



**Hindustan Hardy Spicer Ltd.**

**Twenty Ninth Annual Report  
2010-2011**

**BOARD OF DIRECTORS**

Mr. S. C. Saran	Chairman
Mr. A. R. Rajwade	Managing Director
Mr. K. H. Captain	Director
Mr. Shiamak Marshall	Director
Mr. Jehangir H.C. Jehangir	Director

**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, 4<sup>th</sup> 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.

Tel.: 0253 - 2382018 / 2118

Fax : 0253 - 2382528

email : hhardy\_nsk@sancharnet.in

**Compliance Officer**

Mr. A.R.Rajwade

email: md@hhspl.net

**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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## **NOTICE**

Notice is hereby given that the Twenty-ninth 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 Wednesday, June 29, 2011 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, 2011 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. K. H. Captain who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Jehangir H. C. Jehangir who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration

### **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.
3. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, June 22, 2011 to Wednesday, June 29, 2011 (Both days inclusive).
4. Dividend if declared will be payable to those members whose names appear in the Register of Members on June 29, 2011. 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 June 22, 2011 as per details furnished by the Depositories for this purpose.

## Hindustan Hardy Spicer Limited

5. 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 Investors' 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.
6. 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.
7. 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 : May 23, 2011

## DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the Twenty Ninth Annual Report together with the Statement of Accounts for the year ended on March 31, 2011

### FINANCIAL RESULTS :

During the year under review, net sales turnover was Rs.4653.25 lacs as against Rs. 3337.82 lacs during the corresponding previous year. Export earnings were Rs. 1223.75 lacs as against Rs. 718.25 lacs during the corresponding previous year. Profit after tax was Rs. 54.54 lacs as against Rs. 20.38 lacs for the previous year.

	<b>2010-11</b>	2009-10
	<b>(Rs. in lakhs)</b>	(Rs. in lakhs)
SALES	<b>4653.25</b>	3337.82
PROFIT	<b>207.25</b>	144.45
Less:		
Depreciation	<b>68.60</b>	73.47
Interest	<b>63.09</b>	<u>52.59</u>
	<b>75.56</b>	<u>18.39</u>
Add: Prior Period Adjustment (Net)	-	11.29
PROFIT BEFORE TAX	<b>75.56</b>	29.68
Less: Provision for Taxation		
Current Tax	<b>24.00</b>	12.00
Deferred Tax	<b>(2.98)</b>	(2.70)
PROFIT AFTER TAX	<b>54.54</b>	20.38
Surplus brought forward from Previous Year	<b>304.08</b>	<u>302.25</u>
PROFIT AVAILABLE FOR APPROPRIATION	<b>358.61</b>	322.63
General Reserve	<b>6.00</b>	1.00
Proposed Dividend	<b>44.95</b>	15.00
Tax on Proposed Dividend	<b>7.47</b>	<u>2.55</u>
Surplus Carried Forward	<b>300.19</b>	<u>304.08</u>

# Hindustan Hardy Spicer Limited

## DIVIDEND

The Board of Directors are pleased to recommend a dividend of 30% on 14,98,450 Equity Shares of Rs. 10/- each.

## OUTLOOK

### Certifications :

The Company has taken various steps to maintain/improve the Quality Management Systems as per ISO/TS 16949:2002 and Environmental Management Systems as per ISO 14001-2004 which are in place for last several years.

The Surveillance Audit for ISO/TS 16949:2002 has been successfully completed on 13th May 2011.

Surveillance Audit for ISO 14001-2004 is scheduled in first week of July 2011.

### Business :

Overseas Market : Because of improvement in the international market, we could export the goods worth Rs. 1223.75 lacs during the financial year 2010-11. As against 35% growth expected as reported last year, we could achieve growth of 70%.

Domestic Market : The domestic market was continuously growing and as against 25% expected growth, we could achieve growth of 40%.

We are planning for 20% growth in the export as well as domestic sales for the financial year 2011-12. This growth is expected through business from the new customers developed by us / under development.

## 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.

Through various developments, we have been able to reduce the energy cost from 3.5% to 3.00% of sales, in spite of increase in the energy rates.

### 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. So as to improve the technology further, we have added various machines and established a full-fledged R & D cell.

**c) FOREIGN EXCHANGE EARNING AND OUTGO**

The Foreign Exchange earnings and outgo are as under	(Rs. in lacs)
1. Foreign Exchange Earnings	1223.75
2. Foreign Exchange Outgo on account of import	8.98
3. Foreign Exchange Outgo on account of dividends	3.90
4. Foreign Exchange Outgo on account of travel	21.87
5. Foreign Exchange Outgo on account of Sales Commission	0.60
<b>Total Foreign Exchange outgo</b>	<b>35.35</b>
<b>Net Foreign Exchange earnings</b>	<b>1188.40</b>

**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 had 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 had 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.

