INTANGIBLE ASSETS										
Computer software.....	2,536,311	197,858	–	2,734,169	1,558,821	368,682	–	1,927,503	806,666	977,490
Total.....	2,536,311	197,858	–	2,734,169	1,558,821	368,682	–	1,927,503	806,666	977,490
Previous year..	2,489,581	46,730	–	2,536,311	1,163,399	395,422	–	1,558,821	977,490	

Notes forming part of the Financial Statements

12. LONG-TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated):

Particulars	As at 31st March, 2014	As at 31st March, 2013
	Rs.	Rs.
Other than related parties		
Capital advances.....	1,127,600	595,000
Security deposits.....	1,687,487	1,625,412
Other loans and advances		
Prepaid expenses.....	59,675	81,500
Recoverable from Gratuity Fund (Refer note 25 F).....	1,013,246	542,348
	1,072,921	623,848
Total.....	3,888,008	2,844,260

13. OTHER ASSETS (Unsecured, considered good unless otherwise stated)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Current	Non Current	Current	Non Current
	Rs.	Rs.	Rs.	Rs.
Deferred employee compensation.....	89,700	–	269,100	89,700
Total.....	89,700	–	269,100	89,700

14. INVENTORIES (At cost or net realisable value whichever is lower)

Particulars	As at 31st March, 2014	As at 31st March, 2013
	Rs.	Rs.
Raw materials.....	32,432,567	27,722,996
Work-in-progress.....	16,747,257	22,419,119
Finished goods.....	5,515,671	4,952,826
Stores and spares.....	543,852	1,375,653
Packing materials.....	940,195	915,432
Total.....	56,179,542	57,386,026

14a Details of raw materials

Thermo-plastics.....	5,020,980	3,923,385
Reinforcements.....	4,794,133	2,766,841
Fillers.....	1,617,801	1,840,675
Pigments.....	1,071,822	1,855,642
Resin.....	6,470,952	3,478,399
Catalyst.....	3,202,399	4,752,373
Others.....	10,254,480	9,105,681
Total.....	32,432,567	27,722,996

14b Details of work-in-progress

Compounds.....	4,878,953	5,002,431
Components.....	10,036,576	15,665,872
Others – Moulds.....	1,831,728	1,750,816
Total.....	16,747,257	22,419,119

14c Details of finished goods

Compounds.....	3,082,021	3,018,245
Components.....	2,433,650	1,934,581
Total.....	5,515,671	4,952,826

Notes forming part of the Financial Statements

15. TRADE RECEIVABLES (Unsecured, considered good unless otherwise stated)

Particulars	As at 31st March, 2014	As at 31st March, 2013
	Rs.	Rs.
1) Trade receivables due for a period exceeding six months:		
Considered good	7,159,086	5,653,182
Considered doubtful.....	1,267,580	3,516,568
	8,426,666	9,169,750
2) Other trade receivables:		
Considered good	210,301,656	141,673,031
Considered doubtful.....	—	—
	210,301,656	141,673,031
Less: Provision for doubtful debts	1,267,580	3,516,568
Total.....	217,460,742	147,326,213

16. CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2014	As at 31st March, 2013
	Rs.	Rs.
Cash on hand	1,528	11,250
Balances with banks:		
On current account.....	3,713,408	2,465,188
On dividend account.....	1,006,289	1,190,305
Total.....	4,721,225	3,666,743
Other Bank balances :		
Deposit (under lien) (more than 12 months)	655,987	96,136
Total.....	5,377,212	3,762,879

17. SHORT TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)

Particulars	As at 31st March, 2014	As at 31st March, 2013
	Rs.	Rs.
Loans and advances to other than related parties:		
Prepaid expenses	887,770	1,264,887
Tender deposits	2,527,339	2,307,038
Advances to suppliers	10,437,789	5,995,744
Advances to staff.....	249,746	18,000
Advance taxes [net of provisions Rs.66,818,147 (Previous year Rs.66,818,147)].....	13,503,560	13,461,207
Balances with government authorities : Sales tax set off receivable.....	354,326	354,326
: Service tax set off receivable	2,340,128	1,538,669
: CENVAT credit receivable.....	6,187,092	2,530,580
Total.....	36,487,750	27,470,451

