

MD	✓		BEC	✓
CS	NA		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
ACM	✓		SHI	✓
Y6	✓			✓



Hindustan Hardy Spicer Limited

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Fifteenth Annual Report
1996-97



Hindustan Hardy Spicer Limited**Annual
Report
96-97****BOARD OF DIRECTORS**

Mr. S.C.Saran

Chairman

Mr. K. Biswas

Managing Director

Mr. D. S. Mulla

Mr. M. J. Burrage

Dr. Thomas Degener

Mr. Thomas Wood

Mr. K.H. Captain

Mr. Shiamak Marshall

Mr. John Perry

Mr. A.J. R. Kitson

Alternate to Mr. Thomas Wood

Mr. Mansoor Anwar (upto 15/5/1997)

Alternate to Dr. Thomas Degener

Bankers

Dena Bank

Auditors

S.B.Billimoria & Company

Solicitors

Bachubhai Munim & Company

Registered Office78-B, Dr. Annie Besant Road,
Worli, Mumbai - 400 018.**Plant**C-12, Additional Nasik Industrial Area,
Ambad, Nasik - 422 010.**Registrars and share****Transfer Agents**Satellite Corporate Services Pvt. Ltd.
39/724, Azad Nagar, Ground Floor
II Veera Desai Road, Andheri (West)
Mumbai - 400 053.**CONTENTS****PAGE**

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NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of the Company will be held at Sunville Deluxe Pavillion, Dr. Annie Besant Road, Worli, Mumbai 400 018, on Thursday, 18th September, 1997 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Thomas Wood, who retires by rotation, but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. H. Captain, who retires by rotation, but being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. C. Saran, who retires by rotation, but being eligible offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

7. To consider, and if, thought fit, to pass with or without modification, the following resolution as an ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956 and subject to the approval of the Company in General Meeting the terms of remuneration payable to Mr. K. Biswas, the Managing Director of the Company be and are hereby revised as contained in the draft of the Supplemental Agreement placed before the meeting and initialled by the Chairman for the purpose of identification.

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to vary any of the terms of remuneration in consultation of the Managing Director provided such variation is in accordance with the provisions in Part II of Schedule XIII of the Companies Act, 1956 and/or the provisions of law as may be applicable thereto from time to time.

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

"RESOLVED that the consent of the Company, be and it is hereby accorded under section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to mortgage and/or charge and/or hypothecate, on such terms and conditions and at such time or times, and in such form or manner, as it may think fit, the whole or substantially the whole of any one or more of the undertakings of the company including the present and/or further properties whether movable or immovable comprised in any existing undertaking or undertakings of the Company, as the case may be for the purpose of securing financial assistance not exceeding Rs.8.00 Crores (Rupees Eight Crores Only) by way of Term

Hindustan Hardy Spicer Limited

Loans/Asset Credit Scheme/Equipment Credit Scheme/Leasing Credit Facilities from the Financial Institutions and/or Banks together with interest thereon, commitment charges, liquidated damages, costs, charges, expenses and other moneys payable by the Company to the respective Financial Institutions and/or Banks in terms of their respective Loan Agreement/Deeds of Agreements/Hypothecation Agreements/Letters of Sanction/Memorandum of terms and conditions entered into or to be entered into by the company in respect of the said financial assistance, such security to rank pari passu with or second or subservient to the mortgages and/or charges and/or hypothecation already created or to be created in future by the Company or in such other manner as may be agreed to between the concerned parties and as may be thought expedient by the Board of Directors."

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 OF THE COMPANY.
2. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business at Item Nos.7 & 8 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 11th September, 1997 to Thursday, 18th September, 1997 (both days inclusive).
4. The Dividend if declared at the meeting will be payable on or after 19th September, 1997 to those shareholders whose names appear on the Register of members on 18th, September, 1997.
5. Members are requested to notify immediately, any change in their addresses, to the Company's Share Transfer Agents SATELLITE CORPORATE SERVICES PRIVATE LIMITED, 39/724, Azad Nagar, Ground Floor, II Veera Desai Road, Andheri (West), Mumbai 400 053 and mail all correspondence to them quoting their Folio number.

By Order of the Board of Directors

Registered Office:
78-B, Dr. Annie Besant Road,
Worli, Mumbai 400 018.

Date: 2nd August, 1997.

K. Biswas
Managing Director



ANNEXURE TO NOTICE**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.****ITEM NO. 7**

Mr.K.Biswas was appointed as Managing Director of the Company for a period of five years w.e.f. 1st July, 1996 in terms of the Agreement dated 1st August, 1996 (hereinafter referred to as "Principal Agreement"). The said appointment and the remuneration payable to him were approved at the 14th Annual General Meeting of the Company held on 13th September, 1996.