# Hindustan Hardy Spicer Limited

## **DIRECTORS**

Mr. Jehangir H. C. Jehangir and Mr. K. H. Captain, Directors of the Company, retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

During the year Mr. Eric Paul Haag resigned as director of the company with effect from January 14, 2011. Your directors place on record its appreciation of the valuable service and guidance given by him during the tenure of his directorship with the Company.

## **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, 2011 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 2011-2012.

## **PARTICULARS OF EMPLOYEES**

The Company does not have any employee whose particulars are required to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## **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 : May 23, 2011

**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, 2011. 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 4 (Four) times on 23.04.2010, 13.07.2010, 27.10.2010, 27.01.2011 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 24, 2010 to Monday, May 31, 2010, 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, 2010 was held on 31.05.2010 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. No Extra Ordinary General Meeting was held during the financial year.
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 three years from 01.04.2009 to 31.03.2012 pursuant to the provisions of Section 314 of the Act.
12. The duly constituted committee of the Board of Directors has approved the issue of 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 04.06.2010, 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 07.07.2010.
  - (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 directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
15. The Company has not appointed any Managing Director/ Whole-time Directors/ Manager during the financial year.
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 three years from 01.04.2009 to 31.03.2012.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made 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.
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.

## Hindustan Hardy Spicer Limited

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 31.03.2011 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 : May 23, 2011

Jigyasa N. Ved  
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 : May 23, 2011

Jigyasa N. Ved  
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, 2011.

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 31.03.2010	09.04.2010	Yes	N.A.
2.	Form 32	303	Appointment of Eric Paul Haag as Director at Annual General meeting held on 31.05.2010	02.06.2010	Yes	N.A.
3.	Form 66 Alongwith Compliance Certificate	383A	Financial year ended 31.03.2010	02.06.2010	Yes	N.A.
4.	Form 23 AC & Form 23ACA alongwith Annual Report for the year ended 31.03.2010	220	Approved at the Annual General Meeting held on 31.05.2010	14.06.2010	Yes	N.A.
5.	Form 62	205C	Quarterly Return on IEPF for quarter ended 30.06.2010	27.07.2010	Yes	N.A.
6	Form 20B alongwith Annual Return made as on 31.05.2010	159	Annual General Meeting held on 31.05.2010	12.07.2010	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
7.	Form 62	205C	Quarterly Return on IEPF for quarter ended 30.09.2010	22.10.2010	Yes	N.A.
8.	Form 1 (of IEPF)	Investor Education and Protection Fund Rules	Transfer of unpaid /unclaimed dividend to Investor Education and Protection Fund on 02.11.2010	10.11.2010	N.A.	N.A.
9.	DIN-3	DIN Rules	DIN-2 of Phillip Rotman II	04.01.2011	No	YES
10.	Form 32	303	Resignation of Mr. Phillip Rotman II with effect from 31.05.2009	10.01.2011	No	YES
11.	Form 62	205C	Quarterly Return on IEPF for quarter ended 31.12.2010	14.01.2011	Yes	N.A.
12.	Form 32	303	Resignation of Mr. Eric Paul Haag as Director with effect from 14.01.2011	02.02.2011	No	YES

For Jigyasa Singhi & Associates  
**Company Secretary**

Place: Mumbai  
Date : May 23, 2011

Jigyasa N. Ved  
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, 2011, 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, 2011 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. in our opinion and to the best of our information and according to explanations given to us, the said accounts 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, 2011;**
  - 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  
Firm Reg. No: 101332W

**YOGESH J. BHATT**  
Partner  
Membership No. 30170

**Mumbai, 23.05.2011**

## 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 2011 on account of any dispute are given below :

<b>Nature of the dues</b>	<b>Amount (Rs. Lacs)</b>	<b>Period for which the amount relates (Assessment Years)</b>	<b>Forum where the dispute is pending</b>
Income Tax	12.69 **	2005-06	Income Tax Appellate Tribunal
<b>Total</b>	<b>12.69</b>		

\*\* 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 to us, no fraud on or by the Company was noticed or reported during the year.

**For J. L. BHATT & COMPANY**  
Chartered Accountant's  
Firm Reg. No: 101332W

**YOGESH J. BHATT**  
Partner  
Membership No. 30170

**Mumbai, 23.05. 2011.**

# Hindustan Hardy Spicer Limited

## BALANCE SHEET AS AT 31 MARCH, 2011

	-SCHE- -DULES-	AS AT 31.03.2011 (Rs. in lacs)	AS AT 31.03.2010 (Rs. in lacs)
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	149.85	149.85
Reserves and Surplus	2	686.36	684.24
		836.21	834.09
<b>LOANS</b>			
Secured	3	541.95	547.42
		541.95	547.42
Deferred Tax Liability (Net) (Refer note no.11 of Schedule no 18)		62.47	65.45
<b>TOTAL</b>		<b>1440.63</b>	<b>1446.96</b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross block	4	1754.20	1637.60
Less : Depreciation		1039.38	973.40
Net block		714.82	664.20
Capital work in progress		3.08	17.20
Investments	5	0.55	0.55
<b>CURRENT ASSETS ,LOANS AND ADVANCES :</b>			
Inventories	6	529.30	371.66
Sundry Debtors	7	812.25	860.84
Cash and Bank Balances	8	13.51	34.43
Loans and Advances	9	252.14	225.80
		1607.20	1492.73
LESS:CURRENT LIABILITIES AND PROVISIONS	10	885.02	727.72
<b>NET CURRENT ASSETS</b>		<b>722.18</b>	<b>765.01</b>
<b>TOTAL</b>		<b>1440.63</b>	<b>1446.96</b>