Notes forming part of the Financial Statements

18. REVENUE FROM OPERATIONS – NET

Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
		Rs.	Rs.
Sale of products.....	18a	732,225,023	566,268,304
Sale of services	18b	632,650	184,969
Other operating revenues	18c	1,477,672	989,402
		734,335,345	567,442,675
Less: Excise duty		73,899,147	63,998,889
Total.....		660,436,198	503,443,786

18a Sale of products comprises:

Manufactured goods	: Compounds.....	407,528,176	315,788,507
	: Components	230,890,362	183,222,908
	: Others– Moulds	19,907,338	3,258,000
18b Sale of services	: Job work services	632,650	184,969
18c Other operating revenue	: Scrap sales.....	1,477,672	989,402
	Total.....	660,436,198	503,443,786

19. OTHER INCOME

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
Interest Income on bank deposits	4,879	4,366
Sundry provisions & credit balances no longer required, written back	2,661,518	102,376
Others.....	217,321	452,113
Net gain on sale of fixed assets	824,079	61,252
Total.....	3,707,797	620,107

20. COST OF MATERIALS CONSUMED

Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
		Rs.	Rs.
Raw materials consumed			
Opening stock		27,722,996	18,041,199
Add: Purchases		469,762,549	353,075,692
		497,485,545	371,116,891
Less: Closing stock.....		32,432,566	27,722,996
Cost of materials consumed.....	20a, 20b	465,052,979	343,393,895

Notes forming part of the Financial Statements

20a Details of materials consumed

Particulars	<i>Raw Materials Consumed</i>	
	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
Broad heads of materials:		
Thermo-plastics	42,886,608	30,765,118
Reinforcements	71,514,300	59,679,402
Fillers	66,047,035	54,535,024
Pigments	25,939,041	21,254,398
Resins.....	130,723,250	99,974,179
Catalyst	20,065,001	53,663,130
Others.....	107,877,744	23,522,644
Total.....	465,052,979	343,393,895

20b Value of imported and indigenous raw materials, spare parts and components consumed *

Particulars	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	%	Value (Rs.)	%	Value (Rs.)
Imported.....	18%	81,641,891	18%	64,167,564
Indigenously obtained	82%	383,411,088	82%	293,586,641
	100%	465,052,979	100%	357,754,205

*Note : In giving the above information, the Company has taken the view that spares and components as referred to in clause 5(Viii)(C) of Part II of Schedule VI covers only such items as go directly on to production

21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	Note No.	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
		Rs.	Rs.	Rs.	Rs.
Opening stock					
Work – in - progress	14	22,419,119		12,665,014	
Finished goods	14	4,952,826		5,703,679	
			27,371,945		18,368,693
Closing stock					
Work – in - progress	14	16,747,258		22,419,119	
Finished goods	14	5,515,671		4,952,826	
			22,262,929		27,371,945
Total.....			5,109,016		(9,003,252)

22. EMPLOYEE BENEFIT EXPENSES

Particulars	Note No.	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
		Rs.	Rs.	Rs.	Rs.
Salaries, wages and bonus		47,857,920		44,074,736	
Contribution to provident and other funds.....		3,731,949		2,288,969	
Staff welfare expenses.....		3,136,449		3,060,682	
ESOS compensation expenses	29	269,100		269,100	
Total.....		54,995,418		49,693,487	

Notes forming part of the Financial Statements

23. FINANCE COSTS

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
Interest expense – Term loans.....	1,815,142	1,301,464
– Overdraft from banks.....	5,377,047	2,726,166
– Inter corporate deposits	1,318,904	5,627,843
– Post shipment credit	452,400	468,941
Bank charges.....	1,288,167	1,118,599
Total.....	10,251,660	11,243,013

