



HINDUSTAN COMPOSITES LIMITED

CIN : L29120MH1964PLC012955

Regd. Off.: Peninsula Business Park, 'A' Tower, 8th Floor, Senapati Bapat Marg, Lower Parel, Mumbai – 400013
Tel.: 022 6688 0100, Fax: 022 6688 0105, E-mail: hcl@hindcompo.com, Website: www.hindcompo.com

NOTICE OF POSTAL BALLOT

(Pursuant to Section 110 of the Companies Act, 2013)

Dear Shareholder(s),

NOTICE is hereby given that pursuant to the provisions of Section 110 of the Companies Act, 2013 (hereinafter referred as “the Act”) read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (hereinafter referred as “the Rules”), the resolutions as set out in this notice at Item Nos. 1 to 6 are proposed to be passed by means of Postal Ballot.

The statement pursuant to the provisions of Section 102 of the Companies Act, 2013 pertaining to the proposed resolutions setting out the material facts concerning each item and reasons thereof along with the Postal Ballot Form and a self addressed business reply envelope are enclosed hereto for your consideration.

The Board of Directors at its meeting held on Thursday, 29th May, 2014 has appointed Mr. Manish L. Ghia, Partner, Manish Ghia & Associates, Company Secretaries, Mumbai as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

The Company is pleased to provide Electronic Voting (hereinafter referred as “e-voting”) facility to its Members as an alternative mode to cast their votes electronically instead of dispatching the physical Postal Ballot form through post. The Company has engaged services of National Securities Depository Limited (NSDL) to provide e-voting facility to its members. It may be noted that e-Voting is optional. In case a member votes through e-voting facility, he/she is not required to send physical Postal Ballot form. In case a member votes through e-voting facility and sends his vote through physical vote also, the vote casted through e-voting facility shall only be considered and the voting through physical Postal Ballot will not be considered by the scrutinizer.

The e-voting facility is available at the link <https://www.evoting.nsdl.com>. Please refer the instructions for e-voting given along with this notice for the process and manner in which e-voting can be carried out.

The shareholders opting to vote through physical Postal Ballot form are requested to carefully read the instructions given along with this notice and return the Form duly completed in all respects in the enclosed business reply envelope so as to reach the Scrutinizer on or before the close of working hours on Wednesday, 30th day of July, 2014. It is further brought to your notice that as per the provisions of the Rule 22(12) of the said Rules, postal ballots, giving consent or dissent received after thirty days from the date of dispatch of this notice (being last date i.e. Wednesday, 30th day of July, 2014) shall be treated as the reply from the Member has not been received.

The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny of the voting received in electronic and physical modes. The result of the voting by Postal Ballot would be announced by the Chairman of the Company or by such other person as may be authorized by him on Monday, 4th day of August, 2014 at 4.00 p.m. at the Registered Office of the Company. The said results would be displayed at the Registered Office of the Company, intimated to the Stock Exchanges where the shares of the Company are listed and placed alongwith the Scrutinizer's report on the Company's website viz; www.hindcompo.com and NSDL's website viz; <https://www.evoting.nsdl.com>.

PROPOSED RESOLUTIONS:

ITEM NO. 1

SALE, LEASE OR OTHERWISE DISPOSE OF OR CREATION OF CHARGE ON THE ASSETS OF THE COMPANY

To consider and, if thought fit, to accord assent/dissent to the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to sale, lease or otherwise dispose of all or any of the movable and immovable assets, both present and future, of the whole, or substantially the whole, of the undertaking of the Company; and to create charge/ mortgage/ hypothecation on all or any of the movable and immovable assets, both present and future, of the whole, or substantially the whole, of the undertaking of the Company, ranking *pari-passu* with or second or subservient or subordinate to the mortgage / charge / hypothecation already created or to be created in future by the Company for securing any loans and/or advances and /or guarantees and/ or any financial assistance obtained or may be obtained from financial institutions, banks or any other persons or institutions providing finance on such terms and conditions and at such times and in such form and manner as the Board of Directors may deem fit in the interest of the Company, so that the total amount so secured shall not exceed Rs. 500 Crores at any point of time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds as may be required to give effect to the above resolution from time to time.”