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  
Firm Reg. No: 101332W

Y. J. Bhatt  
Partner  
Mumbai, May 23, 2011

**Chairman**  
S.C.Saran  
**Managing Director**  
A.R.Rajwade  
**Directors**  
K.H. Captain  
Shiamak Marshal  
Mumbai, May 23, 2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2011

	SCHE- -DULES	2010-2011 (Rs. in lacs)	2009-2010 (Rs. in lacs)
<b>I. SALES AND OTHER INCOME</b>			
Gross Sales	11	4950.55	3517.86
Less : Excise Duty		<u>297.30</u>	<u>180.04</u>
Net Sales		4653.25	3337.82
Other Income	12	45.74	102.94
Increase/(Decrease) in Stock	13	51.53	(26.82)
		<u>4750.53</u>	<u>3413.94</u>
<b>II. EXPENDITURE</b>			
Raw Materials Consumed	14	3050.24	2121.45
Manufacturing, Selling, Administrative and Other Expenses	15	1493.04	1148.04
Depreciation (Including Rs 0.09 lac premium on leasehold land written off. Previous year Rs 0.09 lac)	4	68.60	73.47
Interest	16	63.09	52.59
		<u>4674.97</u>	<u>3395.55</u>
<b>III. PROFIT \ (LOSS) FOR THE YEAR</b>			
Add : Extraordinary & prior period Items	17	75.56	18.39
<b>PROFIT \ (LOSS) BEFORE TAX</b>		<u>0.00</u>	<u>11.29</u>
Less : Provision for Taxation		75.56	29.68
Current Tax		24.00	12.00
Deferred Tax		(2.98)	(2.70)
<b>PROFIT \ (LOSS) AFTER TAX</b>		<u>54.54</u>	<u>20.38</u>
<b>Add : Surplus brought forward from previous year</b>		304.08	302.25
Profit Available for Appropriation		<u>358.61</u>	<u>322.63</u>
General Reserve		6.00	1.00
Proposed Dividend		44.95	15.00
Tax on Dividend		7.47	2.55
Surplus Carried Forward		<u>300.19</u>	<u>304.08</u>
<b>Earning Per Share</b>			
Basic (Rs)		3.64	1.36
Diluted (Rs)		3.64	1.36

(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

Firm Reg. No: 101332W

Y. J. Bhatt

Partner

**Mumbai, May 23, 2011**

**Chairman**

S.C.Saran

**Managing Director**

A.R.Rajwade

**Directors**

K.H. Captain

Shiamak Marshal

**Mumbai, May 23, 2011**

## Hindustan Hardy Spicer Limited

	AS AT 31.03.2011 (Rs. in lacs)	AS AT 31.03.2010 (Rs. in lacs)
<b>SCHEDULE 1- SHARE CAPITAL</b>		
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	<u>149.85</u>	<u>149.85</u>
	<u><u>149.85</u></u>	<u><u>149.85</u></u>
<b>SCHEDULE 2- RESERVES AND SURPLUS</b>		
<b>1) Capital Subsidy</b> Balance as per Last Balance Sheet	<b>15.00</b>	15.00
<b>2) Investment Allowance (Utilised) Reserve</b> Balance as per Last Balance Sheet	<b>24.36</b>	24.36
<b>3) General Reserve</b> Balance as per Last Balance Sheet	<b>340.73</b>	339.73
Add: Amount Transferred from P&L Account	<u>6.00</u>	<u>1.00</u>
	<b>346.73</b>	<b>340.73</b>
<b>4) Share Forfeiture Reserve</b>	<b>0.08</b>	0.08
<b>5) Balance of Profit and Loss Account</b>	<u><b>300.19</b></u>	<u><b>304.08</b></u>
	<u><b>686.36</b></u>	<u><b>684.24</b></u>
<b>SCHEDULE 3- LOANS:</b>		
<b>(A) SECURED:</b>		
From Bank - Cash Credit	<b>225.74</b>	207.00
From Bank - FCNRB Loan (Euro - 300000)	<b>188.11</b>	200.63
From Bank - ( SBI ) Term Loan	<b>128.11</b>	138.74
From Bank - ( ICICI ) Term Loan	<u>0.00</u>	<u>1.05</u>
	<u><b>541.96</b></u>	<u><b>547.42</b></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, 2011