24. OTHER EXPENSES

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
Consumption of stores and spare parts.....	9,736,082	7,558,632
Contractors charges.....	16,397,303	14,360,310
Power and fuel.....	12,209,600	11,374,152
Rent	4,186,939	3,587,285
Rates & taxes (excluding taxes on income).....	1,413,348	2,411,695
Excise duty : Relating to changes in inventories of finished goods and work-in-progress	83,260	(38,050)
Relating to others	1,728,332	3,107,899
	1,811,592	3,069,849
Insurance	1,052,282	966,048
Repairs and maintenance : Buildings.....	211,366	327,011
Machinery.....	2,785,308	2,540,695
Others.....	6,019,472	5,917,114
	9,016,146	8,784,820
Payment to auditors : As auditor	600,000	600,000
For other services.....	400,000	400,000
For reimbursement of expenses.....	85,691	64,784
	1,085,691	1,064,784
Professional charges.....	14,031,851	11,810,544
Director's sitting fees	215,000	111,000
Packing and forwarding (net)	22,388,737	20,494,436
Net loss on foreign currency transaction and translation	3,441,278	1,182,077
Travelling & conveyance	5,238,079	4,793,926
Bad debts written off.....	446,154	457,137
Provision for doubtful debts & advances.....	402,899	2,342,862
Miscellaneous expenses.....	7,865,471	6,603,363
Total.....	110,938,452	100,972,920

Notes forming part of the Financial Statements

25. EMPLOYEE BENEFITS:

Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employee Benefits are as follows:

(A) Defined contribution plan

Amount recognised as an expense in the Profit and Loss Statement in respect of defined contribution plans is as under:

Particulars	31.03.2014	31.03.2013
	Rs.	Rs.
(a) Provident fund	1,823,535	1,720,414
(b) Family pension fund	810,878	905,603
(c) Employee deposit linked insurance	48,906	54,401
(d) Maharashtra labour welfare fund	8,838	9,342
(e) Employee state insurance.....	64,249	79,068
(f) Superannuation fund	1,140,661	1,068,495
Total.....	3,897,067	3,837,323

(B) Defined benefit plan

Defined Benefit Plan comprises of Gratuity which is funded with Life Insurance Corporation. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of continuous service.

Particulars	Gratuity (Funded)	
	31.03.2014	31.03.2013
	Rs.	Rs.

(C) Changes in the present value of defined benefit obligations representing reconciliation of opening and closing balances thereof are as follows:

Present value of defined benefit obligation as on 1st April.....	10,523,994	9,845,124
Current service cost	861,813	944,073
Interest cost.....	869,846	924,110
Actuarial losses/(gains)	(1,399,945)	(951,174)
Liabilities extinguished on settlements	—	—
Losses/(gains) on curtailment	—	—
Benefits paid	(471,566)	(238,139)
Past service cost.....	—	—
Present value of defined benefit obligation at the end of the year	10,384,142	10,523,994

(D) Changes in fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Fair value of plan assets as at 1st April	11,066,342	7,180,074
Expected return on plan assets	800,203	586,817
Actuarial gains/(losses)	12,409	2,196,719
Contributions by employer	—	1,340,871
Benefits paid	(471,566)	(238,139)
Fair value of plan assets as on 31st March	11,407,388	11,066,342

(E) Analysis of defined benefit obligation:

Defined benefit obligation as at 31st March.....	10,384,142	10,523,994
Fair value of plan assets at the end of year	11,397,387	11,066,342
Net asset recognised in the Balance Sheet under Note 12	(1,013,245)	(542,348)

