



Hindustan Hardy Spicer Ltd.



**Twentythird Annual Report
2004 - 2005**

Hindustan Hardy Spicer Limited**Annual
Report
2004 - 05****BOARD OF DIRECTORS**

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

Bankers

State Bank of India

Auditors

S. B. Billimoria & Company

Solicitors

Bachubhai Munim & Company

Kanga & Company

Registered Office

Bombay Footwear Building,
Deonar Village Road,
Opposite N.K.G.S.B. Bank-Deonar,
Mumbai -400088

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

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NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the members of HINDUSTAN HARDY SPICER LIMITED will be held at Sunville Deluxe, Pavillion, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Friday, July 22, 2005 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. K. H. Captain who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Luis Ruperto Jimenez Vargas who retires by rotation and being eligible offers himself for reappointment.
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.
2. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will be closed from Friday, July 15, 2005 to Friday, July 22, 2005, both days inclusive.
4. Dividend if declared will be payable to those members whose names appear in the Register of Members on July 22, 2005. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership of shares as at the end of business hours on July 14, 2005 as per details furnished by the Depositories for this purpose.

Hindustan Hardy Spicer Limited

5. Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed/unpaid for a period of seven years from the date they became due for payment shall be credited to the Investor Education and Protection Fund setup by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the Company as no claim shall lie against the fund or the Company in respect of individual amounts once credited to the said fund.
6. Members are requested to notify promptly any change in their addresses to the Company's Registrar and Share Transfer Agents.
7. 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

Registered Office:

Bombay Footwear Building,
Deonar Village Road,
Opp: N.K.G.S.B. Bank
Deonar, Mumbai 400 088

A. R. RAJWADE
MANAGING DIRECTOR

Date: May 25, 2005

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the Twenty Third Annual Report together with the Statement of Accounts for the year ended on March 31, 2005

FINANCIAL RESULTS

During the year under review, net sales turnover was Rs. 2795.20 lacs as against Rs. 2529.02 lacs during the corresponding previous year. Export earnings were Rs. 356.90 lacs as against Rs. 302.93 lacs during the corresponding previous year (18% higher). Profit after tax was Rs. 107.52 lacs as against Rs. 62.41 lacs for the previous year.

	2004- 2005 (Rs. in lakhs)	2003- 2004 (Rs. in lakhs)
Sales	2795.20	2529.02
PROFIT	200.09	155.16
Less:		
Depreciation	47.24	50.23
Interest	9.91	5.41
	<u>142.94</u>	<u>99.52</u>
Add : Prior Period Adjustments (Net)	-	-
PROFIT BEFORE TAX	142.94	99.52
Less : Provision for Taxation		
Current Tax	62.00	43.00
Deferred Tax	(11.70)	(5.89)
Excess provision of previous year written back (net)	<u>(14.88)</u>	<u>-</u>
PROFIT AFTER TAX	107.52	62.41
Surplus brought forward from Previous Year	<u>146.97</u>	<u>123.40</u>
PROFIT AVAILABLE FOR APPROPRIATION	254.49	185.81
General Reserve	15.00	5.00
Proposed Dividend	37.50	30.00
Tax on Proposed Dividend	5.26	3.84
Surplus Carried Forward	<u><u>196.73</u></u>	<u><u>146.97</u></u>

DIVIDEND

The Board of Directors are pleased to recommend a dividend of 25% on 15,00,000 Equity Shares of Rs. 10/- each.

Hindustan Hardy Spicer Limited**OUTLOOK**

The Company has taken various steps to improve the quality systems and finally we have been awarded following certifications by BVQI :

- a) ISO/TS 16949:2002 for Automotive Application.
- b) ISO 9001:2000 for Industrial Application.

With these systems in place, which are the basic requirements of some of the Overseas Customers, the Company will be in a position to increase the export substantially in the years to come.

Your Directors plan to introduce TPM during the current financial year to further expand the continuous improvement activity across the company.

Overseas Market : The products of the Company have been approved by CNH (Case New Holland) and have been able to get major share from their Imola plant. Trials are in process in other CNH plants and it is expected to get approval in 1st half of the financial year 2005-06. With these various developments in process, it is expected to get minimum 50% growth as compared to previous year.

Domestic Market : The Company perceives significant improvement in the market demand which is based on forecasts given by various OE customers and we expect about 10 to 15% growth in Domestic Market as compared to previous 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 utilise the available energy more efficiently.

b) TECHNOLOGY

Our Technology had been imported from our Collaborators, Spicer 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	356.90
2. Foreign Exchange Outgo on account of import	14.60
3. Foreign Exchange Outgo on account of dividends	7.80
4. Foreign Exchange Outgo on account of travel	18.97
5. Foreign Exchange Outgo on account of sales commission	0.27

FIXED DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) they had selected such accounting policies and applied them consistently and made judgments 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 of the Company for that period;
- iii) they had taken proper and sufficient care for 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 of fraud and other irregularities;
- iv) they had prepared the annual accounts on a going concern basis.

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.

COMPLIANCE CERTIFICATE

A Compliance Certificate from a secretary in Whole-time Practice under section 383A of the Companies Act, 1956 in respect of the financial year ended on March 31, 2005 is attached hereto.

LISTING

The Equity Shares of the Company are listed at the Stock Exchange, Mumbai. The company has paid the Annual Listing Fees to them for the year 2005-2006.

Hindustan Hardy Spicer Limited

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.

AUDITORS

M/s. S. B. Billimoria & Co., Chartered Accountants, the Auditors of the company would retire at the ensuing Annual General Meeting and are eligible for reappointment.

You are requested to appoint Auditors and to fix their remuneration.

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.

ACKNOWLEDGEMENT

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 the employees at all levels and the unstinting support of the collaborators.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 25, 2005

S. C. SARAN
CHAIRMAN

COMPLIANCE CERTIFICATE TO THE MEMBERS OF HINDUSTAN HARDY SPICER LIMITED

Registration No: 11- 28498

Authorised Capital: 5,00,00,000/-

We have examined the registers, records, books and papers of **Hindustan Hardy Spicer Limited** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2005. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a public limited Company, comments that a Private Limited Company has minimum prescribed capital, maximum number of members, invitation to public to subscribe for shares and acceptance of deposits from persons other than its members, directors or their relatives, are not required.
4. The Board of Directors duly met 5 (Five) times on 28.04.2004, 28.06.2004, 28.07.2004, 27.10.2004 and on 28.01.2005 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 03.08.2004 to 10.08.2004 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2004 was held on 10.08.2004 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in Section 295 of the Act.