### SCHEDULE 4 - FIXED ASSETS

(Rs. in lacs)

ASSETS	GROSS BLOCK				DEPRECIATION				NET-BLOCK	
	AS AT 01.04.10	ADDI- -TIONS	DEDN. ADJU.	AS AT 31.03.11	AS AT 01.04.10	FOR THE YEAR	DEDN. ADJU.	AS AT 31.03.11	AS AT 31.03.11	AS AT 31.03.10
LEASEHOLD LAND	8.29	0.00	0.00	<b>8.29</b>	2.31	0.09	0.00	<b>2.40</b>	<b>5.89</b>	5.98
BUILDINGS	225.05	0.00	0.00	<b>225.05</b>	104.76	7.07	0.00	<b>111.83</b>	<b>113.22</b>	120.29
PLANT AND MACHINERY	1329.91	99.45	4.43	<b>1424.92</b>	835.49	55.50	2.47	<b>888.52</b>	<b>536.40</b>	494.42
FURNITURE AND FIXTURES	30.84	12.87	0.22	<b>43.49</b>	14.45	1.74	0.15	<b>16.04</b>	<b>27.45</b>	16.39
VEHICLES	43.52	8.93	0.00	<b>52.46</b>	16.39	4.21	0.00	<b>20.60</b>	<b>31.86</b>	27.13
	<b>1637.61</b>	<b>121.25</b>	<b>4.65</b>	<b>1754.21</b>	<b>973.40</b>	<b>68.60</b>	<b>2.62</b>	<b>1039.38</b>	<b>714.83</b>	<b>664.21</b>
CAPITAL WORK IN PROGRESS *									<b>3.08</b>	17.20
<b>TOTAL</b>									<b>717.91</b>	681.41
PREVIOUS YEAR	1575.66	61.94	0.00	1637.60	899.93	73.47	0.00	973.40	681.40	675.86

\* including Capital advances of Rs. 3.08 lacs (previous year Rs.17.20 lacs )

## Hindustan Hardy Spicer Limited

	<b>AS AT 31.03.2011 Rs. in lacs</b>	<b>AS AT 31.03.2010 Rs. in lacs</b>
<b>SCHEDULE 5- INVESTMENTS (AT COST)</b>		
NON TRADE :Unquoted:		
50 Equity Shares of Rs.100 each Fully paid, in Dinette Exclusive Club Private Limited	<b>0.05</b>	0.05
2000 Equity Shares of Rs. 25 each Fully paid, in Janalaxmi Co-operative Bank Limited.	<b>0.50</b>	0.50
	<u><b>0.55</b></u>	<u>0.55</u>
<b>SCHEDULE 6- INVENTORIES</b>		
(At Cost or Net Realisable Value whichever is lower)		
Raw Materials	<b>246.34</b>	210.73
Work-in-Process	<b>165.13</b>	90.84
Finished Goods	<b>31.25</b>	54.01
Stores and Spares	<b>32.01</b>	16.08
Trading Goods	<b>54.57</b>	0.00
	<u><b>529.30</b></u>	<u>371.66</u>
<b>SCHEDULE 7- SUNDRY DEBTORS</b>		
(Unsecured)		
Over six months:		
Considered good	<b>20.07</b>	36.19
Considered doubtful	<u><b>1.52</b></u>	<u>1.52</u>
	<b>21.59</b>	37.71
Less than six months:		
Considered good	<b>792.18</b>	824.65
	<u><b>792.18</b></u>	<u>824.65</u>
	<b>813.77</b>	862.36
Less : Provision for Doubtful Debts	<b>1.52</b>	1.52
	<u><b>812.25</b></u>	<u>860.84</u>

	AS AT 31.03.2011 (Rs. in lacs)	AS AT 31.03.2010 (Rs. in lacs)
<b>SCHEDULE 8- CASH AND BANK BALANCES</b>		
Cash, Cheques and Stamps on hand	1.01	0.86
Balances with Scheduled and Other Banks:		
In Current Accounts	12.25	33.57
In Margin Money Account	0.25	0.00
	<u>13.51</u>	<u>34.43</u>
<b>SCHEDULE 9- LOANS AND ADVANCES</b>		
<b>(Unsecured -Considered Good)</b>		
Advances recoverable in cash or in kind or for value to be received.	188.37	172.47
Balance with Central Excise Authorities	7.84	15.02
Tax deducted at source	5.23	5.09
Sundry Deposits	15.67	16.19
Income Tax ( Net of Provision )		
Current Income Tax (Net of Payment of Advance Tax)	32.74	14.74
Fringe Benefit Tax (Net of Payment of Advance FBT)	2.29	2.29
	<u>252.14</u>	<u>225.80</u>
<b>SCHEDULE 10- CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A) Current Liabilities</b>		
Acceptances	63.03	87.26
Sundry Creditors (Refer Note no. 6 of Schedule no. 18)	648.94	525.18
Advance from Customers	4.39	1.83
Unclaimed Dividend	10.84	10.57
Other Liabilities	<u>40.22</u>	<u>26.74</u>
	767.42	651.58
<b>B) Provisions</b>		
Leave Encashment (Refer Note no. 16 of Schedule no. 18)	65.18	58.59
Proposed Dividend	44.95	15.00
Tax on Dividend	<u>7.47</u>	<u>2.55</u>
	117.60	76.14
	<u>885.02</u>	<u>727.72</u>