Notes forming part of the Financial Statements

Particulars	Gratuity (Funded)				
	31.03.2014	31.03.2013			
	Rs.	Rs.			
(F) Reconciliation of present value of defined benefit obligation and fair value of plan asset showing amount recognised in the balance sheet					
Present value of defined benefit obligation	10,384,142	10,523,994			
Fair value of plan assets	11,397,387	11,066,342			
Funded status (deficit)	1,013,245	542,348			
Unrecognised past service cost	—	—			
Net asset recognised in the Balance Sheet under Note 12	1,013,245	542,348			
(G) Components of employers expense recognised in the profit & loss statement					
Current service cost	861,813	944,073			
Interest cost.....	869,846	924,110			
Expected return on plan assets	(800,203)	(586,817)			
Actuarial (gains)/losses	(1,402,353)	(3,147,893)			
Past service cost.....	—	—			
Settlement cost.....	—	—			
Total expenses credited to contribution to provident and other funds (Note 22)	(470,897)	(1,866,527)			
(H) In respect of funded benefits with respect to gratuity, the fair value of plan assets represents the amounts invested through "Insurer Managed Funds". However, the nature of assets is not provided by the insurance company.					
(I) Principal actuarial assumptions					
Discount rate (%)	9.20 p.a.	8.10 p.a.			
Expected rate of return on plan assets (%)	7.50 p.a.	7.50 p.a.			
Salary escalation rate (%)	7.00 p.a.	7.00 p.a.			
(J) Contributions expected to be paid to the plan during the next financial year is Rs.1,00,000 (Previous year Rs.63,000).					
(K) Other disclosure					
Particulars	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.
1. Experience adjustment on plan liabilities .	(192,632)	(406,269)	185,636	212,853	572,989
2. Experience adjustments on plan assets	12,409	2,196,719	(1,334,561)	370,429	(1,405,606)
3. Defined benefit obligation at the end of the period	10,384,142	10,523,994	9,845,124	8,763,629	7,251,738
4. Plan assets at the end of the period	11,397,387	11,066,342	7,180,074	6,612,329	5,048,577
5. Funded status	1,013,245	542,348	(2,665,050)	(2,151,300)	(2,203,161)
a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.					
b) Expected rate of return on plan assets: This is based on our expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.					
c) Salary escalation rate: The estimates of future salary increases considered, takes into account the inflation, seniority, promotion and other relevant factors.					
The above is as determined by the actuary and relied upon by the auditors.					

Notes forming part of the Financial Statements

26. SEGMENT INFORMATION

Particulars	Polymer Composite Compounds		Polymer Composite Components		Others		Elimination		Total Amount	
	2013-14 Rs.	2012-13 Rs.	2013-14 Rs.	2012-13 Rs.	2013-14 Rs.	2012-13 Rs.	2013-14 Rs.	2012-13 Rs.	2013-14 Rs.	2012-13 Rs.
(A) Primary segments – business segments										
a) Segment revenue										
Sales to external customers.....	410,354,595	316,606,275	229,541,615	183,394,542	20,539,988	3,442,969	–	–	660,436,198	503,443,786
Inter segment revenue.....	61,301,550	65,671,025	–	–	–	–	(61,301,550)	(65,671,025)	–	–
Total segment revenue.....	471,656,145	382,277,300	229,541,615	183,394,542	20,539,988	3,442,969	(61,301,550)	(65,671,025)	660,436,198	503,443,786
b) Segment results	12,720,879	6,366,208	(10,681,384)	(4,925,693)	7,008,658	1,487,679	–	–	9,048,153	2,928,194
Unallocated corporate expenses net of unallocated income.....	–	–	–	–	–	–	–	–	8,318,646	(1,175,784)
Interest expense.....	–	–	–	–	–	–	–	–	(10,251,660)	(11,243,013)
Interest income	–	–	–	–	–	–	–	–	4,879	4,366
Profit/(loss) before tax.....	–	–	–	–	–	–	–	–	7,120,018	(9,486,237)
Income taxes...	–	–	–	–	–	–	–	–	(700,000)	300,000
Profit/(loss) after tax.....	–	–	–	–	–	–	–	–	7,820,018	(9,786,237)
c) Segment assets	216,303,811	152,655,275	182,781,882	170,572,781	339,376	16,086	–	–	399,425,069	323,244,142
Unallocated corporate assets	–	–	–	–	–	–	–	–	18,970,472	18,336,332
Total assets.....	–	–	–	–	–	–	–	–	418,395,541	341,580,474
d) Segment liabilities	104,025,736	53,387,497	63,052,765	39,818,837	90,353	–	–	–	167,168,854	93,206,334
Unallocated corporate liabilities	–	–	–	–	–	–	–	–	97,020,987	102,052,164
Total liabilities	–	–	–	–	–	–	–	–	264,189,841	195,258,498
e) Cost incurred during the period to acquire segment fixed assets	2,930,271	1,445,924	13,112,979	7,092,173	–	–	–	–	16,043,250	8,538,097
f) Depreciation/ amortisation	4,116,733	4,354,241	16,179,057	12,895,828	–	–	–	–	20,295,790	17,250,069
g) Material non-cash expenses other than depreciation/ amortisation (net)	103,064	–	745,989	2,799,999	–	–	–	–	849,053	2,799,999

