



Hindustan Hardy Spicer Ltd.



**Eighteenth Annual Report
1999 - 2000**

Hindustan Hardy Spicer Limited

Annual
Report
99 - 2000

BOARD OF DIRECTORS

Mr. S. C. Saran	Chairman
Mr. A. R. Rajwade	Managing Director
Mr. D. S. Mulla	
Mr. Thomas Wood	
Mr. K. H. Captain	
Mr. Shiamak Marshall	
Mr. Luis Ruperto Jimenez Vargas	
Mr. Robert Pollock	
Mr. Dennis Greenwald	

Bankers

State Bank of India

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 II, Ground Floor,
Veera Desai Road, Andheri (West),
Mumbai - 400 053.

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held at Sunville Deluxe Pavilion, Dr. Annie Besant Road, Worli, Mumbai 400 018, on Friday, 22nd September, 2000 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, 2000 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To note the payment of interim dividend.
3. To appoint a Director in place of Mr. Sanjaya C. Saran, 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 Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To appoint a Director in place of Mr. K.H. Captain 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 appoint a Director in place of Mr. Luis Ruperto Jimenez Vargas 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.
8. To appoint a Director in place of Mr. Dennis Greenwald 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.
9. To appoint a Director in place of Mr. Robert Pollock 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.

Hindustan Hardy Spicer Limited

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") the approval of the members be and is hereby accorded to the increase in remuneration payable to Mr. A. R. Rajwade, Managing Director of the Company w.e.f. 1.4.2000 till 16th May, 2004 being the remaining term of his appointment as provided in the draft of supplemental agreement to be entered into between the Company and Mr. A. R. Rajwade submitted to this meeting duly initiated by the Chairman which agreement be and it 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 Mr. A.R. Rajwade, 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 applicable thereto from time to time."

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, 9 & 10 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 21st September, 2000 to Friday, 22nd September, 2000 (both days inclusive).
4. 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.
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.

Registered Office :

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

Place : Mumbai.
Date : 27. 7. 2000

By Order of the Board of Directors

A. R. RAJWADE
MANAGING DIRECTOR

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956****ITEM NO. 6**

Mr. K. H. Captain who was on the Board of the Company as a nominee of GKN group resigned from the Board pursuant to the acquisition of propeller shaft business by Dana Corporation, U.S.A. Considering his wide experience in the automobile field, the Board appointed him as an Additional Director on 19.4.2000. Mr. Captain will hold office upto the date of the forthcoming Annual General Meeting of the Company. A notice alongwith the deposit of Rs.500/- has been received from a member as required by Section 257 of the Companies Act, 1956 proposing the name of Mr. K. H. Captain as a Director on the Board of the Company.

Mr. K. H. Captain has also held the position of Vice-Chairman at GKN Invel Transmissions Ltd. and has a rich experience in the field of manufacturing of Automobile Components. His association with the Company will help in further growth and development. The Board, considers it desirable that Company should continue to avail his valuable services & guidance. You are requested to accord your consent as proposed in Item No.6 of the Notice.

Mr. K. H. Captain may be deemed to be concerned or interested in the resolution at Item No.6.

ITEM NO. 7, 8 & 9

Mr. Luis Ruperto Jimenez Vargas, Mr. Robert Pollock and Mr. Dennis Greenwald were appointed as Additional Directors on 27.7.2000 to represent the interest of M/s. Gelenkwellenbau GmbH. They hold office upto the date of this Annual General Meeting. The Notices in writing together with necessary deposit of Rs.500/- in respect of each of them have been received from some members of the Company proposing the names of Mr. Luis Ruperto Jimenez Vargas, Mr. Dennis Greenwald, Mr. Robert Pollock to be appointed as Directors on the Board the Company.

The Board considers it desirable that the Company should continue to avail of their valuable services. You are requested to accord your consent as proposed in Item No. 7, 8 and 9 of the Notice.

Mr. Luis Ruperto Jimenez Vargas, Mr. Dennis Greenwald and Mr. Robert Pollock may be deemed to be interested or concerned in the resolutions at item nos. 7, 8, and 9 respectively of the Notice.

Hindustan Hardy Spicer Limited**ITEM NO. 10**

The Board of Directors at its meeting held on 27.7.2000 has decided to revise the remuneration payable to Mr. A. R. Rajwade, the Managing Director of the Company for the remaining period of his appointment w.e.f. 01-04-2000 till 16-5-2004 as per the details contained in the draft of the supplemental agreement proposed to be entered into between the Company and Mr.A.R.Rajwade.

The remuneration proposed to be paid is within the limits prescribed in Part II of Schedule XIII of the Companies Act, 1956. The terms of the remuneration as proposed are as follows :

A. Salary

Salary at the rate of Rs.41,000/- p.m.

B. Commission

Commission at the rate of 1% of the Net Profits of the Company for each financial year subject to the ceiling laid down in Sections 198 and 309 of the Companies Act, 1956.