## Hindustan Hardy Spicer Limited

	AS AT 31.03.2011 (Rs. in lacs)	AS AT 31.03.2010 (Rs. in lacs)
<b>SCHEDULE 11 - SALES</b>		
Sales less returns etc.(Including Excise Duty) (Includes sale of traded goods Rs 608.52 Previous year Rs. 639.15 lacs )	4880.37	3461.31
Miscellaneous Sales (Including Sale of services Rs. 1.26 lacs - Previous year Rs.1.82 lacs)	70.18	56.55
	<u>4950.55</u>	<u>3517.86</u>
<b>SCHEDULE 12 - OTHER INCOME</b>		
Interest on Deposits With Banks and Others(Tax Deducted at Source Rs. 0.11 lacs - Previous year Rs.0.11 lacs)	0.52	1.08
Miscellaneous Income	19.42	6.03
Provisions written back Rs. 18.52 Lacs.(Previous year Rs.4.58 lacs)		
D E P B Sale \ Utilised	0.91	65.47
Foreign Exchange Difference Gain	24.89	30.36
	<u>45.74</u>	<u>102.94</u>
<b>SCHEDULE 13 - INCREASE/(DECREASE) IN STOCK</b>		
<b>As at Opening of the Year</b>		
Work-in-Process	90.84	85.00
Finished Goods	<u>54.01</u>	<u>86.67</u>
	<u>144.85</u>	<u>171.67</u>
<b>Less : As at end of Year</b>		
Work-in-Process	165.12	90.84
Finished Goods	<u>31.25</u>	<u>54.01</u>
	<u>196.37</u>	<u>144.85</u>
Increase/(Decrease) in Stock	<u>51.52</u>	<u>(26.82)</u>
<b>SCHEDULE 14 - COST OF GOODS SOLD AND RAW MATERIALS CONSUMED</b>		
<b>Raw Materials Consumed</b>		
Opening stock	210.73	197.85
Add: Purchases	<u>2486.61</u>	<u>1515.83</u>
	<u>2697.35</u>	<u>1713.67</u>
Less: Closing Stock	<u>246.33</u>	<u>210.73</u>
	<u>2451.01</u>	<u>1502.94</u>
<b>Cost of Goods Sold - Traded Items</b>		
Opening stock	0.00	0.00
Add: Purchases for Sales	653.80	618.51
Less: Closing Stock	<u>54.57</u>	<u>0.00</u>
	<u>3050.24</u>	<u>2121.45</u>

	AS AT 31.03.2011 (Rs. in lacs)	AS AT 31.03.2010 (Rs. in lacs)
<b>SCHEDULE 15 - MANUFACTURING ,SELLING, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Salaries, Wages and Bonus	594.62	513.70
Contribution to Provident and Other Funds	78.08	61.01
Workmen and Staff Welfare Expenses	54.56	46.85
Consumption of Stores, Spares ,Tools etc.	137.29	89.76
Power ,Fuel and Water	119.86	94.43
Repairs to Plant and Machinery	71.10	45.03
Repairs to Buildings	1.82	7.68
Other Repairs	1.85	2.39
Rent	3.66	3.52
Rates and Taxes	1.47	1.40
Insurance	15.02	10.10
Packing and Forwarding Charges	225.04	127.29
Travelling Expenses and Conveyance Charges	52.32	19.55
Commission on Sales	7.56	8.17
Discount on Sales	0.74	0.84
Directors' Fees	0.16	0.23
Fixed Assets Scrapped/Discarded	2.03	0.00
Miscellaneous Expenses (Refer Note no. 5 of Schedule No 18)	125.87	116.10
	<u>1493.05</u>	<u>1148.05</u>
<b>SCHEDULE 16 - INTEREST</b>		
On Fixed Loans	30.23	35.79
Others	32.86	16.81
	<u>63.09</u>	<u>52.60</u>
<b>SCHEDULE 17 - Extraordinary and prior period items</b>		
( Reversal)\Provision for gratuity	0.00	(11.29)
	<u>0.00</u>	<u>(11.29)</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 :

- Estimated amounts of contracts remaining to be executed on capital account but not provided Rs. **5.10** Lacs ( Previous year- Rs.1.90 )
- For Income Tax (Disputed at various higher authorities) Rs. **12.69** Lacs

