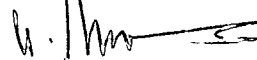


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K. BISWAS
MANAGING DIRECTOR

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	NA		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



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Hindustan Hardy Spicer Limited

Sixteenth Annual Report
1997-98



BOARD OF DIRECTORS

Mr. S.C.Saran
 Mr. K. Biswas
 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

Chairman
 Managing Director

Alternate to Mr. Thomas Wood

Bankers

Dena Bank

Auditors

S.B.Billimoria & Company

Solicitors

Bachubhai Munim & Company

Registered Office

78-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.

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K BISWAS
 MANAGING DIRECTOR

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Hindustan Hardy Spicer Limited

NOTICE

Notice is hereby given that the Sixteenth 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 Wednesday, September 9, 1998 at 4.00 p.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 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.M.J.Burrage, who retires by rotation, but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr.D.S.Mulla, who retires by rotation, but being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr.S.J.Marshall, who retires by rotation, but being eligible offers himself for re-appointment.
6. To appoint Auditors and 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 OF THE COMPANY.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 2nd September, 1998 to Wednesday, 9th September, 1998 (both days inclusive).
3. The Dividend if declared at the meeting will be payable to those shareholders whose names appear on the Register of Members on 9th, September, 1998.
4. 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.
5. 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.

By Order of the Board of Directors

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

Date: 24th July, 1998.

K. Biswas
Managing Director

BOARD OF DIRECTORS' REPORT

Your Directors have pleasure in presenting their SIXTEENTH Annual Report alongwith Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)
GROSS SALES	2352.77	3078.49
GROSS PROFIT	236.97	389.79
Less :		
Depreciation	47.18	42.15
Interest	55.67	61.99
	134.12	285.65
Add : Prior years' Adjustments	5.22	13.45
PROFIT BEFORE TAX	139.34	299.10
Less : Provision for Taxation	38.00	130.00
PROFIT AFTER TAX	101.34	169.10
Surplus brought forward from previous year	76.70	57.35
PROFIT AVAILABLE FOR APPROPRIATION	178.04	226.45
General Reserve	75.00	125.00
Proposed Dividend	22.50	22.50
Additional Tax on Proposed Dividend	2.25	2.25
Surplus carried forward	78.29	76.70

REVIEW OF OPERATIONS

Despite the slow down in Automobile Industry during the year under review, your Company achieved a Turnover of Rs.2352.77 lacs, Gross Profit of Rs.236.97 lacs and Net Profit of Rs.101.34 lacs.

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, 1998.

OUTLOOK

As reported to you last year, the slow down in industry alongwith infrastructural constraints continue during the year under review, and would continue to remain for this year also resulting into a major bottleneck and ultimately threatening the growth and overall performance of the Company.

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) SAFETY AND HEALTH ISSUES :

The company to pay details to matters pertaining to such issues. Regular training of employees to tackle such matters has been instituted by the Company.

c) TECHNOLOGY

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

d) FOREIGN EXCHANGE EARNINGS & OUTGO

The foreign exchange earnings and outgo are as under :

1.	Foreign Exchange Earnings	Rs. 50.35 Lacs
2.	Foreign Exchange Outgo on account of Travel & other items	Rs. 0.27 Lacs
3.	Foreign Exchange Outgo on account of Import	Rs. 2.36 Lacs
4.	Foreign Exchange Outgo on account of DividendRs.	5.85 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.M.J.Burrage, Mr.D.S.Mulla and Mr.S.J.Marshall, 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.

PARTICULARS OF EMPLOYEES

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

INDUSTRIAL RELATIONS

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

ACKNOWLEDGMENT

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 appreciation for the valuable contribution made by employees at all levels and the unstinting support of your Collaborators.

For and on behalf of the Board of Directors.

Place : Mumbai
Date : 24 July, 1998

S.C. Saran
Chairman

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Hindustan Hardy Spicer Limited

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 31st March, 1998.

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.K.Biswas	Managing Director M.I.E. (U.K.) A.M.I.Prod.Engg.(U.K.) M.I.Q.A. (U.K.) M.I.M.S. Chartered Engineer	711,803	41	02-12-1984	61	Indian Duplicator Co. Ltd.
Mr. Lalit B. Chhaya*	B.Sc. MBA	292,242	16	03-02-1997	41	Philips India Ltd.

NOTES :

1. Remuneration as shown above includes Salary, Allowances, Commission, Company's contribution to Provident Fund, net expenditure on House, Medical and Leave Travel Allowance. It excludes provision of accrued Leave Salary and Company's contribution to Gratuity Fund.
2. None of the Employees is related to any of the Directors.
3. Asterisk denotes that the employee was in service only for a part of the year.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 24 July, 1998.

S.C. SARAN
Chairman

AUDITORS' REPORT TO THE MEMBERS OF HINDUSTAN HARDY SPICER LIMITED

We have audited the attached Balance Sheet of **HINDUSTAN HARDY SPICER LIMITED** as at 31 March, 1998 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report thereon as follows :

- 1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on matters specified in paragraph 4 & 5 of the said order, to the extent applicable.
- 2) Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) in our opinion and to the best of our information and according to the 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 :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 1998; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

FOR S.B. BILLIMORIA & CO.
Chartered Accountants

Hemant M. Joshi
Partner

PUNE, 24 July, 1998