ITEM NO. 2

ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION OF THE COMPANY

To consider and, if thought fit, to accord assent/dissent to the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the new set of Articles of Association be and is hereby approved and adopted as new set of Articles of Association of the Company in place and in exclusion of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps and actions for the purpose of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

ITEM NO. 3

INCREASE IN THE LIMIT OF CONTRIBUTION UNDER SECTION 181 OF THE COMPANIES ACT, 2013

To consider and, if thought fit, to accord assent/dissent to the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to contribute, donate, subscribe or otherwise provide assistance from time to time to any body, institute, society, person, trust or fund for any charitable or other purposes upto a total amount of Rs. 10 Crores (Rupees Ten Crores only) or 5% of the Company's average net profits for the three immediately preceding financial years, whichever is higher.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution.”

ITEM NO. 4

REVISION IN REMUNERATION PAYABLE TO MR. P. K. CHOUDHARY, MANAGING DIRECTOR OF THE COMPANY

To consider and, if thought fit, to accord assent/dissent to the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the revision in remuneration payable to Mr. P. K. Choudhary, Managing Director of the Company for the remaining period of his tenure w.e.f. 1st April, 2014 as detailed in the Explanatory Statement attached to this Notice be and is hereby approved, with the liberty to the Board of Directors of the Company to revise the terms with regard to remuneration from time to time within the limits provided in the said Schedule V or any amendment thereto for the time being in force.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. P. K. Choudhary as Managing Director of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution.”

ITEM NO. 5

REVISION IN REMUNERATION PAYABLE TO MR. VARUNN MODY, EXECUTIVE DIRECTOR – TREASURY AND BUSINESS DEVELOPMENT OF THE COMPANY

To consider and, if thought fit, to accord assent/dissent to the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and all other necessary permissions, sanctions and approvals as may be required, the revision in remuneration payable to Mr. Varunn Mody, Executive Director – Treasury & Business Development (re-designated) of the Company for the remaining period of his tenure w.e.f. 1st April, 2014 as detailed in the Explanatory Statement attached to this Notice be and is hereby approved, with the liberty to the Board of Directors of the Company to revise the terms with regard to remuneration from time to time within the limits provided for in the said Schedule V or any amendment thereto for the time being in force.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Varunn Mody, as Executive Director, Treasury and Business Development of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution.”

ITEM NO. 6

RE-APPOINTMENT OF MR. RAGHU MODY AS EXECUTIVE CHAIRMAN OF THE COMPANY

To consider and, if thought fit, to accord assent/dissent to the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), approval of the Company be and is hereby accorded for the re-appointment of Mr. Raghu Mody as Executive Chairman of the Company for a further period of 3 years w.e.f. 1st October, 2014 to 30th September, 2017 on the terms and conditions regarding remuneration payable to him, as set out in the Explanatory Statement attached to this Notice, with the liberty to the Board of Directors of the Company to revise the terms with regard to remuneration from time to time within the limits provided in the said Schedule V or any amendment thereto for the time being in force.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Raghu Mody as Executive Chairman of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution.”

By Order of the Board of Directors

Place: Mumbai
Date: 29th May, 2014

Amit Goenka
V. P. Finance & Company Secretary

Registered Office:
Peninsula Business Park, 'A' Tower,
8th Floor, Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013

STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 1:

The Company operates in two segments namely Manufacturing of Composite Products and Investment. The investment activities are of continuous nature; and the purchase and sale of the investments are made frequently. In terms of the provisions of Section 180(1)(a) of the Companies Act, 2013, the Company needs to take approval of shareholders for sale, lease or otherwise disposing of the whole or substantially the whole of the undertaking of the Company.

The Company may also require to create charge by way of mortgage, pledge, hypothecation or otherwise on its assets while taking any financial assistance from banks, financial institutions, etc., for which approval of the shareholders' is required as per the provisions of Section 180(1)(a) of the Companies Act, 2013.

As per the provisions of Rule 22(16)(i) of the Companies (Management and Administration) Rules, 2014, the Special Resolution for sale of the whole or substantially the whole of an undertaking of a Company as specified under Section 180(1)(a) of the Act can be passed only through Postal Ballot process.

The Board recommends the resolution as set out in item no. 1 of the Notice for your approval.

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

ITEM NO. 2:

The Articles of Association (hereinafter referred as "AoA") of the Company as presently in force were replaced on 9th August, 2011 from what they were earlier. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956. Upon enforcement of the Companies Act, 2013, various provisions of the Companies Act, 1956 have become ineffective and in view of the same the AoA of the Company needs to be re-aligned as per the provisions of the new Act.

The Board of Directors at its meeting held on 29th May, 2014 decided to incorporate/substitute/alter certain provisions as per the latest amendments of the Companies Act, 2013. As this would result in a number of changes in the existing AoA of the Company, it was desirable to adopt a new set of AoA in place of and in exclusion to the existing AoA of the Company.

