



Hindustan Hardy Spicer Ltd.

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**Twentieth Annual Report
2001 - 2002**

Hindustan Hardy Spicer Limited**Annual
Report
2001-02****BOARD OF DIRECTORS**

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

Bankers

State Bank of India

Auditors

S. B. Billimoria & Company

Solicitors

Bachubhai Munim & Company
Kanga & 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.
A-60/1223, Azad Nagar - II,
Veera Desai Road, Andheri (West),
Mumbai - 400 053.

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NOTICE

Notice is hereby given that the Twentieth 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 Wednesday, 25th September, 2002 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, 2002 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To declare the dividend.
3. To appoint a Director in place of Mr. K.H. Captain, who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Luis Ruperto Jimenez Vargas, who retires by rotation but being eligible offers himself for re-appointment.
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 OF THE COMPANY.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 18th September, 2002 to Wednesday, 25th September, 2002 (both days inclusive).
3. Members are requested to notify immediately, any change in their registered addresses, to the Company's Share Transfer Agents SATELLITE CORPORATE SERVICES PRIVATE LIMITED, A-60 / 1223, Azad Nagar, Veera Desai Road, Andheri (West), Mumbai 400 053 and mail all correspondence to them quoting their Folio Number.
4. 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.

Place : Mumbai.
Date : 24. 7. 2002

A. R. RAJWADE
MANAGING DIRECTOR

Hindustan Hardy Spicer Limited**BOARD OF DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting herewith Twentieth Annual Report alongwith Statement of Accounts for the year ended on 31st March, 2002.

FINANCIAL RESULTS	2001-2002 (Rs.in Lacs)	2000-2001 (Rs.in Lacs)
Sales	1994.37	2258.37
PROFIT	78.91	92.06
Less :		
Depreciation	51.52	52.52
Interest	7.17	20.36
	20.22	19.18
Add : Prior Period Adjustment (Net)	2.21	7.85
PROFIT BEFORE TAX	22.43	27.03
Less : Provision for Taxation		
Current Tax	11.00	6.00
Deferred Tax	(7.83)	0.00
PROFIT AFTER TAX	19.26	21.03
Surplus brought forward from Previous Year	96.67	93.67
PROFIT AVAILABLE FOR APPROPRIATION	115.93	114.70
General Reserve	1.00	1.50
Proposed Dividend	7.50	15.00
Tax on Proposed Dividend	0.00	1.53
Surplus Carried Forward	107.43	96.67

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.1994.37 lacs, Gross Profit of Rs.78.91 lacs and Net Profit of Rs.19.26 lacs.

DIVIDEND

Your Directors are pleased to recommend declaration of dividend @ 5% on Equity share capital of the company for the year ended 31st March, 2002, subject to deduction of tax at source, which will be paid to those share holders whose names will appear in the Register of Members as on 25th September, 2002.

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.

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	123.75
2. Foreign Exchange Outgo on account of import	118.61
3. Foreign Exchange Outgo on account of dividends	3.90
4. Foreign Exchange Outgo on account of travel	17.10

FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated under Section 217 (2AA) of companies Act, 1956, your Directors subscribe to the Directors' Responsibility Statement" and confirm as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of the company for that period;

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iii) that the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

iv) that the directors have prepared the annual accounts on a going concern basis.

BOARD OF DIRECTORS

Mr. K.H. Captain and Mr. Luis Ruperto Jimenez Vargas, Directors of the Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Dennis Greenwald resigned from the Board on 19th Sept. 2001. The Board placed on record their sincere appreciation, valuable services and guidance received from him during his tenure from time to time.

SECRETARIAL COMPLIANCE CERTIFICATE

The Secretarial Compliance Certificate as required under section 383A(1) of the Companies Act, 1956 read with Companies (Compliance Certificate) Rules, 2001 is attached with this report.

LISTING

The Equity shares of the Company are listed at the Mumbai Stock Exchange. The Company has paid Annual Listing Fee to the Mumbai Stock Exchange for the year 2002 - 2003.

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

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.

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.

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

For and On behalf of the Board of Directors

Place : Mumbai
Date : 24.7.2002

S. C. SARAN
CHAIRMAN

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Hindustan Hardy Spicer Limited**AUDITORS' REPORT TO THE MEMBERS OF HINDUSTAN HARDY SPICER LIMITED**

- 1) We have audited the attached Balance Sheet of **HINDUSTAN HARDY SPICER LIMITED** as at 31st March, 2002 and also the Profit and Loss Account of the Company For the year ended on that date, 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.
- 2) 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 misstatements. 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.
- 3) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on matters specified in paragraph 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 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, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956, in so far as they apply to the company;
 - e) on the basis of written representations received from the directors and taken on record by the Board of Directors, none of the Directors from whom such representations have been received is disqualified on 31st March, 2002 from being appointed as a director under section 274(1) (g) of the Companies Act, 1956.
 - f) 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 in conformity with the accounting principles generally accepted in India :

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- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; 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, 24th July, 2002

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Hindustan Hardy Spicer Limited**ANNEXURE TO AUDITORS' REPORT**

(Referred to in our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and location of the fixed assets. Certain items of The Plant and Machinery were physically verified during the year by the Management in accordance with the programme of verification, the frequency of which is reasonable. No material discrepancies were noticed in respect of assets physically verified during the year.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, raw materials and components have been physically verified by the Management during the year in respect of most items and in respect of material lying with third parties, confirmations at the year end have been obtained from all those parties.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies between the physical stocks and the book records were not material.
6. In our opinion, on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loan, from companies, firms or other parties listed in the register maintained under Section 301 or from companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
8. The company had granted unsecured loan to a company listed in the register maintained under Section 301 of the Companies Act, 1956. The terms and conditions of such loan were *prima facie* not prejudicial to the interest of the Company. The loan has been fully repaid during the year.
9. In respect of interest free advances in the nature of loans given to employees, the recovery is regular.
10. In our opinion and according to the information and explanations given to us, having regard to the facts that for some of the items purchased, alternate sources are not available and for transactions relating to sale of goods comparative rates are not available in absence of transactions of sale of similar goods to other parties, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.