### 3) Computation of Profit for the year ended 31 March, 2011 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		<b>75.56</b>		29.68
Add : Directors' Remuneration *	<b>47.76</b>		48.13	
Directors' Sitting Fees	<b>0.16</b>		0.23	
Fixed Assets Discarded	<b>2.03</b>		0.00	
Loss on sale of fixed assets	<b>0.00</b>	<b>49.95</b>	<b>0.00</b>	48.36
Less :				
Profit on sale of assets	<b>0.00</b>	<b>0.00</b>	0.00	0.00
Net Profit (Loss) Under Section 349		<b>125.51</b>		<b>78.04</b>

\*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		<b>42.00</b>		40.97
b) Contribution to Provident Fund and Other Funds		<b>2.88</b>		2.75
c) Perquisites		<b>0.48</b>		2.11
d) Superannuation		<b>2.40</b>		2.30
		<b>47.76</b>		<b>48.13</b>

#### Note :

- As employee wise break-up of contribution to gratuity fund is not ascertainable, the same has not been included in the above figure.
- Remuneration of Rs.18.00 Lacs paid to Chairman Mr. S.C.Saran is as per 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	3.03
ii) For expenses reimbursed *	0.36	0.96
iii) Tax Audit Fees	1.38	1.38
iv) Certification including Qtrly review	1.16	1.16
v) Tax matters including appearance before tax Authorities.	0.00	1.10
	<u>5.93</u>	<u>7.62</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. **293.74** lacs ( Previous Year Rs. 188.74 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.)	<b>295000</b> (295000)	<b>245000</b> (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	<b>140755</b> (92,920)	<b>2886</b> (4,549)	<b>48.87</b> (72.91)	<b>1575</b> (2,886)	<b>26.58</b> (48.87)
Spare Parts		-	<b>3.42</b> (11.88)	-	<b>3.69</b> (3.42)
Scrap		-	<b>0.89</b> (1.05)	-	<b>0.16</b> (0.89)
			<b>53.18</b> (85.84)		<b>30.43</b> (53.18)

\*includes excise duty

## Hindustan Hardy Spicer Limited

c) Turnover :	Quantity Nos	Value (Rs. in lacs)
Propeller Shafts	<b>142066</b>	<b>3,273.07</b>
	(94,583)	(2,060.87)
Spare Parts		<b>998.78</b>
		(761.28)
Total manufacturing sale		<b>4,271.85</b>
		(2,822.15)
Trading Sale		<b>608.52</b>
		(639.16)
Total Sale		<b>4,880.37</b>
		(3,461.31)

d) Raw Material Consumed:	Quantity Nos	Value (Rs. in lacs)
Forgings (kgs.)	<b>1,447,741</b>	<b>1,176.73</b>
	(1,078,049)	(871.16)
Castings (kgs.)	<b>432,447</b>	<b>298.97</b>
	(242,592)	(155.50)
Tubes (mtrs.)	<b>113,827</b>	<b>304.41</b>
	(73,213)	(193.47)
Others	-	<b>670.90</b>
		(282.81)
		<b>2,451.01</b>
		(1,502.94)

e) Imported and Indigenous Consumption :	Value (Rs. in lacs)	Percentage
i) Raw Materials :		
Imported	<b>10.41</b>	<b>0.42</b>
	(12.23)	(0.81)
Indigenous	<b>2,440.60</b>	<b>99.58</b>
	(1,490.71)	(99.19)
	<b>2,451.01</b>	<b>100.00</b>
	(1,502.94)	(100.00)
ii) Stores, Spares and Tools.		
Indigenous	<b>137.29</b>	<b>100</b>
	(89.76)	(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 )	653.80 (618.51)	Nil ( Nil )	608.52 (639.16)	Nil ( Nil )	54.57 ( Nil )

**9) a) Earnings in Foreign Exchange :**

( Figures in brackets relate to previous year )

Value

(Rs. in lacs)

F.O.B. Value of Exports

**1223.75**

(718.25)

**b) Expenditure in Foreign Currency :**

Capital Expenditure

**Nil**

( Nil )

Travel

**21.87**

(3.32)

Others

**0.60**

(0.11)

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

Raw Materials

**8.98**

(10.56)

**10) Particulars of Dividend remitted to non-resident shareholders**

Year to which dividend relates	2009-2010	2008-2009
Number of non-resident shareholders	1	1
Number of equity shares held	<b>390000</b>	390000
Dividend remitted (Rupees)	<b>390000</b>	390000

## 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 2011 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	75.01	0.00	76.97	0.00
Provision for doubtful debts	1.14	0.00	1.25	0.00
Privilege Leave encashment	0.00	13.68	0.00	12.78
<b>Net deferred tax</b>	<b>76.15</b>	<b>13.68</b>	<b>78.22</b>	<b>12.78</b>

