

**WE
MAKE
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Hindustan Hardy Spicer Ltd.

**Twenty Eighth Annual Report
2009-2010**

BOARD OF DIRECTORS

| | |
|----------------------------|-----------------------------------|
| Mr. S. C. Saran | Chairman |
| Mr. A. R. Rajwade | Managing Director |
| Mr. K. H. Captain | Director |
| Mr. Shiamak Marshall | Director |
| Mr. Phillip A. Rotman II | Director - (up to 31st May, 2009) |
| Mr. Jehangir H.C. Jehangir | Director |
| Mr. Eric Paul Haag | Director - (From 30th July, 2009) |

Bankers

State Bank of India

Satpur Branch, Nashik - 422 007

Auditors

J.L. Bhatt & Company

Chartered Accountants

43, Yusuf Building, Fort, Mumbai - 400 043

Solicitors

Junnarkar & Associates

411, Embassy Centre, 4th Floor,
Nariman Point, Mumbai – 400 021.

Registered Office

Bombay Footwear Building, Deonar Village Road,
Opposite N.K.G.S.B. Bank-Deonar,
Mumbai - 400088.

Plant

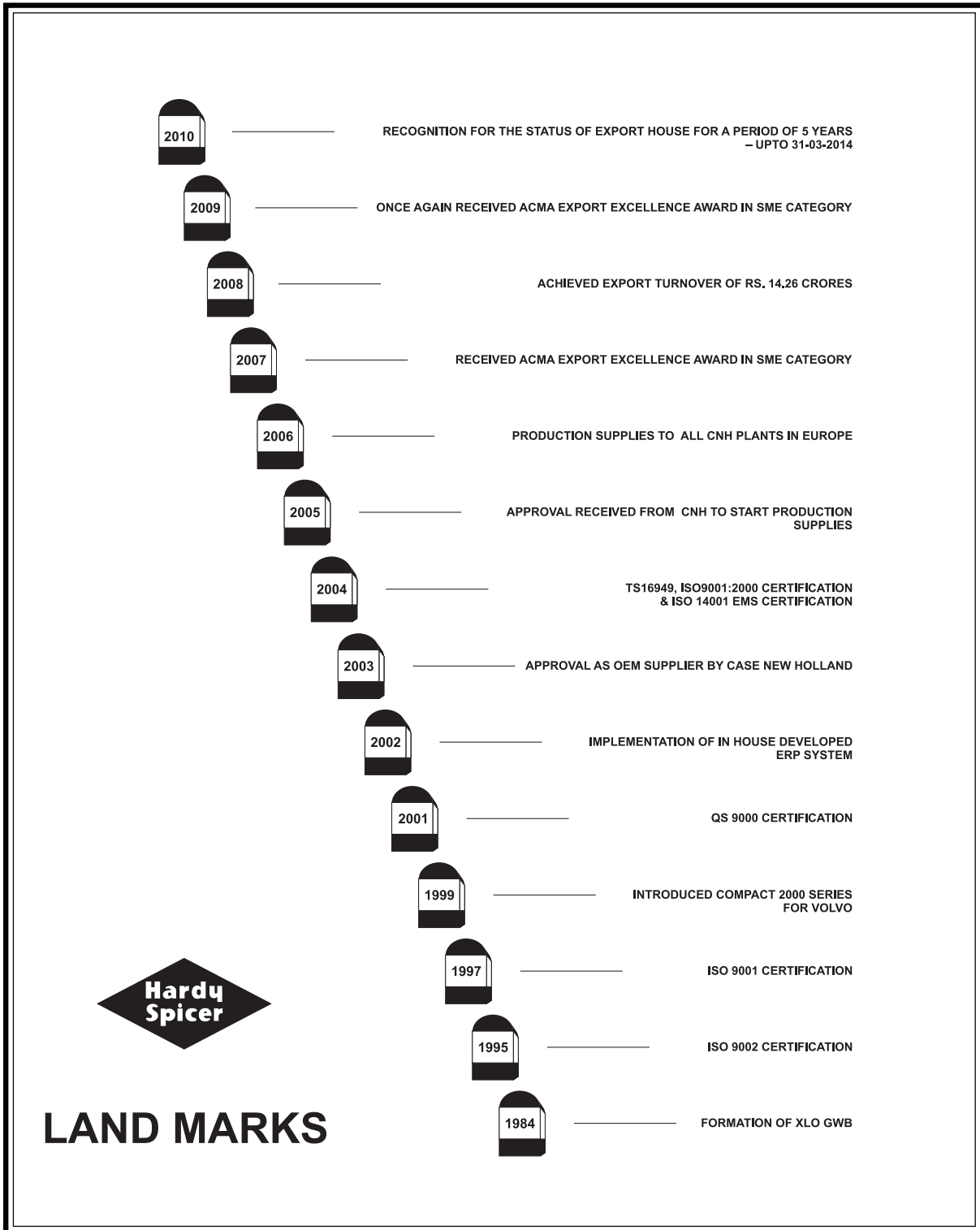
C-12, Additional Nasik Industrial Area,
Ambad, Nasik - 422 010.

Registrars and Share Transfer Agents

Satellite Corporate Services Pvt. Ltd.
B-302, Sony Apartment,
Opp. ST. Jude High School, Off. Andheri Kurla Road,
Jarimari, Sakinaka, Mumbai - 400 072.
Tel.: 022 - 28520461/462
Fax : 022 - 28511809
email : service@scspl.net

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Hindustan Hardy Spicer Limited



NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the members of HINDUSTAN HARDY SPICER LIMITED will be held at Sunville Deluxe, Pavillion, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Monday, May 31, 2010 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Shiamak Marshall who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. S. C. Saran who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration

SPECIAL BUSINESS:

6. To appoint Director in place of Mr. Eric Paul Haag, who was appointed as an Additional Director of the Company with effect from July 30, 2009, by the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

Hindustan Hardy Spicer Limited

3. The Register of Members and Share Transfer Books of the Company will be closed from Monday, May 24, 2010 to Monday, May 31, 2010 (Both days inclusive).
4. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the item no. 6 is annexed hereto
5. Dividend if declared will be payable to those members whose names appear in the Register of Members on May 31, 2010. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership of shares as at the end of business hours on May 24, 2010 as per details furnished by the Depositories for this purpose.
6. Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed/unpaid for a period of seven years from the date they became due for payment shall be credited to the Investor Education and Protection Fund setup by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the Company as no claim shall lie against the fund or the Company in respect of individual amounts once credited to the said fund.
7. Members are requested to notify promptly any change in their addresses to the Company's Registrar and Share Transfer Agents, Satellite Corporate Services Pvt. Ltd., B- 302, Sony Apartment, Opp. ST Jude High School, Off. Andheri Kurla Road, Jarimari, Sakinaka, Mumbai 400 072.
8. Any query which the member proposes to raise at the time of the Annual General Meeting should be forwarded to the Company atleast seven (7) days in advance of the Annual General Meeting.

Registered Office :
Bombay Footwear Building,
Deonar Village Road,
Opp: N.K.G.S.B. Bank-
Deonar, Mumbai 400 088

By Order of the Board

**A. R. RAJWADE
MANAGING DIRECTOR**

Date : April 23, 2010

ANNEXURE TO NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956

ITEM NO. 6

Mr. Eric Paul Haag was appointed as an Additional Director of the Company by the Board of Directors effective from July 30, 2009. By virtue of Section 260 of the Companies Act, 1956 Mr. Eric Paul Haag will hold office upto the date of this Annual General Meeting and is eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit from a member of the Company proposing his candidature for the office of Director.

The Board commends your approval to the said appointment.

None of the Directors of the company except Mr. Eric Paul Haag is concerned or interested in the resolution for his appointment as Director of the Company.

Registered Office :

Bombay Footwear Building,
Deonar Village Road,
Opp: N.K.G.S.B. Bank-
Deonar, Mumbai 400 088

By Order of the Board

**A. R. RAJWADE
MANAGING DIRECTOR**

Date : April 23, 2010

Hindustan Hardy Spicer Limited

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the Twenty Eighth Annual Report together with the Statement of Accounts for the year ended on March 31, 2010

FINANCIAL RESULTS :

During the year under review, net sales turnover was Rs.3337.82 lacs as against Rs.2978.61 lacs during the corresponding previous year. Export earnings were Rs.718.25 lacs as against Rs.1373.20 lacs during the corresponding previous year. Profit after tax was Rs. 20.38 lacs as against Rs.18.40 lacs for the previous year.

| | 2009-10 (Rs. in lacs) | 2008-09 (Rs. in lacs) |
|--|--|--------------------------|
| SALES | 3337.82 | 2978.61 |
| PROFIT | 144.45 | 142.59 |
| Less: | | |
| Depreciation | 73.47 | 68.83 |
| Interest | 52.59 | 63.33 |
| | 18.39 | 10.43 |
| Add: Prior Period Adjustment (Net) | 11.29 | 21.81 |
| PROFIT BEFORE TAX | 29.68 | 32.24 |
| Less: Provision for Taxation | | |
| Current Tax | 12.00 | 2.26 |
| Fringe Benefit Tax | 0.00 | 3.71 |
| Deferred Tax | (2.70) | 7.87 |
| PROFIT AFTER TAX | 20.38 | 18.40 |
| Surplus brought forward from Previous Year | 302.25 | 301.90 |
| PROFIT AVAILABLE FOR APPROPRIATION | 322.63 | 320.30 |
| General Reserve | 1.00 | 0.50 |
| Proposed Dividend | 15.00 | 15.00 |
| Tax on Proposed Dividend | 2.55 | 2.55 |
| Surplus Carried Forward | 304.08 | 302.25 |

DIVIDEND

The Board of Directors are pleased to recommend a dividend of 10% on 14,98,450 Equity Shares of Rs. 10/- each.

