



**Hindustan Hardy Spicer Limited**



*Seventeenth Annual Report  
1998-99*

**BOARD OF DIRECTORS**

Mr. S. C. Saran	Chairman
Mr. A. R. Rajwade	Managing Director (w.e.f. 21st April, 1999)
Mr. K. Biswas	Managing Director (upto 13th November, 1998)
Mr. D. S. Mulla	
Mr. Thomas Wood	
Mr. K. H. Captain	
Mr. Shaimak Marshall	
Mr. John Perry	

**Bankers**

Dena Bank

**Auditors**

S. B. Billimoria &amp; Company

**Solicitors**

Bachubhai Munim &amp; 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 II, Ground Floor,  
Veera Desai Road, Andheri (West),  
Mumbai - 400 053.

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## Hindustan Hardy Spicer Limited

### NOTICE

Notice is hereby given that the Seventeenth 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 15, 1999 at 4.00 p.m. to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999 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. John Perry, who retires by rotation, but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Thomas Wood, who retires by rotation, but being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

#### SPECIAL BUSINESS :

6. To appoint a Director in place of Mr. A. R. Rajwade who was appointed as an Additional Director of the Company by the Board of Directors who holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956, but, who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director.
7. To consider, and if, thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force and subject to such sanctions as may be necessary, approval of the Company be and is hereby granted to the appointment of Mr. A. R. Rajwade as Managing Director of the Company for a period of five years w.e.f. 17th May, 1999 on the terms and conditions including remuneration as set out in the agreement dated 17th May, 1999 entered into by the Company with him and submitted to this meeting which agreement be and is hereby specifically approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary any of the terms of remuneration in consultation with 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."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby granted to the appointment of Mr. A. K. Padaley as Wholetime Director designated as General Manager (Operations) of the Company for the period from 20th January, 1999 to 14th July, 1999 on the terms and conditions mentioned in the Explanatory Statement annexed to this Notice."

**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 items 6,7 & 8 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 8th September, 1999 to Wednesday, 15th September, 1999 (both days inclusive).
4. The Dividend if declared at the meeting will be payable to those shareholders whose names appear on the Register of Members on 15<sup>th</sup> September, 1999.
5. Members are requested to notify immediately, any change in their registered addresses, to the Company's Share Transfer Agents SATELLITE CORPORATE SERVICES PRIVATE LIMITED, 39/724, Azad Nagar II, Ground Floor, Veera Desai Road, Andheri (West), Mumbai 400 053 and mail all correspondence to them quoting their Folio Number.
6. 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 : 21<sup>st</sup> July, 1999

**A. R. RAJWADE**  
**MANAGING DIRECTOR**

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### ANNEXURE TO NOTICE :

#### EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

##### ITEM NO. 6 & 7

Mr. A. R. Rajwade was appointed as an Additional Director of the Company by the Board of Directors with effect from 21st April, 1999. In accordance with the Provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting. A Notice alongwith a deposit of Rs. 500/- has been received from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. A. R. Rajwade as a Director of the Company.

Mr. A. R. Rajwade was also appointed by the Board of Directors as the Managing Director of the Company for a period of five years with effect from 17th May, 1999. The principle terms of his appointment contained in the agreement dated 17th May, 1999 entered into by the Company with him are as follows :

##### 1. Remuneration

- a. Salary : At the rate of Rs.37500/- per month.
- b. Commission : 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 & 309 of the Companies Act, 1956 but not exceeding 1%.

- c. Perquisites : Perquisites shall be allowed in addition to Salary & Commission.

##### i) Residential Accomodation :

House Rent Allowance at the rate of 60% of the Salary. The expenditure incurred by the Company on gas, electricity, and water shall be valued as per the Income tax Rules, 1962. This shall however be subject to a ceiling of twenty percent of the salary of the Managing Director.

##### ii) Medical Reimbursement :

Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

##### iii) Leave Travel Concession :

For self and family once in a year incurred in accordance with any rules specified by the Company subject to a ceiling of one and a half month's salary.

- iv) Club Fees :  
Fees of clubs subject to a maximum of two clubs, but shall not include admission and life membership fee.
- v) Personal Accident Insurance :  
Of an amount the annual premium of which not to exceed Rs.5,000/- per annum.
- vi) Furnishing Allowance :  
Not exceeding one month's salary.
- vii) Provident Fund :  
Company's contribution to Provident Fund as per the scheme of the Company.
- viii) Superannuation/Annuity Fund :  
Company's contribution to superannuation/Annuity fund in accordance with the scheme of the company. Contribution to Provident Fund, Superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.
- ix) Gratuity :  
As per the rules of the Company, payable in accordance with the approved fund and which shall not exceed half a month's salary for each completed year of service.
- x) Car :  
Provision of car for use on Company's business (not to be treated as perquisite). Use of car for private purpose shall be billed by the Company to the Managing Director by Rs.600/- per month. Reimbursement of driver's salary not exceeding Rs.4000/- per month.
- xi) Telephone :  
Telephone at the residence of Managing Director (Not to be treated as perquisite). Personal long distance calls on telephone shall be billed by the Company to the Managing Director.

2. a) In the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. A. R. Rajwade, 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.