### 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
<b>A. Change in Obligations over the year ended 31 March 2011</b>	
Present Value of Defined Benefit Obligation at the beginning of the year	204.35
Current Service Cost	10.35
Past Service Cost	-
Interest Cost	16.95
Curtailment cost / (credit)	-
Settlement cost / (credit)	-
Amalgamations	-
Actuarial (gains) / losses	27.55
Benefits paid	(5.68)
<b>Present Value of Defined Benefit Obligation at the end of the year</b>	<b>253.52</b>
<b>B. Change in Plan Assets (Reconciliation of opening and closing balances)</b>	
Fair value of Plan Assets at the beginning of the year	275.83
Expected return on Plan Assets	22.84
Actuarial Gain / (Loss)	2.43
Contributions	12.58
Benefits paid	(5.68)
<b>Fair value of Plan Assets at the end of the year</b>	<b>308.00</b>

<b>Description</b>	<b>Rs. Lacs</b>
<b>C. Reconciliation of fair value of assets and obligations</b>	
Fair value of Plan Assets at the end of the year	308.00
Present value of Obligation at the end of the year	(253.52)
<b>Amount recognised in Balance Sheet</b>	<b>54.48</b>
<b>D. Expense recognised during the year</b>	
Current Service Cost	10.35
Past Service Cost	-
Interest Cost	16.95
Curtailment cost / (credit)	-
Settlement cost / (credit)	-
Actuarial (gains) / losses	25.12
Expected return on plan assets	(22.85)
<b>Total</b>	<b>29.57</b>
<b>E. Principal Actuarial Assumptions</b>	
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.

## 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	
				2010-11	2009-10	2010-11	2009-10
i)	XLO India Limited	Promoter Company, & Chairman as Managing Director	Sales & Labour Job	107.19	231.41	6.97 Dr.	72.20 Dr.
	XLO India Limited	----do----	For Expenses - Reimbursement	0.99	1.32	0.65 Dr.	0.22 Cr.
ii)	Mr. S.C. Saran	Chairman	Remuneration as Chairman - See Note 4(ii)	18.00	18.00	Nil	18.00 Cr.
iii)	Mr. A.R. Rajwade	Key Management Personnel	Remuneration as Managing Director	29.76	30.13	Nil	Nil
iv)	Business Combine Limited	Entity over which Chairman is able to exercise significant influence	Purchases - (Casting & Trading items)	591.43	429.89	0.48 Cr.	1.02 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	3446.42	1206.32	4652.74
	(2634.60)	(703.22)	(3337.82)

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

**15) Earning per share ( EPS)**

<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
a) Profit/(Loss) after tax as per P&L Account(Rs.lacs)	<b>54.54</b>	20.38
b) Number of Equity Shares	<b>1498450</b>	1498450
c) Nominal value of Equity Shares ( Rs)	<b>10</b>	10
d) Basic earning per share ( a/b) Rs.	<b>3.64</b>	1.36
e) Diluted earning per share ( a/b) Rs.	<b>3.64</b>	1.36

**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)**

<b>Particulars</b>	<b>Leave encashment</b>	
	Rs. In lacs	
	<b>2010-11</b>	<b>2009-10</b>
Carrying amount as at 1 st April	<b>58.59</b>	51.91
Additional provision made during the year	<b>15.76</b>	11.86
Amounts paid during the year	<b>9.17</b>	5.18
Carrying amount as at 31st March	<b>65.18</b>	58.59

**17) Disclosure regarding Derivatives instrument**

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

<b>Particulars</b>	<b>Amount in foreign Currency</b>		<b>Equivalent Amount in Rs. Lacs.</b>
<b>Debtors</b>	GBP	27287	19.67
	Euro	497766	301.17
	USD	12460	5.60
	SEK	304650	20.72
<b>Bank bal.</b> ( FCNRB Loan )	Euro	300000	188.88

**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	<b>31</b>	<b>03</b>	<b>2011</b>	
	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	1440.63
Total Assets	1440.63

#### Sources of Funds

Paid-up Capital	149.85
Reserves and Surplus	686.36
Secured Loans	541.95
Unsecured Loans	0.00
Deferred Tax Liability	62.47

#### Application of Funds

Net Fixed Assets	717.91
Investments	0.55
Net Current assets	722.17
Deferred Tax Assets	0.00



**D) Performance of the Company :**

Turnover (including other income)	<b>4699.00</b>
Total Expenditure	<b>4623.44</b>
Earning per share	
a) Net profit available for equity shareholders (Rs.lacs)	<b>54.54</b>
b) Weighted average number of Equity shares of Rs.10/- each outstanding during the year (number of shares)	<b>1498450</b>
c) Basic / Diluted Earning per share (Rs.) (a/b)	<b>3.64</b>