OUTLOOK

Certifications :

The Company has taken various steps to maintain/improve the quality systems which are in place for last several years. Surveillance audit for ISO/TS 16949:2002 for Quality Management System and ISO 14001-2004 for Environmental Management System successfully completed in June 2009 and August 2009 respectively.

Re-certification Audit for ISO/TS 16949:2002 is due in May 2010. Re-certification Audit for ISO 14001-2004 also is due in June 2010. We are reasonably confident to comply with the requirements.

The Company has received Certificate of Recognition for Export House from the Joint Director General of Foreign Trade, Government of India, Ministry of Commerce & Industry for a period of five years effective from 1st April 2009 to 31st March 2014.

Business :

Overseas Market : Due to the international economic slow down, during 2009-10, we could export goods worth Rs. 718.25 Lacs. For the financial year 2010-11, we are expecting a growth of about 35%. We expect to achieve this through development of Double Cardan Shafts and new export customers.

Domestic Market : In view of the present situation which is slightly better as compared to the two quarters of the previous financial year, we expect to maintain a 25% growth in the domestic market during the year 2010-11.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

a) CONSERVATION OF ENERGY

Various measures for conservation of energy at all levels have been taken by the Company.

We are studying the possibility of use of Solar/Wind energy for certain applications, such as, Office Lighting, Street Lighting etc.

b) TECHNOLOGY

Our technology had been imported from our Collaborators, Spicer Gelenkwellenbau GmbH, Germany in 1984. Since then upgradation has continued in consultation with various Agencies.

Hindustan Hardy Spicer Limited

c) FOREIGN EXCHANGE EARNING AND OUTGO

| | |
|--|---------------|
| The Foreign Exchange earnings and outgo are as under | (Rs. in lacs) |
| 1. Foreign Exchange Earnings | 718.25 |
| 2. Foreign Exchange Outgo on account of import | 10.56 |
| 3. Foreign Exchange Outgo on account of dividends | 3.90 |
| 4. Foreign Exchange Outgo on account of travel | 3.32 |
| 5. Foreign Exchange Outgo on account of sales commission | 0.11 |
| Total Foreign Exchange outgo | 17.89 |
| Net Foreign Exchange earnings | 700.36 |

FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) they 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 of fraud and other irregularities;
- iv) they had prepared the annual accounts on a going concern basis.

DIRECTORS

Mr. S. C. Saran and Mr. Shiamak Marshall, Directors of the Company, retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

Mr. Phillip Rotman II resigned as director of the company with effect from 31st May, 2009.

Mr. Eric Paul Haag was appointed as additional director of the company by the Board of Directors on July 30, 2009. By virtue of Section 260 of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting and is eligible for appointment.

FORFEITURE OF SHARES

During the year, the Company forfeited 1,550 Equity Shares of Rs. 10/- each.

AUDITORS' OBSERVATIONS

The observations made by auditors in the Auditors' Report are self explanatory.

COMPLIANCE CERTIFICATE

A Compliance Certificate from a secretary in Whole-time Practice under section 383A of the Companies Act, 1956 in respect of the financial year ended on March 31, 2010 is attached hereto.

LISTING

The Equity Shares of the Company are listed at the Bombay Stock Exchange Limited. The company has paid the Annual Listing Fees to them for the year 2010-2011.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule, 1975 and Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, as amended from time to time and forming part of this Report is annexed.

Hindustan Hardy Spicer Limited

AUDITORS

M/s. J. L. Bhatt & Company, Chartered Accountants, the Auditors of the company who would retire at the ensuing Annual General Meeting offer themselves for reappointment.

You are requested to appoint Auditors and to fix their remuneration.

INDUSTRIAL RELATIONS

The overall industrial relations in the Company have been cordial. Your Directors once again wish to place on record their appreciation for the contribution made by the employees at all levels to the continued growth and prosperity of the Company.

ACKNOWLEDGEMENT

Your directors wish to place on record, their appreciation for the continued support of the Customers, Financial Institutions, Bankers and Suppliers. Your Directors also wish to record their appreciation for the valuable contribution made by the employees at all levels and the unstinting support of the collaborators.

For and on behalf of the Board of Directors

Place : Mumbai
Date : April 23, 2010

S. C. SARAN
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended on 31st March 2010.

| Name | Designation / Nature of duties & Qualification | Annual Remune- ration (Rupees) | Exper- ience No. of Years | Date of Commenc- ement of employment | Age in years | Last Employ- ment |
|-------------------|---|---|------------------------------------|---|--------------------|-----------------------------|
| Mr. A. R. Rajwade | Managing Director B.Sc. B.E. (Mech.) M.M.S. | 30,12,840 | 42 | 17-05-1999 | 65 | Cummins India Limited |

NOTES :

1. Remuneration as shown above includes Salary, Allowances, Incentive, Company's contribution to Provident Fund and Superannuation Fund, net expenditure on House, Medical & Leave Travel Allowance. It excludes provision for accrued leave Salary & Company's Contribution to Gratuity Fund.
2. None of the Employee is related to any of the Directors.
3. The Nature of employment is contractual.

For and on behalf of the Board of Directors

Place : Mumbai
Date : April 23, 2010

**S. C. SARAN
CHAIRMAN**

Hindustan Hardy Spicer Limited

COMPLIANCE CERTIFICATE TO THE MEMBERS OF HINDUSTAN HARDY SPICER LIMITED

Registration No: L29300MH1982PLC028498

Authorised Capital: 5,00,00,000/-

We have examined the registers, records, books and papers of HINDUSTAN HARDY SPICER LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we 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 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 mentioned in the said annexure.
3. The Company being a public limited Company, comments that a Private Limited Company has minimum prescribed capital, maximum number of members, invitation to public to subscribe for shares and acceptance of deposits from persons other than its members, directors or their relatives, are not required.
4. The Board of Directors duly met 6 (Six) times on 17.04.2009, 01.06.2009, 30.07.2009, 25.09.2009, 29.10.2009 and on 25.01.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. (No circular resolution was passed.)
5. The Company closed its Register of Members from Monday, May 25, 2009 to Monday, June 1, 2009, both days inclusive 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, 2009 was held on 01.06.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. One Extra Ordinary General Meeting was held on 09.11.2009 during the financial year after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in 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 has made necessary entries in the register maintained under Section 301 of the Act.

11. The company has obtained necessary approval from the Central Government for payment of remuneration to a director for a period of one year from 01.04.2008 to 31.03.2009 pursuant to the provisions of Section 314 of the Act and has applied for the approval of the Central Government for payment of remuneration to the said director for the period of three years from 01.04.2009 to 31.03.2012.
12. The Company has not issued any duplicate share certificates during the financial year.
13.
 - (i) The Company has delivered all the certificates on lodgement of securities for transfer/ transmission in accordance with the provisions of the Act. There was no allotment of securities during the year.
 - (ii) The Company has deposited the amount of dividend declared in a separate bank account on 05.06.2009, which is within five days from the date of declaration of such dividend.
 - (iii) The Company has posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/ unpaid dividend has been transferred to Unpaid Dividend Account of the Company with HDFC Bank Ltd, Nashik Branch, on 06.07.2009.
 - (iv) The Company has transferred the amounts of unpaid dividend, which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund within the time prescribed under the Act and the Rules made thereunder.
 - (v) The Company has 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 additional directors, alternate directors and directors to fill casual vacancies have been duly made.
15. The reappointment of the Managing Director has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole selling agents during the financial year.
17. The company has obtained necessary approval from the Central Government for payment of remuneration to a director for a period of one year from 01.04.2008 to 31.03.2009. Further the Company has applied to the Central Government for its approval to the payment of remuneration to the said director for the period of three years from 01.04.2009 to 31.03.2012 during the financial year. The same is awaited.
18. The directors except one have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.