C. Other Terms and Conditions :

The other terms and conditions of his appointment contained in the principal agreement dated 17.5.1999 remain unchanged.

Minimum Remuneration :

Notwithstanding anything contained herein, where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, it will pay him remuneration by way of salary and perquisites not exceeding the limits specified hereinabove.

The Principal agreement dated 17.5.1999 and draft supplemental agreement approved by the Board on 27.7.2000 are open for inspection by the members at the Registered Office of the Company on any working day except Saturday between 11.00 a.m. and 1.00 p.m.

The Board of Directors recommend the resolution to the members for their approval.

Mr. A. R. Rajwade, Managing Director is interested in the said resolution as it relates to his remuneration.

The above statement may be regarded as an abstract of the terms & memorandum of interest u/s.302 of the Companies Act, 1956.

Registered Office :

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

Place : Mumbai.

Date : 27. 7. 2000

By Order of the Board of Directors

A. R. RAJWADE
MANAGING DIRECTOR

BOARD OF DIRECTORS' REPORT

Your Directors have pleasure in presenting their Eighteenth Annual Report alongwith Audited Accounts for the year ended on 31st March, 2000.

FINANCIAL RESULTS	1999-2000 (Rs.in Lacs)	1998-99 (Rs.in Lacs)
Gross Sales	2842.21	2206.97
GROSS PROFIT	232.59	193.36
Less :		
Depreciation	51.45	51.70
Interest	31.87	<u>55.84</u>
	149.27	85.82
 Add : Prior Period Adjustment (Net)	 0.00	 9.57
 PROFIT BEFORE TAX	 149.27	 95.39
Less : Provision for Taxation	52.00	<u>29.00</u>
 PROFIT AFTER TAX	 97.27	 66.39
Surplus brought forward from Previous Year	89.70	<u>78.29</u>
 PROFIT AVAILABLE FOR APPROPRIATION	 186.97	 144.68
General Reserve	60.00	30.00
Interim Dividend	30.00	0.00
Tax on Interim Dividend	3.30	0.00
Proposed Dividend	0.00	22.50
Tax on Proposed Dividend	0.00	2.48
Surplus Carried Forward	93.67	<u>89.70</u>

REVIEW OF OPERATIONS

Despite the continued slow down in Automobile Industry, as reported last year, during the year under review, your Company achieved a Turnover of Rs.2842.21 lacs, Gross Profit of Rs.232.59 lacs and Net Profit of Rs.97.27 lacs.

DIVIDEND

During the year the Board of Directors declared an interim dividend @ 20% i.e. Rs. 2/- per share on 15,00,000 equity shares of Rs.10/- each. The interim dividend has absorbed Rs.30,00,000/- and Rs.3,30,000/- towards tax on such dividend. Keeping the performance of the Company in view, the Board recommends that interim dividend be considered as final dividend.

Hindustan Hardy Spicer Limited**OUTLOOK**

Despite the constraints in the market place which have continued during the year under review, your Board is cautiously optimistic about the improvement in the growth of the Company during the current year.

ACQUISITION OF PROPELLER SHAFT BUSINESS BY DANA CORPORATION FROM GKN GROUP

The Board has to report that our Collaborators, M/s. Gelenkwellenbau GmbH, who have 26% shareholding in our Company, was being controlled by GKN Group. Pursuant to the acquisition of Propeller Shaft business in the world from GKN Group to Dana Corporation, U.S.A., they will now represent the interest of Gelenkwellenbau GmbH in our Company.

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 utilize 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 AND OUTGO

The Foreign Exchange earnings and outgo are as under

	(Rs.in lacs)
1. Foreign Exchange Earnings	25.00
2. Foreign Exchange Outgo on account of import	77.67
3. Foreign Exchange Outgo on account of dividends	5.85

FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year and there were no outstandings in the deposit accounts.

BOARD OF DIRECTORS

Mr. John Perry resigned from the Board on 19.4.2000. The Board placed on record his sincere appreciation, valuable services and guidance given by him during his tenure from time to time.

Mr. K. H. Captain, Mr. Luis Ruperto Jimenez Vargas, Mr. Dennis Greenwald and Mr. Robert Pollock were appointed as Additional Directors. By virtue of Section 260 of the Companies Act, 1956 they hold office upto the date of the ensuing Annual General Meeting and are eligible for appointment.

Mr. Sanjaya C. Saran and Mr. D. S. Mulla, Directors of the Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Y2K COMPLIANCE

The Computerised system of the Company meets the requirement of Y2K Compliance.

STATEMENT PURSUANT TO LISTING AGREEMENT(S)

The Equity shares of the Company are listed at Mumbai Stock Exchange. The Company has paid Annual Listing Fee to the Mumbai Stock Exchange for the year 2000-2001.

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, as amended from time to time 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 to the continued growth and prosperity of the Company. The Board is pleased to inform you that under the able guidance of Mr. A. R. Rajwade, Managing Director the Management has been able to sign an agreement expired on 31.03.2000.