**E) Generic names of three Principal Products of the Company**

Item Code number	Product Description
8708.99.00	Propeller Shaft Assembly

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**Chairman**  
S.C. Saran

**Managing Director**  
A.R.Rajwade

**Directors**  
K.H. Captain  
Shiamak Marshal

**Mumbai, 23th May, 2011**

## Hindustan Hardy Spicer Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
<b>A) Cash flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary Items	75.56	18.39
<b>Adjustments for :</b>		
Depreciation	68.60	73.47
Fixed Assets Discarded	2.03	0.00
Interest and Finance Charges	63.09	52.59
Provision for Leave Encashment	6.59	6.68
Interest and Dividend Income	(0.52)	(1.08)
Operating Profit before Working Capital changes	<u>215.35</u>	<u>150.04</u>
<b>Adjustments for :</b>		
Trade and Other Receivables	40.44	(145.85)
Inventories	(157.64)	12.68
Trade Payables	115.57	287.37
Cash Generated from Operations	<u>213.71</u>	<u>304.25</u>
Direct Taxes Paid	(42.14)	(0.57)
Cash flow before Extraordinary Items	<u>171.58</u>	<u>303.68</u>
Net Cash Flow from Operating Activities	<u><u>171.58</u></u>	<u><u>303.68</u></u>
<b>B. Cash flow from Investment Activities</b>		
Purchase of Fixed Assets	(107.13)	(79.00)
Interest Received	0.47	1.85
Net Cash Used in Investing Activities	<u><u>(106.66)</u></u>	<u><u>(77.15)</u></u>

**C. Cash flow from Financing Activities**

Dividend Paid	(17.55)	(17.55)
Unclaimed Dividend	0.27	0.27
Proceeds/(Repayment) of Long Term Borrowings	(11.68)	(39.77)
Proceeds/(Repayment) of Short Term Borrowings	6.22	(99.24)
Interest and Finance Charges	(63.09)	(52.59)
Call Money Received	0.00	0.01
Share Forfeiture Reserve	0.00	0.08
	<b>(85.84)</b>	<b>(208.79)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(20.92)	17.75
Cash and Cash Equivalents as at -Opening	34.43	16.77
Cash and Cash Equivalents as at -Closing	13.51	34.43

By order of the Board of Directors

Mumbai, May 23, 2011

**A.R.Rajwade**  
Managing Director

**Note :**

**1. Cash and Cash Equivalents consists of :** (Rs . In Lacs)

	AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2009
Cash and Cheques on hand	1.01	0.86	1.06
Balances with Scheduled and other banks In Current Accounts	12.25	33.57	11.52
In Margin Money Account	0.25	0.00	4.19
Total	13.51	34.43	16.77

**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**  
Firm Reg. No: 101332W

**Y. J. Bhatt**  
Partner

Mumbai, May 23, 2011

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

**A.R.Rajwade**  
Managing Director

Mumbai, May 23, 2011

# Hindustan Hardy Spicer Limited

2011

ESTABLISHED FULL-FLEDGED R&D FACILITY AT HHSL

2010

RECOGNITION FOR THE STATUS OF EXPORT HOUSE FOR A PERIOD OF 5 YEARS  
- UPTO 31-03-2014

2009

ONCE AGAIN RECEIVED ACMA EXPORT EXCELLENCE AWARD IN SME CATEGORY

2008

ACHIEVED EXPORT TURNOVER OF RS. 14.26 CRORES

2007

RECEIVED ACMA EXPORT EXCELLENCE AWARD IN SME CATEGORY

2006

PRODUCTION SUPPLIES TO ALL CNH PLANTS IN EUROPE

2005

APPROVAL RECEIVED FROM CNH TO START PRODUCTION  
SUPPLIES

2004

TS16949, ISO9001:2000 CERTIFICATION  
& ISO 14001 EMS CERTIFICATION

2003

APPROVAL AS OEM SUPPLIER BY CASE NEW HOLLAND

2002

IMPLEMENTATION OF IN HOUSE DEVELOPED  
ERP SYSTEM

2001

QS 9000 CERTIFICATION

1999

INTRODUCED COMPACT 2000 SERIES  
FOR VOLVO

1997

ISO 9001 CERTIFICATION

1995

ISO 9002 CERTIFICATION

1984

FORMATION OF XLO GWB



## LAND MARKS

## 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 Ninth Annual General Meeting, held at Sunville Deluxe, Pavillion, Dr. Annie Besant Road, Worli, Mumbai 400 018, on Wednesday, June 29, 2011 at 3.00 p.m. as a shareholder /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

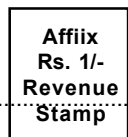
FOR PHYSICAL HOLDING	FOR ELECTRONIC FORM (DEMAT)		NO. OF SHARES
LF NO.	DP ID	CLIENT ID	

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 NINTH ANNUAL GENERAL MEETING of the Company to be held on  
Wednesday, June 29, 2011 at 3.00 p.m. and at any adjournment thereof.

Signed this .....day of .....2011.

Date of Receipt .....2011.  
(For Office Use Only)

Signature .....



N.B. : proxies to be valid must be deposited at the Registered Office of the Company not latter 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