Hindustan Hardy Spicer Limited

21. The Company has not issued any Preference Shares/ Debentures.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend (except payment of dividend on partly paid shares), rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/ accepted any Deposit including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from financial institutions, banks and others during the financial year ending 31.03.2010 is within the borrowing limits of the Company.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year.
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 year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on 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 employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For Jigyasa Singhi & Associates
Company Secretary

Place: Mumbai
Date : April 23, 2010

Jigyasa V. Singhi
C. P. No. : 6018

ANNEXURE TO THE COMPLIANCE CERTIFICATE

Annexure 'A'

Statutory Registers as maintained by the Company:

1. Register of charges u/s 143 of the Act.
2. Register of Members u/s 150 and Index of Members u/s 151 of the Act.
3. Minutes Book of Board Meetings u/s 193 of the Act (in loose leaf)
4. Minutes Book of General Meetings u/s 193 of the Act (in loose leaf)
5. Minutes Book of Share Transfer Committee Meetings (in loose leaf)
6. Minutes Book of Remuneration Committee Meetings (in loose leaf)
7. Books of Accounts u/s 209 of the Act are being audited by the Statutory Auditors of the Company.
8. Register of Contracts u/s 301 of the Act.
9. Register of disclosure of interest u/s 301 of the Act.
10. Register of particulars of Directors etc. u/s 303 of the Act.
11. Register of Directors' Shareholding u/s 307 of the Act.
12. Register of loans/ Investments u/s 372A of the Act.
13. Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960
14. Register of Proxies

Other Registers:

1. Register of transfers, transmission.
2. Attendance Register of Board Meetings.
3. Attendance Register of General Meetings.
4. Attendance Register of Share Transfer Committee Meetings.
5. Attendance Register of Remuneration Committee Meetings.

For Jigyasa Singhi & Associates
Company Secretary

Place: Mumbai
Date : April 23, 2010

Jigyasa V. Singhi
C. P. No. : 6018

Hindustan Hardy Spicer Limited

ANNEXURE TO THE COMPLIANCE CERTIFICATE

Annexure 'B'

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended on 31st March, 2010.

| Sr. No. | Form No. /Return | Filed under Section | For | Date of filing | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid. Yes/No |
|---------|------------------|---------------------|---|----------------|--|---|
| 1. | Form 62 | 205 C | Quarterly Return on IEPF for quarter ended 31.03.2009 | 16.04.2009 | Yes | N.A. |
| 2. | Form 32 | 303 | Reappointment of Mr. A.R. Rajwade as Managing Director | 25.05.2009 | Yes | N.A. |
| 3. | Form 23 | 192 | Agreement for Reappointment of Mr. A.R. Rajwade as Managing Director | 25.05.2009 | Yes | N.A. |
| 4. | Form 23 | 192 | Reappointment of Mr. A.R. Rajwade as Managing Director with effect from May 17,2009 at the board meeting held on 17.04.2009 | 28.05.2009 | No | Yes |

| Sr. No. | Form No. /Return | Filed under Section | For | Date of filing | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid. Yes/No |
|---------|--|---------------------|--|----------------|--|---|
| 5. | Form 25C | 269 | Reappointment of Mr. A.R. Rajwade as Managing Director | 28.05.2009 | Yes | N.A. |
| 6. | Form 23 | 192 | Special resolution for Reappointment of Mr. A. R. Rajwade as Managing Director at AGM held on 01.06.2009 | 24.06.2009 | Yes | N.A. |
| 7. | Form 66 Alongwith Compliance Certificate | 383A | Financial year ended 31.03.2009 | 24.06.2009 | Yes | N.A. |
| 8. | Form 23AC & Form 23ACA alongwith Annual Report for the year ended 31.03.2009 | 220 | Approved at the Annual General Meeting held on 01.06.2009 | 24.06.2009 | Yes | N.A. |
| 9. | Form 62 | 205c | Quarterly Return on IEPF for quarter ended 30.06.2009 | 14.07.2009 | Yes | N.A. |

Hindustan Hardy Spicer Limited

| Sr. No. | Form No. /Return | Filed under Section | For | Date of filing | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid. Yes/No |
|---------|--|--|--|----------------|---|--|
| 10. | Form 20B alongwith Annual Return made as on 01.06.2009 | 159 | Annual General Meeting held on 01.06.2009 | 27.07.2009 | Yes | N.A. |
| 11. | Form 32 | 303 | Appointment of Mr. Eric Paul Haag as Additional director with effect from 30.07.2009 | 16.09.2009 | No | Yes |
| 12. | Form 62 | 205c | Quarterly Return on IEPF for quarter ended 30.09.2009 | 14.10.2009 | Yes | N.A. |
| 13. | Form 1 (of IEPF) | Investor Education and Protection Fund Rules | Transfer of unpaid /unclaimed dividend to Investor Education and Protection Fund on 05.11.2009 | 11.11.2009 | N.A. | N.A. |
| 14. | Form 23 | 192 | Special resolution for approving payment of remuneration to Mr. S. C. Saran, Director | 12.11.2009 | Yes | N.A. |

| Sr. No. | Form No. /Return | Filed under Section | For | Date of filing | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid. Yes/No |
|---------|------------------|---------------------|---|----------------|--|---|
| 15. | Form 62 | 205c | Quarterly Return on IEPF for quarter ended 31.12.2009 | 13.01.2010 | Yes | N.A. |

Forms and Returns as filed by the Company with the Central Government during the financial year ended on 31st March, 2010.

| Sr. No. | Form No. /Return | Filed under Section | For | Date of filing | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid. Yes/No |
|---------|------------------|------------------------|---|----------------|--|---|
| 1 | Form 25A | Sections 198, 309, 314 | Application to Central Government for payment of remuneration to Mr. Sanjaya C. Saran, Director | 13.01.2010 | Yes | N.A. |

For Jigyasa Singhi & Associates
Company Secretary

Place: Mumbai
Date : April 23, 2010

Jigyasa V. Singhi
C. P. No. : 6018

Hindustan Hardy Spicer Limited

AUDITORS' REPORT TO THE MEMBERS OF HINDUSTAN HARDY SPICER LIMITED

We have audited the attached Balance Sheet of Hindustan Hardy Spicer Limited as at 31st March, 2010, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of **Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.**
2. Further to our comments in the Annexure referred to in paragraph 1 above, 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 purpose 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in **Section 211(3C) of the Companies Act, 1956;**
 - e. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors from whom such representations have been received is disqualified as on March 31, 2010 from being appointed as a director in terms **of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and**

- f. **Attention is invited to Note No. 4(ii) of Schedule 18 regarding pending approval of the Central Government in respect of the remuneration paid to chairman exceeding the limits prescribed under the Companies Act 1956.**
- g. in our opinion and to the best of our information and according to explanations given to us, the said accounts **subject to paragraph (f) above** give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March, 2010;**
 - ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For J. L. BHATT & COMPANY
Chartered Accountant's

YOGESH J. BHATT
Partner
Membership No. 30170

Mumbai, 23.04.2010

Hindustan Hardy Spicer Limited

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

The nature of the Company's business / activities during the year is such that clauses (vi), (x), (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- (i) In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) During the year the Company has not disposed off any substantial part of its fixed assets. Therefore, it has not affected the going concern assumption of the Company.

- (ii) In respect of its inventories:
 - a) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

- iii) a) According to the information and explanations given to us, during the year the Company has not granted unsecured loans to any party covered in the register maintained u/s 301 of the Companies Act 1956.

Accordingly sub-clauses (b) to (d) are not applicable.

- b) According to the information and explanations given to us, the Company has not taken loans, secured or unsecured, from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act 1956

Accordingly sub-clauses (f) and (g) are not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal control system.

- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us,

- a) the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.

- b) Excluding certain transactions of purchase of goods of special nature for which alternate quotations are not available, where each of such transactions is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at price which are *prima facie* reasonable having regard to the prevailing market price at the relevant time.

- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

Hindustan Hardy Spicer Limited

(vii) We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of automotive parts and accessories, pursuant to the rules by the Central Government for the maintenance of cost records u/s 209(1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records u/s 209(1) (d) of the Companies Act, 1956 for any other products of the Company.

(viii) In respect of Statutory dues;

- a) According to the information and explanations given to us, the Company has been generally regular in deposition undisputed Statutory dues, including Provident Funds, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise duty, Cess and any other material statutory dues with the appropriate authorities. There are no arrears at the year end.
- b) According to the information and explanations given to us, details of disputed statutory dues pertaining to income tax, sales tax, wealth tax, service tax, customs duty, excise duty, octroi and cess which have not been deposited as on 31st March 2010 on account of any dispute are given below :

| Nature of the dues | Amount (Rs. Lacs) | Period for which the amount relates (Assessment Years) | Forum where the dispute is pending |
|------------------------------|-------------------|--|--------------------------------------|
| Penalty under Income Tax Act | 0.66 | 2004-05 | Commissioner of Income Tax (Appeals) |
| Income Tax | 12.69 ** | 2005-06 | Income Tax Appellate Tribunal |
| Total | 13.35 | | |

** Subject to reduction as order giving effect to Commissioner of Income Tax (Appeals) is awaited.

(ix) In our opinion and according to the information given to us, the Company has not defaulted in repayment of dues to banks.