In terms of Section 14 of the Companies Act, 2013, the consent of the Members by way of Special Resolution is required for adoption of new set of AoA of the Company.

A copy of the proposed set of new AoA of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto 4th August, 2014.

The Board recommends the resolution as set out at item no. 2 of the Notice for your approval.

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

ITEM NO. 3:

Your Company in view of its obligations to the society at large, feels that it should contribute and / or subscribe from time to time for charitable or other purposes. In terms of the provisions of Section 181 of the Companies Act, 2013, any amount contributed to any charitable or other funds in excess of 5% (five) of the company's average net profits during the three immediately preceeding financial years need prior approval of the members of the Company. It is therefore necessary to obtain approval of the members of the Company for the contributions to be made by the Company in excess of the limits prescribed under the said section.

Approval of the members is sought for making such contributions from time to time as may be decided by the Board.

The Board recommends the resolution as set out at item no. 3 of the Notice for your approval.

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

ITEM NO. 4

Mr. P. K. Choudhary, Managing Director of the Company has been associated with the Company since last 23 years. He is a Chartered Accountant and Company Secretary and has vast knowledge and experience in the field of Finance, Commercial Activities and General Management. Considering his experience, knowledge and contribution made in growth of the Company and as recommended by Remuneration Committee of the Company, the Board of Directors revised the remuneration payable to him for remaining period of his tenure w.e.f. 1st April, 2014 as follows:

1.	Salary	Rs. 2,00,000/- per month and special allowance of Rs. 1,03,000/- per month with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule V to the Companies Act, 2013.
2.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises etc. not exceeding Rs. 12,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of the salary.
3.	Conveyance/Motor Car	Provision of motor car with driver with an expense limit of Rs. 60,000/- per month.
4.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding Rs. 84,000/- per annum.
5.	Servant Allowance	Provision for Servant Allowance Rs. 10,000/- p.m.
6.	Leave Travel Concession	As per rules of the Company, not exceeding Rs. 1,50,000/- per annum.
7.	Provident and other funds including superannuation and gratuity	As per rules of the Company's Scheme.
8.	Personal accident insurance	As per rules of the Company's Scheme.
9.	Club subscription	Reimbursement of club subscription fees of one club.
10.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provisions of Schedule V of the Companies Act, 2013.

The Board recommends the Special Resolution as set out at item no. 4 of the notice for approval of the Members.

Except, Mr. P. K. Choudhary, none of the Directors, Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.

ITEM NO: 5

Mr. Varunn Mody, Executive Director of the Company has been associated with the Company since last 8 years. He is Commerce Graduate and has knowledge and experience in the field of Finance, Treasury and Business Administration. Mr. Varunn Mody is re-designated as Executive Director -Treasury & Business Development w.e.f. 1st April, 2014. Considering his experience, knowledge and contributions made in growth of the Company and as recommended by the Remuneration Committee, the Board of Directors of the Company has revised the remuneration payable to him for the remaining period of his tenure, w.e.f. 1st April, 2014 as follows:

1.	Salary	Rs. 6,25,000/- per month and special allowance of Rs. 1,45,000/- per month with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule V to the Companies Act, 2013.
2.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises etc. not exceeding Rs. 22,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of the salary.
3.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding Rs. 1,44,000/- per annum.
4.	Servant Allowance	Provision for Servant Allowance Rs. 22,000/- p.m.
5.	Leave Travel Concession	As per rules of the Company, not exceeding Rs. 1,92,000/- per annum.
6.	Provident and other funds including superannuation and gratuity	As per rules of the Company's Scheme.
7.	Personal accident insurance	As per rules of the Company's Scheme.
8.	Conveyance/ Motor Car with Driver/ Club Bills	Free Conveyance, Motor Car with Driver, Club Bills etc.
9.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.
10.	Commission	Such amount as may be decided by the Board of Directors of the Company from time to time, subject to limit prescribed under Companies Act, 2013.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provisions of Schedule V of the Companies Act, 2013.

The Board recommends the Special Resolution as set out at item no. 5 of the notice for approval of the Members.

Except, Mr. Raghu Mody and Mr. Varunn Mody, none of the Directors, Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.

ITEM NO: 6

Mr. Raghu Mody, Executive Chairman of the Company is a promoter of the Company and is associated with the Company since 1987. He is a leading industrialist with several decades of extensive and varied experience in setting up businesses in different kinds of industrial products.