The Board of Directors at their meeting held on 15th May, 1997 have modified the terms of his remuneration as contained in the said Principal Agreement. Accordingly, the Supplemental Agreement has been entered into between the Company and Mr.K.Biswas on 15th May, 1997. The terms of the said Supplemental Agreement are reproduced below :

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO as follows :

1. Sub-Clause (b) of Clause 5 of the Principal Agreement shall be substituted by the following :
 - (b) Commission : 1% Commission on the Net Profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 as may be fixed by the Board of Directors subject to the ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956.
2. First Para of Sub-Clause (c) being Perquisites in the Principal Agreement shall be substituted by the following :
 - (c) Perquisites : Perquisites shall be allowed in addition to Salary and Commission. The Perquisites are classified in three categories "A", "B" and "C".
3. Clause 3(a) of the Principal Agreement shall be substituted by the following :
 - 3(a) In the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr.K.Biswas as Managing Director, the Company shall pay the above Salary and Perquisites except Commission as minimum remuneration subject to the ceiling limits laid down in Schedule XIII of the Companies Act, 1956.
4. The above modifications shall be effective from 1st July, 1996.
5. Save and to the extent hereinabove mentioned, the Principal Agreement shall continue in full force and effect.

In compliance with the provisions of Sections 198, 309, 310 and Schedule XIII of the Companies Act, 1956 the revision in the terms of remuneration specified above are now placed before the members in the General Meeting for their approval.

The Directors commend the passing of the Resolution set out at Item No.7 of the accompanying Notice. Mr.K.Biswas is concerned or interested in the Resolution at this item since it relates to revision of his remuneration. No other Director is interested in this resolution.

The Principal Agreement and the Supplemental Agreement referred to in the Resolution at Item No.7 of the accompanying Notice are open for inspection by the Members at the Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company except Saturday.

Hindustan Hardy Spicer Limited**ITEM No. 8**

In view of the Company's need for long term finance for its increased activities, the Board of Directors are making arrangements with some Financial Institutions/Banks.

The proposed loans from the Financial Institutions/Banks may be secured by mortgaging or charging the movable and/or immovable assets of the Company.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of a Public Company shall not except with the consent of such Public Company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or where the Company has more than one undertaking of the whole, or substantially the whole of any such undertaking. Since mortgage of the Company's undertaking may be considered as disposal of the Company's properties, it is considered desirable that members give their consent for the creation of mortgage/charge as described above.

None of the Directors is interested in this resolution.

Registered Office:
78-B, Dr. Annie Besant Road,
Worli, Mumbai 400 018.

By Order of the Board of Directors

K. Biswas
Managing Director

Date : 2nd August, 1997.

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BOARD OF DIRECTORS' REPORT

Your Directors have pleasure in presenting their FIFTEENTH Annual Report alongwith Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	1996-97 (Rs. in lacs)	1995-96 (Rs. in lacs)
GROSS SALES	3078.49	2532.42
GROSS PROFIT	389.79	190.66
Less :		
Depreciation	42.15	49.93
Interest	61.99	56.31
	285.65	84.42
Add : Prior years' Adjustments	13.45	11.51
PROFIT BEFORE TAX	299.10	95.93
Less : Provision for Taxation	130.00	35.00
PROFIT AFTER TAX	169.10	60.93
Surplus brought forward from previous year	57.35	111.42
PROFIT AVAILABLE FOR APPROPRIATION	226.45	172.35
General Reserve	125.00	100.00
Proposed Dividend	22.50	15.00
Additional Tax on Proposed Dividend	2.25	0.00
Surplus carried forward	76.70	57.35

REVIEW OF OPERATIONS

The Company's performance during the year under review represented a substantial improvement over the previous year. Turnover, profit before tax and profit after tax increased by 22%, 212% and 178% respectively as compared to the previous year.

DIVIDEND

Your Directors have pleasure in recommending for consideration of the Members at the Annual General Meeting payment of Dividend @ 15 % on the equity share capital of the Company as on March 31, 1997.

OUTLOOK

The general slow down in Industry alongwith infrastructural constraints would continue to remain a major bottleneck and threaten the growth and overall performance. Other factors like credit squeeze, high cost of financing of the vehicles, drop in the LCV freight rates have put a check on the strong growth trend of the previous year.

Hindustan Hardy Spicer Limited

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

a) CONSERVATION OF ENERGY

Measures for conservation of energy at all levels have been taken. Similarly, an energy audit was carried out by experts in the field and steps have been taken to conserve and utilise the available energy more efficiently.

b) TECHNOLOGY

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

c) FOREIGN EXCHANGE EARNINGS & OUTGO

The foreign exchange earnings and outgo are as under :

1.	Foreign Exchange Earnings	Rs. 91.48 Lacs
2.	Foreign Exchange Outgo on account of Technical Assistance & other items	Rs. 9.74 Lacs
3.	Foreign Exchange Outgo on account of Import	Rs. 2.94 Lacs
4.	Foreign Exchange Outgo on account of Dividend	Rs. 3.12 Lacs

FIXED DEPOSITS

The Fixed Deposits accepted by the Company were well within the limits of the Companies (Acceptance of Deposits) Rules, 1975. All the deposits maturing during the period under review were paid on due dates, and there are no overdue deposits.

BOARD OF DIRECTORS

Mr. Mansoor Anwar ceased to be an Alternate Director to Dr. Thomas Degener. The Board has placed on record their sincere appreciation of the valuable guidance and services rendered by Mr. Mansoor Anwar.

The Board has revised the remuneration payable to Mr. K. Biswas, Managing Director of the Company. A necessary resolution is proposed for approval of the Shareholders to the said revision at the ensuing Annual General Meeting of the Company.

Mr. T. Wood, Mr. K.H. Captain and Mr. S.C. Saran, directors of the Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

M/s. S.B. Billimoria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and are eligible for re-appointment. You are requested to appoint Auditors and to fix their remuneration.