- (x) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks and financial institutions and thus the question of whether the terms and conditions are *prima facie* prejudicial to interest of company does not arise.
- (xii) In our opinion and according to the information given to us, the term loan raised by the Company has been applied for the purpose for which the loan was obtained.
- (xiii) In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have *prima facie*, not been used during the year for long term investment.
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained u/s 301 of the Companies Act, 1956, during the year and hence the question of whether the price at which shares have been issued is prejudicial to interest of company does not arise.
- (xv) To the best of our knowledge and according to the information and explanations given to us, the Company has not issued any debentures and hence the question of whether security has been created for debentures issued does not arise.
- (xvi) As informed to us, the Company has not raised monies by public issues during the year and hence the question of disclosure and verification of end use of such monies does not arise.
- (xvii) To the best of our knowledge and belief and according to the information and explanations given us, no fraud on or by the Company was noticed or reported during the year.

For J. L. BHATT & COMPANY
Chartered Accountant's

YOGESH J. BHATT
Partner
Membership No. 30170

Mumbai, 23.04. 2010.

Hindustan Hardy Spicer Limited

BALANCE SHEET AS AT 31 MARCH, 2010

| | -SCHE- -DULES- | AS AT 31.03.2010 (Rs. in lacs) | AS AT 31.03.2009 (Rs. in lacs) |
|--|-------------------|--------------------------------------|--------------------------------------|
| SOURCES OF FUNDS : | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | 1 | 149.85 | 149.93 |
| Reserves and Surplus | 2 | 684.24 | 681.34 |
| | | <u>834.09</u> | <u>831.26</u> |
| LOANS | | | |
| Secured | 3 | 547.42 | 686.43 |
| | | <u>547.42</u> | <u>686.43</u> |
| Deferred Tax Liability (Net) (Refer note no.11 of Schedule no 18) | | 65.45 | 68.15 |
| TOTAL | | <u><u>1446.96</u></u> | <u><u>1585.84</u></u> |
| APPLICATION OF FUNDS : | | | |
| FIXED ASSETS | | | |
| Gross block | 4 | 1637.60 | 1575.66 |
| Less : Depreciation | | <u>973.40</u> | <u>899.91</u> |
| Net block | | 664.20 | 675.75 |
| Capital work in progress | | 17.20 | 0.13 |
| Investments | 5 | 0.55 | 0.55 |
| CURRENT ASSETS ,LOANS AND ADVANCES : | | | |
| Inventories | 6 | 371.66 | 384.34 |
| Sundry Debtors | 7 | 860.84 | 649.62 |
| Cash and Bank Balances | 8 | 34.43 | 16.77 |
| Loans and Advances | 9 | 225.80 | 303.37 |
| | | <u>1492.73</u> | <u>1354.10</u> |
| LESS:CURRENT LIABILITIES AND PROVISIONS | 10 | <u>727.72</u> | <u>444.69</u> |
| NET CURRENT ASSETS | | <u>765.01</u> | <u>909.41</u> |
| TOTAL | | <u><u>1446.96</u></u> | <u><u>1585.84</u></u> |

NOTES: SEE SCHEDULE 18

Note:Schedules 1 to 18 form an integral part of the accounts.

As per our report of even date attached
For J.L.Bhatt & Co.
Chartered Accountants

Y. J. Bhatt
Partner
Mumbai, April 23, 2010

Chairman
S.C.Saran
Managing Director
A.R.Rajwade
Directors

Mumbai, April 23, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2010

| | SCHE- -DULES | 2009-2010 (Rs. in lacs) | 2008-2009 (Rs. in lacs) |
|--|-----------------|----------------------------|----------------------------|
| I. SALES AND OTHER INCOME | | | |
| Gross Sales | 11 | 3517.86 | 3183.40 |
| Less : Excise Duty | | <u>180.04</u> | <u>204.79</u> |
| Net Sales | | 3337.82 | 2978.61 |
| Other Income | 12 | 102.94 | 129.67 |
| Increase/(Decrease) in Stock | 13 | <u>(26.82)</u> | <u>20.25</u> |
| | | <u>3413.94</u> | <u>3128.53</u> |
| II. EXPENDITURE | | | |
| Raw Materials Consumed | 14 | 2121.45 | 1666.38 |
| Manufacturing, Selling, Administrative and Other Expenses | 15 | 1148.04 | 1319.56 |
| Depreciation (Including Rs 0.09 lac premium on leasehold land written off. Previous year Rs 0.09 lac) | 4 | 73.47 | 68.83 |
| Interest | 16 | <u>52.59</u> | <u>63.33</u> |
| | | <u>3395.55</u> | <u>3118.10</u> |
| III. PROFIT \ (LOSS) FOR THE YEAR | | | |
| Add : Extraordinary & prior period Items | 17 | 18.39 | 10.43 |
| PROFIT \ (LOSS) BEFORE TAX | | <u>11.29</u> | <u>21.81</u> |
| Less : Provision for Taxation | | <u>29.68</u> | <u>32.24</u> |
| Current Tax | | 12.00 | 2.26 |
| Fringe benefit Tax | | 0.00 | 3.71 |
| Deferred Tax | | <u>(2.70)</u> | <u>7.87</u> |
| PROFIT \ (LOSS) AFTER TAX | | <u>20.38</u> | <u>18.40</u> |
| Add : Surplus brought forward from previous year | | <u>302.25</u> | <u>301.90</u> |
| Profit Available for Appropriation | | <u>322.63</u> | <u>320.30</u> |
| General Reserve | | 1.00 | 0.50 |
| Proposed Dividend | | 15.00 | 15.00 |
| Tax on Dividend | | 2.55 | 2.55 |
| Surplus Carried Forward | | <u>304.08</u> | <u>302.25</u> |
| Earning Per Share | | | |
| Basic (Rs) | | 1.36 | 1.23 |
| Diluted (Rs) | | 1.36 | 1.23 |

(Refer note no.15 of Schedule no 18)

NOTES: SEE SCHEDULE 18

Note:Schedules 1 to 18 form an integral part of the accounts.

As per our report of even date attached
For J.L.Bhatt & Co.
Chartered Accountants

Y. J. Bhatt
Partner
Mumbai, April 23, 2010

Chairman
S.C.Saran
Managing Director
A.R.Rajwade
Directors

Mumbai, April 23, 2010

Hindustan Hardy Spicer Limited

| | AS AT 31.03.2010 (Rs. in lacs) | AS AT 31.03.2009 (Rs. in lacs) |
|--|--------------------------------------|--------------------------------------|
| SCHEDULE 1- SHARE CAPITAL | | |
| Authorised Capital: 50,00,000 Equity Shares of Rs.10 each | <u>500.00</u> | <u>500.00</u> |
| Issued ,Subscribed and Paid-Up: 14,98,450 Equity Shares of Rs. 10 each | 149.85 | 150.00 |
| Less: Calls in Arrears - from others | 0.00 | 0.08 |
| | <u>149.85</u> | <u>149.92</u> |
| SCHEDULE 2- RESERVES AND SURPLUS | | |
| 1) Capital Subsidy | | |
| Balance as per Last Balance Sheet | 15.00 | 15.00 |
| 2) Investment Allowance (Utilised) Reserve | | |
| Balance as per Last Balance Sheet | 24.36 | 24.36 |
| 3) General Reserve | | |
| Balance as per Last Balance Sheet | 339.73 | 339.23 |
| Add: Amount Transferred from Profit & Loss Account | <u>1.00</u> | <u>0.50</u> |
| | 340.73 | 339.73 |
| 4) Share Forfeiture Reserve | 0.08 | 0.00 |
| 5) Balance of Profit and Loss Account | <u>304.08</u> | <u>302.25</u> |
| | <u>684.24</u> | <u>681.34</u> |
| SCHEDULE 3- LOANS: | | |
| SECURED: | | |
| From Bank - Cash Credit | 207.00 | 27.92 |
| From Bank - FCNRB Loan (Euro - 300000) | 200.63 | 478.95 |
| From Bank - (SBI) Term Loan | 138.74 | 174.88 |
| From Bank - (ICICI) Term Loan | 1.05 | 4.68 |
| | <u>547.42</u> | <u>686.43</u> |
| NOTES ON SECURED LOANS | | |
| 1) The Cash Credit Facility and Foreign Currency Non Resident Borrowing (FCNRB) from State Bank of India is secured by hypothecation of stocks of Raw Materials, Stock-in Process, Finished goods, book debts, other current Assets and equitable mortgage of factory plot & building. | | |
| 2) Term loan from bank is secured by hypothecation of vehicles and Plant & Machinery . | | |