Notes:

- Inter-segment transfers have been priced at market rates.
- Polymer composite compounds includes manufacture of all compounds and services in respect thereof.
 - Polymer composite components includes manufacture of all components and services in respect thereof.
 - Others represents manufacture of moulds.

Notes forming part of the Financial Statements

(B) Secondary segments – Geographical segments

Particulars	Domestic		Export		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Segment revenue by geographical area based on geographical location of customers.....	613,979,726	460,389,661	46,456,472	43,054,125	660,436,198	503,443,786
Note: The Company's operating facilities are located in India.						

27. RELATED PARTY DISCLOSURES

(A) Name of the related party and nature of relationship where control exists

Name of Related party	Nature of Relationship
Participaciones internacionales Autometal, DOS S.L.	Holding Company (w.e.f. 23.10.2013)

(B) Other related parties with whom there are transactions:

Name of the Related Party	Description of Relationship	Nature of Transaction	Amount of Transaction		Amount outstanding at the end of the year Debit/(Credit)	
			2013-2014	2012-2013	2013-2014	2012-13
			Rs.	Rs.	Rs.	Rs.
Mahindra & Mahindra Limited (for the year 2013-14)	Investing party (Till 4th October, 2013)	Rent paid.....	4,011,062	3,269,100	2,874,405	(1,716,274)
		Sales.....	38,982,762	20,192,922	12,974,243	7,070,092
		Reimbursement of expenses	8,291,727	6,964,329	10,894,084	(6,150,402)
		Deputation charges of CEO	–	869,582	–	(782,624)

28. EARNINGS PER SHARE

Earnings per share have been computed as under:

Particulars	2013-2014	2012-2013
	Rs.	Rs.
(a) Profit/(loss) after tax as per statement of profit & loss.....	7,820,018	(9,786,240)
(b) Weighted average number of ordinary shares outstanding.....	4,414,660	4,413,924
(c) Effect of potential ordinary shares on employees stock options outstanding.....	3,972	–*
(d) Weighted average number of ordinary shares in computing diluted earnings per share (b) + (c)	4,418,633	4,413,924
(e) Earnings/(loss) per share : Basic [(a)/(b)].....	1.77	(2.22)
: Diluted [(a)/(d)]	1.77	(2.22)
* Anti dilutive		

Notes forming part of the Financial Statements

29. EMPLOYEES STOCK OPTIONS SCHEMES (ESOS):

In the Annual General Meeting held on 31st July, 2009, the shareholders have approved a maximum of 90,000 shares to be vested under an 'Employee Stock Options Scheme', for the permanent employees and directors of the Company. Shares to the non-executive directors would be limited to 18,300 equity shares. The stock options were granted at an exercise price of Rs.47.40 per option. The options will vest over a period of one to three years from the date of grant and exercisable over a period of five years from the respective dates of vesting.