Considering his experience, knowledge and contribution made in the growth of the Company and as recommended by Remuneration Committee, the Board of Directors of the Company has re-appointed him as Executive Chairman of the Company for a further period of 3 years w.e.f. 1st October, 2014 to 30th September, 2017 on the terms and conditions as follows:

1.	Salary	Rs. 4,00,000/- per month and special allowance of Rs. 85,000/- per month with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule V of the Companies Act, 2013
2.	Commission	Subject to limit prescribed under the Companies Act.
3.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas, Telephone and maintenance in the premises etc.
4.	Conveyance/Motor Car	Provision of motor car with driver.
5.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependant children, not exceeding Rs. 60,000/- per annum.
6.	Servant Allowance	Provision for Servant Allowance Rs. 10,000/- p.m.
7.	Gratuity	As per rules of the Company's Scheme.
8.	Personal accident insurance	As per rules of the Company's Scheme.
9.	Club subscription	Reimbursement of club subscription fees of two clubs.
10.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provisions of Schedule V of the Companies Act, 2013.

The Board recommends the Special Resolution as set out at item no. 6 of the notice for approval of the Members.

Except, Mr. Raghu Mody and Mr. Varunn Mody, none of the Directors, Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.

ADDITIONAL INFORMATION FOR ITEM NOS. 4, 5 and 6

The details as required under proviso (iv) to Clause B of Part II of Schedule V to the Companies Act, 2013, are given below:

I. General Information:

1.	Nature of Industry	The Company is engaged in the business of manufacturing of Auto Component and industrial products.
2.	Date or expected date of commencement of commercial production	The Company is an existing Company and is in operation since 1964.
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4.	Financial performance based on given indicators	EPS : Rs. 34.64 / Return on Networth : 3.28%
5.	Foreign investments or collaborations, if any.	Nil

II. Information about the appointees:

A. Mr. P. K. Choudhary

1.	Background details	Mr. P. K. Choudhary is a Chartered Accountant and also a Company Secretary. He is associated with the Company since last 23 years and working as Managing Director since 2005.
2.	Past Remuneration	Rs. 51.84 Lacs per annum
3.	Recognition or awards	Mr. P. K. Choudhary is having good experience in the industry in which the Company operates.
4.	Job profile and his suitability	Being a professional (CA & CS) and having experience with Company, he will be able to discharge his responsibilities.
5.	Remuneration proposed	Rs. 52.19 Lacs per annum (approx).
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	At par with the industry standards in which the Company operates.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	No relationship with any promoter, directors or managerial personnel.

B. Mr. Varunn Mody

1.	Background details	Mr. Varunn Mody is a young entrepreneur having good knowledge of business.
2.	Past Remuneration	Rs.90.10 Lacs per annum (including commission of Rs.15.00 Lacs)
3.	Recognition or awards	Mr. Varunn Mody is having good experience in the industry in which the Company operates.
4.	Job profile and his suitability	He is actively involved in the business of the Company and manages day to day treasury business activities. He is also responsible for new business development of the Company. Taking into consideration his expertise, he is well suited for the responsibilities currently assigned to him by the Board of Directors of the Company.
5.	Remuneration proposed	Rs.110.00 Lacs per annum (excluding commission as may be decided by the Board)
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	At par with the industry standards in which the Company operates.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Varunn Mody is a part of the promoter group of the Company and is also a relative of Mr. Raghu Mody, Executive Chairman of the Company.

C. Mr. Raghu Mody

1.	Background details	Mr. Raghu Mody is a leading industrialist with several decades of extensive and varied experience in setting up an operating business in different kinds of industrial products.
2.	Past Remuneration	Rs. 60.96 Lacs per annum
3.	Recognition or awards	Mr. Raghu Mody is having good experience in the industry in which the company operates
4.	Job profile and his suitability	He is actively involved in the business of the Company and Chairman of the Company. He supervises overall management of the Company. Taking into consideration his expertise, he is best suited for the responsibilities currently assigned to him by the Board of Directors.
5.	Remuneration proposed	Rs. 60.00 Lacs per annum (approx.)
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	At par with the industry standards in which the Company operates.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Raghu Mody is a part of the promoter group of the Company and is also a relative of Mr. Varunn Mody, Executive Director of the Company.

III. Other information:

1.	Reasons of loss or inadequate profits	N.A.
2.	Steps taken or proposed to be taken for improvement	N.A.
3.	Expected increase in productivity and profits in measurable terms.	NA

By Order of the Board of Directors

Place: Mumbai
Date: 29th May, 2014

Amit Goenka
V. P. Finance & Company Secretary

Registered Office:
 Peninsula Business Park, 'A' Tower,
 8th Floor, Senapati Bapat Marg,
 Lower Parel, Mumbai – 400 013