**SCHEDULES FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED ON 31 MARCH, 2010**

SCHEDULE 4 - FIXED ASSETS

(Rs. in lacs)

| ASSETS | GROSS BLOCK | | | | DEPRECIATION | | | | NET-BLOCK | |
|-------------------------------|-------------------|----------------|----------------|-------------------|-------------------|-----------------|----------------|-------------------|-------------------|-------------------|
| | AS AT 01.04.09 | ADDI- TIONS | DEDN. ADJU. | AS AT 31.03.10 | AS AT 01.04.09 | FOR THE YEAR | DEDN. ADJU. | AS AT 31.03.10 | AS AT 31.03.10 | AS AT 31.03.09 |
| LEASEHOLD LAND | 8.29 | 0.00 | 0.00 | 8.29 | 2.22 | 0.09 | 0.00 | 2.31 | 5.98 | 6.07 |
| BUILDINGS | 216.23 | 8.81 | 0.00 | 225.05 | 97.68 | 7.08 | 0.00 | 104.76 | 120.29 | 118.55 |
| PLANT AND MACHINERY | 1278.41 | 51.50 | 0.00 | 1329.91 | 774.87 | 60.62 | 0.00 | 835.49 | 494.42 | 503.54 |
| FURNITURE AND FIXTURES | 29.21 | 1.63 | 0.00 | 30.84 | 12.89 | 1.56 | 0.00 | 14.45 | 16.39 | 16.32 |
| VEHICLES | 43.52 | 0.00 | 0.00 | 43.52 | 12.26 | 4.13 | 0.00 | 16.39 | 27.13 | 31.26 |
| | 1575.66 | 61.94 | 0.00 | 1637.60 | 899.92 | 73.47 | 0.00 | 973.39 | 664.21 | 675.74 |
| CAPITAL WORK IN PROGRESS * | | | | | | | | | 17.20 | 0.13 |
| TOTAL | | | | | | | | | 681.40 | 675.86 |
| PREVIOUS YEAR | 1385.06 | 190.75 | 0.14 | 1575.66 | 831.14 | 68.83 | 0.05 | 899.93 | 612.71 | 675.86 |

* including Capital advances of Rs.17.20 lacs (previous year Rs. 0.13)

Hindustan Hardy Spicer Limited

| | AS AT 31.03.2010 Rs. in lacs | AS AT 31.03.2009 Rs. in lacs |
|--|------------------------------------|------------------------------------|
| SCHEDULE 5- INVESTMENTS (AT COST) | | |
| NON TRADE :Unquoted: | | |
| 50 Equity Shares of Rs.100 each Fully paid, in Dinette Exclusive Club Private Limited | 0.05 | 0.05 |
| 2000 Equity Shares of Rs. 25 each Fully paid, in Janalaxmi Co-operative Bank Limited. | 0.50 | 0.50 |
| | <u>0.55</u> | <u>0.55</u> |
| SCHEDULE 6- INVENTORIES | | |
| (At Cost or Net Realisable Value whichever is lower) | | |
| Raw Materials | 210.73 | 197.85 |
| Work-in-Process | 90.84 | 85.00 |
| Finished Goods | 54.01 | 86.67 |
| Stores and Spares | 16.08 | 14.82 |
| | <u>371.66</u> | <u>384.34</u> |
| SCHEDULE 7- SUNDRY DEBTORS | | |
| (Unsecured) | | |
| Over six months: | | |
| Considered good | 36.19 | 35.90 |
| Considered doubtful | 1.52 | 3.41 |
| | 37.71 | 39.31 |
| Less than six months: | | |
| Considered good | 824.65 | 613.74 |
| | <u>824.65</u> | <u>613.74</u> |
| | <u>862.36</u> | <u>653.05</u> |
| Less : Provision for Doubtful Debts | 1.52 | 3.41 |
| | <u>860.84</u> | <u>649.64</u> |
| SCHEDULE 8- CASH AND BANK BALANCES | | |
| Cash, Cheques and Stamps on hand | 0.86 | 1.06 |
| Balances with Scheduled and Other Banks: | | |
| In Current Accounts | 33.57 | 11.52 |
| In Margin Money Account | 0.00 | 4.19 |
| | <u>34.43</u> | <u>16.77</u> |

| | AS AT 31.03.2010 (Rs. in lacs) | AS AT 31.03.2009 (Rs. in lacs) |
|---|--------------------------------------|--------------------------------------|
| SCHEDULE 9- LOANS AND ADVANCES | | |
| (Unsecured -Considered Good) | | |
| Advances recoverable in cash or in kind or for value to be received. | 172.47 | 193.37 |
| Balance with Central Excise Authorities | 15.02 | 59.71 |
| Tax deducted at source | 5.09 | 4.87 |
| Sundry Deposits | 16.19 | 16.74 |
| Current Income Tax (Net of Payment of Advance Tax) | 14.74 | 26.74 |
| Fringe Benefit Tax (Net of Payment of Advance FBT) | 2.29 | 1.95 |
| | <u>225.80</u> | <u>303.38</u> |
| SCHEDULE 10- CURRENT LIABILITIES AND PROVISIONS | | |
| A) Current Liabilities | | |
| Acceptances | 87.26 | 63.42 |
| Sundry Creditors (Refer Note no. 6 of Schedule no. 18) | 525.18 | 275.39 |
| Advance from Customers | 1.83 | 0.57 |
| Unclaimed Dividend | 10.57 | 10.30 |
| Other Liabilities | <u>26.74</u> | <u>25.55</u> |
| | 651.58 | 375.23 |
| B) Provisions | | |
| Leave Encashment (Refer Note no. 16 of Schedule no. 18) | 58.59 | 51.91 |
| Proposed Dividend | 15.00 | 15.00 |
| Tax on Dividend | <u>2.55</u> | <u>2.55</u> |
| | 76.14 | 69.46 |
| | <u>727.72</u> | <u>444.69</u> |

Hindustan Hardy Spicer Limited

| | AS AT 31.03.2010 (Rs. in lacs) | AS AT 31.03.2009 (Rs. in lacs) |
|--|--------------------------------------|--------------------------------------|
| SCHEDULE 11 - SALES | | |
| Sales less returns etc.(Including Excise Duty) (Includes sale of traded goods Rs.639.15 Previous year Rs. 91.89 lacs) | 3461.31 | 3112.62 |
| Miscellaneous Sales (Includes sale of services Rs.1.82 Lacs-(Previous year Rs.1.98 Lacs) | 56.55 | 70.78 |
| | <u>3517.86</u> | <u>3183.40</u> |
| SCHEDULE 12 - OTHER INCOME | | |
| Interest on Deposits With Banks and Others(Tax Deducted at Source Rs. 0.05 lac - Previous year Rs.0.11 lacs) | 1.08 | 0.85 |
| Miscellaneous Income (Provisions written back- Rs. 4.58 lacs - previous year Rs.54.37 Lacs) | 6.03 | 55.11 |
| D E P B Sale \ Utilised | 65.47 | 18.23 |
| Foreign Exchange Difference Gain | 30.36 | 55.47 |
| | <u>102.94</u> | <u>129.67</u> |
| SCHEDULE 13 - INCREASE/(DECREASE) IN STOCK | | |
| As at Opening of the Year | | |
| Work-in-Process | 85.00 | 114.14 |
| Finished Goods | 86.67 | 37.28 |
| | <u>171.67</u> | <u>151.42</u> |
| Less : As at end of Year | | |
| Work-in-Process | 90.84 | 85.00 |
| Finished Goods | 54.01 | 86.67 |
| | <u>144.85</u> | <u>171.67</u> |
| Increase/(Decrease) in Stock | <u>(26.82)</u> | <u>20.25</u> |
| SCHEDULE 14 - COST OF GOODS SOLD AND RAW MATERIALS CONSUMED | | |
| Raw Materials Consumed | | |
| Opening stock | 197.85 | 174.25 |
| Add: Purchases | 1515.83 | 1591.08 |
| | 1713.68 | 1791.09 |
| Less: Closing Stock | 210.73 | 197.85 |
| | <u>1502.94</u> | <u>1593.25</u> |
| Cost of Goods Sold - Traded Items | | |
| Opening stock | 0.00 | 0.00 |
| Add: Purchases for Sales | 618.51 | 73.13 |
| Less: Closing Stock | 0.00 | 0.00 |
| | <u>2121.45</u> | <u>1666.38</u> |