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- b) Mr. A. R. Rajwade shall be entitled to earned/privilege leave : On full pay and allowances, as per the rules of the company but not more than one month's leave for every eleven months of service shall be allowed. However, leave accumulated but not availed of, will be allowed to be encashed at the end of his tenure as Managing Director.
3. Mr. A. R. Rajwade to be entitled to :
  - a) the reimbursement of entertainment expenses actually and properly incurred by Mr. A. R. Rajwade in the course of the legitimate business of the Company in accordance with the rules and regulations of the Company in force from time to time or as may be approved of by the Board of Directors; and
  - b) the reimbursement of travelling, hotel and other expenses incurred by him in India and abroad exclusively on the business of the Company in accordance with the rules and regulations of the Company in force from time to time or as approved by the Board of Directors.
4. Subject to such orders and directions as may be given by the Board from time to time, Mr. A. R. Rajwade shall have the management of the whole of the affairs of the company and to do all acts and things, which in the ordinary course of business, he considers necessary or proper or in the interest of the Company.
5. Mr. A. R. Rajwade shall devote his whole time and attention during business hours to the business of the Company.
6. Whenever required by the Company, Mr. A. R. Rajwade shall undertake travelling in India and elsewhere in connection with the business of the Company.
7. As long as Mr. A. R. Rajwade functions as Managing Director, no sitting fee shall be paid to Mr. A. R. Rajwade for attending the Meetings of the Board of Directors or Committees thereof.
8. Mr. A. R. Rajwade shall not engage himself, either directly or indirectly or be interested in any capacity whatsoever or render assistance during the terms of his Agreement with that Company to any firm, company or persons whether a manufacturer, dealer or trader in goods or products which are of the same or similar kind and nature as those of the Company.
9. As long as Mr. A. R. Rajwade functions as Managing Director, Mr. Rajwade shall not be interested or otherwise concerned directly or through his wife and/or minor children, in any selling agency of the Company in future without the prior approval of the Central Government.

10. Mr. A. R. Rajwade shall not divulge or disclose to any person any secret or confidential information relating to the business of the Company or as to any trade secret processes and to use his best endeavours to prevent any other person from doing so.
11. The Company shall be entitled to terminate Mr. A. R. Rajwade's employment forthwith if he is unable to perform his duties by reason of ill health, accident or disability for a period of 180 days in any period of twelve consecutive calendar months.
12. The Company shall be entitled to terminate Mr. A. R. Rajwade's employment forthwith if he becomes insolvent or makes any composition or arrangement with his creditors or ceases to be a Director of the Company.
13. In case of Mr. A. R. Rajwade's death in the course of his employment with the Company, the Company shall pay to his legal representative the salary and other emoluments payable for the then current month.
14. The Company shall be entitled to terminate Mr. A. R. Rajwade's employment by giving not less than 90 days notice in writing if he is guilty of inattention to or negligence in the conduct of the business or any breach of the Agreement, which, in the opinion of the Board, renders his retirement from office of Managing Director desirable.
15. Either party shall be entitled to terminate the Agreement by giving the other party 180 days notice in writing without showing any cause.

In compliance with the provisions of Section 198, 269, 309 and schedule XIII of the Companies Act, 1956 the appointment and remuneration specified above are now placed before the members in the General Meeting for their approval.

The Directors commend the passing of the Resolutions set out at Item No.6 & 7 of the accompanying Notice. Mr. A. R. Rajwade is concerned or interested in the Resolutions at this item as also in the agreement since this relates to his own appointment and remuneration.

The Agreement referred to in the Resolution at Item No. 7 of the accompanying Notice is open for inspection by the Members at the Registered Office between 11 a.m. and 1 p.m. on any working day of the Company except Saturday.

#### **ITEM NO. 8**

Mr. A. K. Padaley was appointed as Additional Director and Wholetime Director of the Company designated as General Manager with effect from 20th January, 1999. Mr. A. K. Padaley resigned as a Director and Wholetime Director on 14th July, 1999. The remuneration paid to him for the above mentioned period was as follows :

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1. a) i) Salary : At the rate of Rs. 7500/- per month.  
       ii) Dearness Allowance : As applicable to the Other employees of the Company.
- b) Perquisites : Perquisites to be allowed in addition to the Salary shall be as under and are classified in three categories "A", "B", "C".

**CATEGORY "A"**

- i) House Rent Allowance @ Rs. 3450/- per month.
- ii) Reimbursement of medical and nursing expenses actually incurred for himself and his family. However, the total cost in respect of such expenses shall not exceed Rs. 15,500/- in a year.
- iii) Leave Travel Concession for self and his family once in a year incurred in accordance with the Rules specified by the Company subject to a ceiling of Rs.8900/- per annum.

**CATEGORY "B"**

- i) Company's contribution to Provident Fund as per the Scheme of the Company.
- ii) Gratuity as per the rules of the Company payable in accordance with approved fund and which shall not exceed half a month's salary for each completed year of service.

**CATEGORY "C"**

- i) Reimbursement of Motor Car Expenses.
  - ii) Children Education Allowance of Rs.1900/- per annum.
  - iii) Education Allowance of Rs.7680/- per annum.
  - iv) Newspaper Allowance of Rs.3780/- per annum.
- 2.(a) In the event of loss or in-adequacy of profits in any financial year of the Company during Mr. A. K. Padaley's term of office as Director in wholetime employment, the Company shall pay to him above salary and perquisites as minimum remuneration.
  - (b) Mr. A. K. Padaley shall be entitled to earned/privilege leave on full pay and allowance as per the rules of the Company.

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The resolution at item No. 8 of the accompanying notice is therefore proposed for the approval of the members as required under Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956.

By order of the Board of Directors

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

Date : 21<sup>st</sup> July, 1999.

**A.R. RAJWADE  
MANAGING DIRECTOR**

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