The compensation costs of the stock options granted to employees are accounted by the Company using the intrinsic value method.

Summary of Stock Options:	2013-2014	2012-2013
Number of stock options outstanding at the beginning of the year	64,337	64,337
Options granted during the year.....	Nil	Nil
Options exercised	1,344	Nil
Options forfeited / lapsed	Nil	Nil
Options outstanding at the end of the year.....	62,993	64,337

Out of the options outstanding at the end of the year **62,993** (Previous year 64,337) options have vested, which have not been exercised.

During the current year, no fresh options were granted. Information in respect of options granted during the earlier year is as under:

The fair value of options granted during the previous year on 31st July, 2009 is Rs.26.24 per option.

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard

Grant dated 31st July, 2009

Risk free interest rate	5.97%
Expected life	3.50 years
Expected volatility	58.91%
Expected dividend yield	2.98%
Exercise price	Rs.50.45
Stock price.....	Rs.56.20

In respect of options granted under the Employee Stock Option Plan, in accordance with guidelines issued by SEBI, the accounting value of the options is accounted as defined employee compensation, which is amortized on a straight line basis over the period between the date of grant of options and the eligible dates for conversion into equity shares. Consequently, salaries, wages & bonus include **Rs.269,100** (Previous year: Rs.269,100) being the amortization of deferred employee compensation.

Had the Company adopted fair value method in respect of options granted on 31st July, 2009, the total amount that would have been amortised over the vesting period is Rs.2,361,600.

Particulars	2013-2014	2012-2013
	Rs.	Rs.
Increase in employee compensation cost	203,220	203,220
Decrease in profit after tax/(increase) in loss after tax	(203,220)	(203,220)
Decrease in basic earnings/(increase) in loss per share	(0.05)	(0.05)
Decrease in diluted earnings/(increase) in diluted loss per share	(0.05)	(0.05)

Notes forming part of the Financial Statements

30. CONTINGENT LIABILITIES NOT PROVIDED FOR

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
Show cause cum demand notice received from excise authorities disputed by the Company	2,816,726	551,862
Disputed Income Tax demand under Appeal	2,740,030	–
Total.....	5,556,756	551,862
Future cash outflows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.		

31. COMMITMENTS

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,658,771	775,000

32. CIF VALUE OF IMPORTS

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
Raw materials.....	83,195,605	66,356,561
Total.....	83,195,605	66,356,561

33. EARNINGS IN FOREIGN EXCHANGE

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
FOB value of exports.....	46,456,472	43,054,125

34. EXPENDITURE IN FOREIGN CURRENCY

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
Travelling Expenses.....	1,016,259	935,173
Professional Fees.....	8,866,151	646,319
Exhibition Expenses.....	417,523	–
Total.....	10,299,933	1,581,492

Notes forming part of the Financial Statements

35. DERIVATIVE INSTRUMENTS

(a) Details of derivative instruments (for hedging): None

(b) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Amount in foreign currency		Equivalent amount in Rs.	
	2013-2014	2012-2013	2013-2014	2012-2013
Trade payables (liability)	USD 17293	USD 125,826	1,045,879	6,822,770
	EURO 6891	EURO 19,997	575,115	1,399,639
Trade receivables (assets)	USD 40711	USD 245,920	2,427,987	13,333,762
	EURO 25	-	2,043	-
Post shipment credit (liability)	-	USD 245,063	-	13,287,304

36. RESEARCH AND DEVELOPMENT EXPENSES

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
Research and development expenses charged to the profit and loss statement, based on allocations made and costs estimated by the Company and relied upon by the auditors	2,694,045	2,800,170

37. EXPECTED EXPENSES ON ACCOUNT OF KEEPING A PROJECT ON HOLD

During the year ended 31st March 2012, the Company had obtained the approval of both Board of Directors and the Shareholders for an investment in GRP Pipe Project to meet the anticipated demand in infrastructure projects. However, considering the slowdown in the approval cycle, the GRP Pipe project has been put on hold and as a matter of abundant precaution the expected expenses as a result of the same have been provided for. The movement in the same is shown as under :-