| | AS AT 31.03.2010 (Rs. in lacs) | AS AT 31.03.2009 (Rs. in lacs) |
|--|--------------------------------------|--------------------------------------|
| SCHEDULE 15 - MANUFACTURING ,SELLING, ADMINISTRATIVE AND OTHER EXPENSES | | |
| Salaries, Wages and Bonus | 513.70 | 510.82 |
| Contribution to Provident and Other Funds | 61.01 | 62.11 |
| Workmen and Staff Welfare Expenses | 46.85 | 55.68 |
| Consumption of Stores, Spares ,Tools etc. | 89.76 | 99.67 |
| Power ,Fuel and Water | 94.43 | 85.77 |
| Repairs to Plant and Machinery | 45.03 | 41.77 |
| Repairs to Buildings | 7.68 | 14.96 |
| Other Repairs | 2.39 | 2.40 |
| Rent | 3.52 | 2.40 |
| Rates and Taxes | 1.40 | 1.36 |
| Insurance | 10.10 | 11.58 |
| Packing and Forwarding Charges | 127.29 | 175.25 |
| Travelling Expenses and Conveyance Charges | 19.55 | 31.21 |
| Commission on Sales | 8.17 | 6.90 |
| Discount on Sales | 0.84 | 0.63 |
| Directors' Fees | 0.23 | 0.19 |
| Exchange Fluctuation Loss | 0.00 | 102.95 |
| Fixed Assets Scrapped/Discarded | 0.00 | 0.09 |
| Miscellaneous Expenses (Refer Note no. 5 of Schedule No 18) | 116.09 | 113.82 |
| | <u>1148.04</u> | <u>1319.56</u> |
| SCHEDULE 16 - INTEREST | | |
| On Fixed Loans | 35.79 | 50.53 |
| Others | 16.80 | 12.81 |
| | <u>52.59</u> | <u>63.34</u> |
| SCHEDULE 17 - Extraordinary and prior period items | | |
| (Reversal)\Provision for gratuity (Refer Note no.12 of Schedule No 18) | (11.29) | (21.81) |
| | <u>(11.29)</u> | <u>(21.81)</u> |

Hindustan Hardy Spicer Limited

SCHEDULE 18 - NOTES TO THE ACCOUNTS:

1) Significant Accounting Policies:--

a) Basis of Accounting :-

The financial statements are prepared under the historical cost convention on an accrual basis except warranty claims, which are accounted on receipt of claim/s .

b) Fixed Assets :-

Fixed Assets are stated at cost less depreciation. Depreciation is provided (except in the case of leasehold land which is being amortised over the period of lease) at prorata monthly basis on the straight line method and at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the greater of the net selling price and value in use.

c) Inventories :-

Inventory is valued as below,

a) Raw material / Components are valued on weighted average basis.

b) Stores and spares are valued on weighted average basis.

c) Finished goods and work in progress are valued at lower of cost or net realisable value. Cost is determined on absorption basis and includes material, labour and production overheads. Material cost for the purpose of valuation is ascertained on weighted average basis.

d) Revenue Recognition :-

Sale of product and services are recognised when the products are despatched and services are rendered.

e) Investment :-

Investments are stated at cost.

f) Retirement Benefits :-

The Company has a Group Gratuity-cum-Life Assurance Scheme with Life Insurance Corporation of India for future payment of Gratuity to retiring employees. The premium thereof is paid annually in terms of the said policy which is charged off to the Profit & Loss Account. Provisions for leave encashment benefit and gratuity are made on actual basis, on the assumption that the benefits will be payable to all the employees at the end of the accounting year, if all employees were to terminate their services with the company. Liability for Provident Fund dues is being deposited with appropriate authorities. In case of Superannuation liability Company makes contribution to Life Insurance Corporation of India.

- g) Transactions in Foreign currencies (Other than Fixed Assets) :-
Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Current assets and current liabilities are translated at the year end rate. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of current assets and current liabilities at the end of the year, has been recognised as income or expense as the case may be.
- h) Provisions, Contingent Liabilities and Contingent Assets
As per Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, the Company recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.
No provision is recognised for -
- a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
 - b) Any present obligation that arises from past events but is not recognised because-
 - i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii) A reliable estimate of the amount of obligation cannot be made.
- Such obligations are recorded as Contingent Liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized.
- i) Taxes on Income
Current tax is determined as the amount of tax payable in respect of taxable income for the year based on the provisions of the Income Tax Act, 1961. Deferred tax for the year is recognised on timing difference; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only if there is a reasonable/virtual certainty of its realisation.
- j) Export Incentives
Duty entitlement under the Duty Entitlement Pass Book Scheme (DEPB Scheme) on export of the goods manufactured by the Company is accounted on realisation basis. Refund of excise duty of " Export under the claim of rebate " is accounted for on completion of formality of claiming refund of excise.
- k) Other Accounting Policies :-
The Company follows generally accepted accounting principles in respect of accounting policies not specifically referred to hereinabove.

Hindustan Hardy Spicer Limited

2) Contingent Liabilities Not Provided For :

- a) Estimated amounts of contracts remaining to be executed on capital account but not provided Rs. **1.90** Lacs (Previous year- Nil)
- b) For Income Tax (Disputed at various higher authorities) Rs. **13.35** Lacs

3) Computation of Profit for the year ended 31 March, 2010 Under Section 349/350 of the Companies Act, 1956 read with section 198 of the Act:

| | Current year (Rs. in lacs) | | Previous year (Rs. in lacs) |
|---------------------------------------|---------------------------------------|-------------|--------------------------------|
| Profit as per Profit and Loss Account | 29.68 | | 32.24 |
| Add : Directors' Remuneration * | 48.13 | 47.22 | |
| Directors' Sitting Fees | 0.23 | 0.19 | |
| Fixed Assets Discarded | 0.00 | 0.09 | |
| Loss on sale of fixed assets | <u>0.00</u> | <u>0.00</u> | 47.50 |
| Less : | | | |
| Profit on sale of assets | 0.00 | 0.00 | 0.75 |
| Net Profit (Loss) Under Section 349 | <u>78.04</u> | | <u>78.99</u> |

*See Note 4 (ii)

As there is inadequate profit as per section 198 of the companies Act, 1956 , no commission is payable to the director.

4) Director's Remuneration : (see note)

| | Current year (Rs. in lacs) | Previous year (Rs. in lacs) |
|---|---------------------------------------|--------------------------------|
| a) Salaries | 40.97 | 33.72 |
| b) Contribution to Provident Fund and Other Funds | 2.75 | 1.89 |
| c) Perquisites | 2.11 | 10.04 |
| d) Superannuation | 2.30 | 1.57 |
| | <u>48.13</u> | <u>47.22</u> |

Note :

- i) As employee wise break-up of contribution to gratuity fund is not ascertainable, the same has not been included in the above figure.
- ii) Remuneration of Rs. 18.00 Lacs payable to Chairman Mr. S.C.Saran is subject to the approval of - Central Government .

5) Miscellaneous Expenses include payment to Statutory Auditors :

| Particulars | Current Year (Rs. in lacs) | Previous Year (Rs. in lacs) |
|---|-------------------------------|--------------------------------|
| i) Statutory Audit fees | 3.03 | 3.20 |
| ii) For expenses reimbursed * | 0.95 | 0.14 |
| iii) Tax Audit Fees | 1.38 | 1.11 |
| iv) Certification including Qtrly review | 1.16 | 1.11 |
| v) Tax matters including appearance before tax Authorities. | 1.10 | 0.54 |
| | <u>7.62</u> | <u>6.10</u> |

* Includes Short provisions on account of service tax of earlier year.

6) The company is in process of compiling the data of suppliers which are covered under the Micro, Small & Medium Enterprises Development Act, 2006". Hence the details pertaining to that are not disclosed separately. However, Out of the total Sundry Creditors, Rs. 188.74 lacs (Previous Year Rs. 98.40 lacs) are due to Small Scale Industrial Units. No amount is outstanding for more than 30 days with SSI Units. Information regarding small scale industrial undertakings has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

7) Quantitative information for each class of Goods manufactured during the year :

(Figures in brackets relate to previous year)

| a) Class of Goods | Licenced Capacity | Installed Capacity |
|-------------------------|---------------------------|---------------------------|
| Propeller Shafts (Nos.) | 295000 (295000) | 245000 (245000) |

Note : Installed Capacity is as certified by the Managing Director and relied upon by the Auditors.

b) Production, Opening Stock and Closing Stock.

| Class of Goods | Production Nos. | Opening Stock | | Closing Stock | |
|------------------|---------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | | Nos. | Value* (Rs. in lacs) | Nos. | Value* (Rs. in lacs) |
| Propeller Shafts | 92920 (102,193) | 4549 (1,887) | 72.91 (31.25) | 2886 (4,549) | 48.87 (72.91) |
| Spare Parts | | - | 11.88 (5.82) | - | 3.42 (11.88) |
| Scrap | | - | 1.05 (0.21) | - | 0.89 (1.05) |
| | | | 85.84 (37.28) | | 53.18 (85.84) |

*includes excise duty

Hindustan Hardy Spicer Limited

| c) Turnover : | Quantity Nos | Value (Rs. in lacs) |
|--------------------------|--------------------------|-------------------------------|
| Propeller Shafts | 94583 (99,503) | 2060.87 (2,337.88) |
| Spare Parts | | 761.28 (682.85) |
| Total manufacturing sale | | 2,822.15 (3,020.73) |
| Trading Sale | | 639.16 (91.89) |
| Total Sale | | 3,461.31 (3,112.62) |

| d) Raw Material Consumed: | Quantity Nos | Value (Rs. in lacs) |
|---------------------------|-------------------------------|-------------------------------|
| Forgings (kgs.) | 1,078,049 (994,704) | 871.16 (831.21) |
| Castings (kgs.) | 242,592 (155,350) | 155.50 (104.19) |
| Tubes (mtrs.) | 73,213 (62,791) | 193.47 (159.93) |
| Others | | 282.81 (497.92) |
| | | 1,502.94 (1,593.25) |

| e) Imported and Indigenous Consumption : | Value (Rs. in lacs) | Percentage |
|--|-------------------------------|---------------------------|
| i) Raw Materials : | | |
| Imported | 12.23 (7.14) | 0.81 (0.45) |
| Indigenous | 1,490.71 (1,586.11) | 99.19 (99.55) |
| | 1,502.94 (1,593.25) | 100.00 (100.00) |
| ii) Stores, Spares and Tools. | | |
| Indigenous | 89.76 (109.04) | 100 (100) |

The item "Spare Parts" in paragraph 4D (ii) of Schedule VI of the Companies Act, 1956 is interpreted to mean components used in the manufacture of finished products or sold as such and not spare parts used for repairs and maintenance of machinery.

8) Quantitative information for traded goods during the year
(Figures in brackets relate to previous year)

(Rs. in lacs)

| Class of Goods | Opening Stock | | Purchases | | Despatches | | Closing Stock | |
|------------------|----------------|----------------|----------------|-------------------|----------------|-------------------|----------------|----------------|
| | Nos. | Value | Nos. | Value | Nos. | Value | Nos. | Value |
| Propeller Shafts | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| Spare Parts | Nil (Nil) | Nil (Nil) | Nil (Nil) | 618.51 (73.13) | Nil (Nil) | 639.16 (91.89) | Nil (Nil) | Nil (Nil) |

9) a) Earnings in Foreign Exchange : Value
(Figures in brackets relate to previous year) (Rs. in lacs)

F.O.B. Value of Exports **718.25**
(1,373.20)

b) Expenditure in Foreign Currency :

Capital Expenditure **Nil**
(Nil)

Travel **3.32**
(8.10)

Others **0.11**
(Nil)

c) C.I.F. Value of Imports :

Raw Materials **10.56**
(4.99)

10) Particulars of Dividend remitted to non-resident shareholders

| Year to which dividend relates | 2008-2009 | 2007-2008 |
|-------------------------------------|---------------|-----------|
| Number of non-resident shareholders | 1 | 1 |
| Number of equity shares held | 390000 | 390000 |
| Dividend remitted (Rupees) | 390000 | 1365000 |

Hindustan Hardy Spicer Limited

11) Deferred Tax

The Company has accounted for Deferred Tax in accordance with Accounting Standard -22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

The Deferred Tax during the year for Timing difference is accounted using tax rates that have been enacted, the net difference arising thereon is debited to the Profit & Loss Account.

The break up of net deferred tax Liability as on 31st March 2010 is as under :

| Particulars | Current year (Rs. in lacs) Deferred tax | | Previous year (Rs. in lacs) Deferred tax | |
|---|---|--------------|--|-------------|
| | liability | assets | liability | assets |
| Difference between Book & Tax depreciation | 76.97 | 0.00 | 76.74 | 0.00 |
| Provision for doubtful debts | 1.25 | 0.00 | 0.61 | 0.00 |
| Privilege Leave encashment | 0.00 | 12.78 | 0.00 | 9.21 |
| Net deferred tax | 78.22 | 12.78 | 77.35 | 9.21 |

12) Gratuity

i) Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits:-
In respect of gratuity, a defined benefit scheme (based on Actuarial Valuation)-

| Description | Rs. Lacs |
|--|---------------|
| A. Change in Obligations over the year ended 31 March 2010 | |
| Present Value of Defined Benefit Obligation at the beginning of the year | 177.50 |
| Current Service Cost | 9.44 |
| Past Service Cost | - |
| Inter Cost | 13.87 |
| Curtailment cost / (credit) | - |
| Settlement cost / (credit) | - |
| Amalgamations | - |
| Actuarial (gains) / losses | 7.59 |
| Benefits paid | (4.05) |
| Present Value of Defined Benefit Obligation at the end of the year | 204.35 |
| B. Change in Plan Assets (Reconciliation of opening and closing balances) | |
| Fair value of Plan Assets at the beginning of the year | 256.87 |
| Expected return on Plan Assets | 20.45 |
| Actuarial Gain / (Loss) | 1.76 |
| Contributions | 0.80 |
| Benefits paid | (4.05) |
| Fair value of Plan Assets at the end of the year | 275.83 |

| Description | Rs. Lacs |
|---|--------------|
| C. Reconciliation of fair value of assets and obligations | |
| Fair value of Plan Assets at the end of the year | 275.83 |
| Present value of Obligation at the end of the year | (204.35) |
| Amount recognised in Balance Sheet | 71.48 |
| D. Expense recognised during the year | |
| Current Service Cost | 9.44 |
| Past Service Cost | - |
| Interest Cost | 13.87 |
| Curtailment cost / (credit) | - |
| Settlement cost / (credit) | - |
| Actuarial (gains) / losses | 5.84 |
| Expected return on plan assets | (20.45) |
| Total | 8.70 |
| E. Principal Actuarial Assumptions | |
| Discount rate | 8.00% |
| Expected rate of return on assets | 8.00% |
| Salary increase (taking in account inflation, seniority, promotion and other relevant factors) | 5.00% |

The Company has single scheme for payment of gratuity to all eligible employees calculated at 15 days of last drawn Salary, depending upon tenure of service for each year of completed service, subject to minimum service of five years, payable at the time of seperation upon superannuation or on exit otherwise.

ii) In respect of Defined contribution schemes -

- a) The Company contributes 12% of Salary for all eligible employees towards Provident Fund managed by the Central Government.
- b) The Company also contributes a certain percentage of Salary for all eligibe employees in managerial cadre towards Superannuation Funds managed by approved trusts or by Life Insurance Corporation of India.
- c) In the past the company had estimated the total gratuity liability on actual basis by debiting to Profit & Loss account. As there is reduction in the Gratuity Liability calculated on actual basis, during the current year the same has been credited to Profit & Loss account under Schedule 17.

Hindustan Hardy Spicer Limited

13) Related Party Disclosure

The party with whom the company is having transactions, covered under the definition of "Related Party" given in accounting Standard 18 -Related party disclosure issued by Institute of Chartered Accountants of India is as follows. **(Rs. in Lacs)**

| | Name of Party | Relationship | Nature of Transactions | Transaction Amount | | Outstanding Balance as at year end | |
|------|--------------------------|--|---|--------------------|---------|------------------------------------|-----------|
| | | | | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| i) | XLO India Limited | Promoter Company, & Chairman as Managing Director | Sales & Labour Job | 231.41 | 0.58 | 72.20 Dr. | 0.02 Dr. |
| | XLO India Limited | ----do---- | For Expenses - Reimbursement | 1.32 | 0.69 | 0.22 Cr. | 0.11 Cr. |
| ii) | Mr. S.C. Saran | Chairman | Remuneration as Chairman - See Note 4(ii) | 18.00 | 18.00 | 18.00 Cr. | 18.00 Cr. |
| iii) | Mr. A.R. Rajwade | Key Management Personnel | Remuneration as Managing Director | 30.13 | 29.22 | Nil | 3.27 Cr. |
| iv) | Business Combine Limited | Entity over which Chairman is able to exercise significant influence | Purchases - (Casting & Trading items) | 429.89 | 74.86 | 1.02 Cr. | 1.30 Cr. |

14) Segment Information :

a) Primary Segment :

The Company is exclusively engaged in the business of designing and manufacturing of propeller Shafts and other accessories required for automotive, industrial and other applications. These in the context of Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, are considered to constitute one single primary segment.

b) Secondary Segment : (Figures in brackets relate to previous year)

Two secondary segments have been identified based on geographical locations of customers,

Domestic & Export :

(Rs.in Lacs)

| | Domestic | Export | Total |
|-----------------|-----------|-----------|-----------|
| Segment Revenue | 2634.60 | 703.22 | 3337.82 |
| | (1593.35) | (1385.26) | (2978.61) |

Note: The Company's Tangible Assets are located entirely in India.