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Rs.	Rs.
Opening.....	19,619,338	21,400,000
Less: Utilised/reversed during the year	9,619,338	1,780,662
Closing.....	10,000,000	19,619,338

38. Changes in shareholding pattern and proposed scheme of merger

As a part of Mahindra Group Strategy to consolidate the auto components business and formation of a global alliance with CIE Automotive, Spain., the Board of Directors of the Company at their meeting held on 15th June, 2013, duly considering the recommendation of the Audit Committee and subject to regulatory approvals, have approved a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, involving merger of the company with Mahindra CIE Automotive Limited (MCIE) (Formerly known as Mahindra Forgings Limited) Appointed date of the Scheme is 1st October, 2013. ("the Scheme").

As part of the above arrangement and in accordance with the Share Purchase Agreement dated 15th June, 2013, 1,341,203 equity shares representing 29.95% of the paid up equity share capital have been transferred by Mahindra & Mahindra Limited and 220,000 equity shares representing 4.91% of the paid up equity share capital have been transferred by Mahindra Holdings Limited to Participaciones Internacionales Autometal DOS, S.L. ("PIA 2") in October 2013. Consequently PIA has become a promoter and the Board of Directors of the company and the committees thereof have been reconstituted.

Also, PIA 2 (Acquirer) along with Autometal S.A. and CIE Automotive S.A. , in their capacity as “Persons acting in Concert” with the Acquirer, made an open offer for acquisition of 1,164,616 equity shares of Rs.10 each representing 26.01% of the Total Equity Capital (including potential equity shares of ESOP scheme) from the public shareholders of the Company at a price of Rs.74.70 per share as described in Detailed Public Statement dated 15th June, 2013 and Letter of Offer dated 13th September , 2013. Consequent to the Open Offer, the Acquirer acquired 1,164,616 equity shares representing 26.01% of the paid up capital of the Company. Accordingly, the Acquirer now hold 60.87% of the total equity capital of the company (including potential equity shares of ESOP scheme).

Securities and Exchange Board of India (“SEBI”) vide its observation letter dated 7th March, 2014 has conveyed its comments on the draft Schemes to the BSE Limited (“BSE”), the designated stock exchange.

Pursuant to the above SEBI letter, the BSE Limited vide its Observation letter dated 7th March 2014 has conveyed its no-objection to file the Schemes with the Hon’ble High Court of Bombay, subject to certain conditions specified therein.

Accordingly, on 14th March, 2014, the Company has filed applications under Sections 391 to 394 of the Companies Act, 1956 before the Hon’ble High Court Of Judicature at Bombay, for seeking its directions for holding meetings of its equity shareholders and holding/ dispensation of meetings of its secured and unsecured creditors, to seek their approvals to the said Scheme. The Company is/has also initiating process of seeking approval of the public shareholders to the said scheme through a postal ballot/e-voting process as required under the provisions of the relevant circulars issued by SEBI.

Pending the scheme of merger becoming effective retrospectively from 1st October, 2013, (“appointed date”) the Company is undertaking the business in trust on behalf of Mahindra CIE Automotive Limited as on 31st March,2014 and accordingly accounts have been prepared on going concern basis which ultimately will get reflected and necessary entries will be passed in the books of accounts of Mahindra CIE Automotive Limited post the order of Honourable High Court becoming effective on being filed with the Registrar of Company.

39. PREVIOUS YEAR COMPARATIVES

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board

Hemant Luthra	}	<i>Chairman</i>
B. M. Kataria		
D. N. Mungale		
Romesh Kaul		
Jose Ramon		
Pedro Echegaray		<i>Directors</i>

Mahadev Shinde
Chief Operating Officer

Shailesh Kulkarni
Chief Financial Officer

Mumbai: 29th April, 2014.