15) Earning per share (EPS)

| Particulars | 2009-10 | 2008-09 |
|--|----------------|----------------|
| a) Profit/(Loss) after tax as per P&L Account(Rs.lacs) | 20.38 | 18.40 |
| b) Number of Equity Shares | 1498450 | 1500000 |
| c) Nominal value of Equity Shares (Rs) | 10 | 10 |
| d) Basic earning per share (a/b) Rs. | 1.36 | 1.23 |
| e) Diluted earning per share (a/b) Rs. | 1.36 | 1.23 |

16) Details of provisions and movements in each class of provisions as required by the Accounting Standard on Provisions, contingent Liabilities and Contingent Assets (Accounting Standard-29)

| Particulars | Leave encashment | |
|---|-------------------------|----------------|
| | Rs. In lacs | |
| | 2009-10 | 2008-09 |
| Carrying amount as at 1 st April | 51.91 | 45.64 |
| Additional provision made during the year | 11.86 | 15.58 |
| Amounts paid during the year | 5.18 | 9.31 |
| Carrying amount as at 31st March | 58.59 | 51.91 |

17) Disclosure regarding Derivatives instrument

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise

| Particulars | Amount in foreign Currency | | Equivalent Amount in Rs. Lac |
|------------------------------|-----------------------------------|--------|-------------------------------------|
| Debtors | GBP | 53575 | 38.09 |
| | Euro | 255908 | 166.85 |
| | USD | 5720 | 2.61 |
| Bank bal (FCNRB Loan) | Euro | 300000 | 199.56 |

18) Previous years figures have been regrouped and recast wherever considered necessary.

Hindustan Hardy Spicer Limited

19) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

A) Registration details :

| | | | | |
|---------------------|------|-------|------|-------|
| Registration number | | | | 28498 |
| State Code | | | | 11 |
| Balance Sheet date | 31 | 03 | 2010 | |
| | Date | Month | Year | |

B) Capital raised during the year :

| | (Rs. in lacs) |
|-------------------|---------------|
| Public Issue | Nil |
| Rights Issue | Nil |
| Bonus Issue | Nil |
| Private Placement | Nil |

C) Position of mobilisation and deployment of funds :

| | |
|-------------------|---------|
| Total Liabilities | 1446.96 |
| Total Assets | 1446.96 |

Sources of Funds

| | |
|------------------------|--------|
| Paid-up Capital | 149.85 |
| Reserves and Surplus | 684.24 |
| Secured Loans | 547.42 |
| Deferred Tax Liability | 65.45 |

Application of Funds

| | |
|---------------------|--------|
| Net Fixed Assets | 681.40 |
| Investments | 0.55 |
| Net Current assets | 765.01 |
| Deferred Tax Assets | 0.00 |

D) Performance of the Company :

| | |
|--|---------|
| Turnover (including other income) | 3440.76 |
| Total Expenditure | 3422.37 |
| Earning per share | |
| a) Net profit available for equity shareholders (Rs.lacs) | 20.38 |
| b) Weighted average number of Equity shares of Rs.10/- each outstanding during the year (number of shares) | 1498450 |
| c) Basic / Diluted Earning per share (Rs.) (a/b) | 1.36 |

E) Generic names of three Principal Products of the Company

| Item Code number | Product Description |
|------------------|--------------------------|
| 8708.99.00 | Propeller Shaft Assembly |

Chairman
S.C. Saran

Managing Director
A.R.Rajwade

Directors

Mumbai, 23th April, 2010

Hindustan Hardy Spicer Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

| | 2009-10 (Rs. in lacs) | 2008-09 (Rs. in lacs) |
|---|--------------------------|--------------------------|
| A) Cash flow from Operating Activities | | |
| Net Profit Before Tax and Extraordinary Items | 18.39 | 10.43 |
| Adjustments for : | | |
| Depreciation | 73.47 | 68.83 |
| Fixed Assets Discarded | 0.00 | 0.09 |
| Profit on Sale of Fixed Assets | 0.00 | (0.75) |
| Interest and Finance Charges | 52.59 | 63.33 |
| Provision for Leave Encashment | 6.68 | 6.27 |
| Interest and Dividend Income | (1.08) | (0.85) |
| Operating Profit before Working Capital changes | <u>150.05</u> | <u>147.35</u> |
| Adjustments for : | | |
| Trade and Other Receivables | (145.85) | 125.78 |
| Inventories | 12.68 | (46.58) |
| Trade Payables | <u>287.37</u> | <u>(84.70)</u> |
| Cash Generated from Operations | 304.25 | 141.85 |
| Direct Taxes Paid | (0.57) | (40.68) |
| Cash flow before Extraordinary Items | <u>303.69</u> | <u>101.18</u> |
| Net Cash Flow from Operating Activities | <u><u>303.69</u></u> | <u><u>101.18</u></u> |
| B. Cash flow from Investment Activities | | |
| Purchase of Fixed Assets | (79.00) | (132.08) |
| Sale of Fixed Assets | 0.00 | 0.75 |
| Interest Received | 1.85 | 0.47 |
| Net Cash Used in Investing Activities | <u><u>(77.15)</u></u> | <u><u>(130.86)</u></u> |

C. Cash flow from Financing Activities

| | | |
|--|-----------------|--------------|
| Dividend Paid | (17.55) | (61.42) |
| Unclaimed Dividend | 0.27 | 1.69 |
| Proceeds/(Repayment) of Long Term Borrowings | (39.77) | 2.95 |
| Proceeds/(Repayment) of Short Term Borrowings | (99.24) | 150.24 |
| Interest and Finance Charges | (52.59) | (63.33) |
| Call Money Received | (0.07) | 0.01 |
| Share Forfeiture Reserve | 0.08 | 0.00 |
| | <u>(208.87)</u> | <u>30.14</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 17.66 | 0.46 |
| Cash and Cash Equivalents as at -Opening | 16.77 | 16.31 |
| Cash and Cash Equivalents as at -Closing | 34.43 | 16.77 |

By order of the Board of Directors

A.R.Rajwade
Managing Director

Mumbai, April 23, 2010

Note :

1. Cash and Cash Equivalents consists of :

(Rs . In Lacs)

| | AS AT 31.03.2010 | AS AT 31.03.2009 | AS AT 31.03.2008 |
|--|---------------------|---------------------|---------------------|
| Cash and Cheques on hand | 0.86 | 1.06 | 0.69 |
| Balances with Scheduled and other banks In Current Accounts | 33.57 | 11.52 | 11.47 |
| In Margin Money Account | 0.00 | 4.19 | 4.15 |
| Total | 34.43 | 16.77 | 16.31 |

2. Previous years figures have been regrouped wherever necessary to confirm with current year's classification.

As per our report attached
For J.L.Bhatt & Co.
Chartered Accountants

By order of the Board of Directors
For Hindustan Hardy Spicer Ltd.

Y. J. Bhatt
Partner

A.R.Rajwade
Managing Director

Mumbai, April 23, 2010

Mumbai, April 23, 2010

Hindustan Hardy Spicer Limited
Registered Office : Bombay Footwear Building, Deonar Village Road,
Opp: N.K.G.S.B. Bank- Deonar, Mumbai 400 088

ATTENDANCE SLIP

| | | | |
|---------------------------|-----------------------------|-----------|--------------|
| NAME OF THE SHAREHOLDER : | | | |
| FOR PHYSICAL HOLDING | FOR ELECTRONIC FORM (DEMAT) | | NO OF SHARES |
| LF NO. | DP ID | CLIENT ID | |
| | | | |

I hereby record my presence at the Twenty Eighth Annual General meeting, held at Sunville Delux Pavillion, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018., on Monday, May 31, 2010 at 3.00P.M. as a share holder / Proxy*.



NAME OF PROXY IN BLOCK CAPITALS

SIGNATURE OF THE SHAREHOLDER OF PROXY*

Notes:

- 1) Shareholder / Proxy-holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover the same at the entrance duly signed.
- 2) Shareholder / Proxy-holder desiring to attend the meeting should bring his copy of the annual Report for reference at the meeting.

Hindustan Hardy Spicer Limited
Registered Office : Bombay Footwear Building, Deonar Village Road,
Opp: N.K.G.S.B. Bank- Deonar, Mumbai 400 088

PROXY FORM

| | | | |
|----------------------|-----------------------------|-----------|--------------|
| FOR PHYSICAL HOLDING | FOR ELECTRONIC FORM (DEMAT) | | NO OF SHARES |
| LF NO. | DP ID | CLIENT ID | |
| | | | |

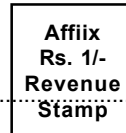


I/We of
being a member/members of HINDUSTAN HARDY SPICER LTD. hereby appoint
 of
 or failing him/her
 of as my/our proxy to vote for me/us and
 on my/our behalf at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company to be held on
 Monday, May 31, 2010 at 3.00P.M. and at any adjournment thereof.

Signed thisday of2010.

Date of Receipt2010.
 (For Office Use Only)

Signature



N.B. : proxies to be valid must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

BOOK - POST

To,

If undelivered please return to :

Hindustan Hardy Spicer Limited

Bombay Footwear Building, Deonar Village Road,
Opp: N.K.G.S.B. Bank- Deonar, Mumbai 400 088