



Hindustan Hardy Spicer Ltd.



**Twentyseventh Annual Report
2008-2009**

BOARD OF DIRECTORS

Mr. S. C. Saran	Chairman
Mr. A. R. Rajwade	Managing Director
Mr. K. H. Captain	Director
Mr. Shiamak Marshall	Director
Mr. Phillip A. Rotman II	Director
Mr. Jehangir H.C. Jehangir	Director
Mr. Sanjiv Bhasin	Director - (up to 2nd December, 2008)

Bankers

State Bank of India

Satpur Branch, Nashik - 422 007

Auditors

J.L. Bhatt & Company

Chartered Accountants

43, Yusuf Building, Fort, Mumbai - 400 043

Solicitors

Junnarkar & Associates

411, Embassy Centre, 4th Floor,
Nariman Point, Mumbai - 400 021.

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.

B-302, Sony Apartment,

Opp. ST. Jude Highschool, Off. Andheri Kurla Road,
Jarimari, Sakinaka, Mumbai - 400 072.

Tel.: 022 - 28520461/462

Fax : 022 - 28511809

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NOTICE

Notice is hereby given that the Twenty Seventh 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 Monday, June 01, 2009 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 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. Jehangir H. C. Jehangir who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), the Company in general meeting hereby approves the re-appointment of Mr. Ashok R. Rajwade as Managing Director of the Company for a period of three years with effect from May 17, 2009 upon the terms and conditions including the terms as to remuneration set out in the Agreement dated 30th April 2009 (the "Agreement"), and approved by the remuneration committee which Agreement placed before this Meeting be and is hereby specifically sanctioned with liberty to the Board of Directors of the Company (the "Board") to alter, vary and modify the terms and conditions of the said appointment and the Agreement in such manner as may be agreed to between the Board and Mr. Ashok R. Rajwade.

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"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during Mr. Ashok R. Rajwade's term of office as Managing Director the remuneration payable to him shall be as per the minimum remuneration prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites set out in the Agreement as the minimum remuneration.

"RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to Schedule XIII of the Act the Board be and is hereby authorised to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling and the Agreement between the Company and Mr. Ashok R. Rajwade be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 198, 309, 314 and other applicable provisions of the Companies Act, 1956 and subject to the approval of the central government, approval of the company be and is hereby given for the payment of remuneration to Mr. Sanjay Saran, Director of the Company of Rs. 1,50,000/- (Rupees one lakh fifty thousand) per month with effect from April 1, 2008

RESOLVED FURTHER THAT Shri A. R. Rajwade, Managing Director and/or any one of the other Director of the Company be and are hereby severally authorized to do all such acts, deeds and things as may be required in this connection.

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 Monday, May 25, 2009 to Monday, June 01, 2009 (Both days inclusive).

4. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the item nos 6 & 7 is annexed hereto
5. Dividend if declared will be payable to those members whose names appear in the Register of Members on June 01, 2009. 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 May 25, 2009 as per details furnished by the Depositories for this purpose.
6. 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.
7. Members are requested to notify promptly any change in their addresses to the Company's Registrar and Share Transfer Agents, Satellite Corporate Services Pvt. Ltd., B- 302, Sony Apartment, Opp. ST Jude High School, Off. Andheri Kurla Road, Jarimari, Sakinaka, Mumbai 400 072.
8. 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.
9. Members who have not paid the calls-in-arrears are required to pay the same as per the Notices issued to the shareholders from time to time. Shares held by members are subject to forfeiture due to non-payment of calls in arrears.

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

By Order of the Board of Directors

**A. R. RAJWADE
MANAGING DIRECTOR**

Date : April 30, 2009

ANNEXURE TO NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956

Item No. 6

The Board of Directors of the Company (the "Board") had by a resolution dated April 17, 2009 re-appointed Mr. Ashok R. Rajwade as Managing Director of the Company for a further period of three years with effect from May 17, 2009. The re-appointment of Mr. Ashok R. Rajwade and the remuneration payable to him on his re-appointment is subject to the approval of the Members of the Company. The material terms of the Agreement dated 30th April 2009 referred to in the Resolution at Item No. 6 of the accompanying Notice interalia are as follows:-

1. SALARY: Rs. 2,00,000/- per month inclusive of all perquisites.
2. Incentive on the performance of the Company as may be decided by the Board.
3. PERSONAL ACCIDENT INSURANCE
of an amount the annual premium of which not to exceed Rs. 5,000/- per annum.
4. PROVIDENT FUND
Contribution to Provident Fund as per the Scheme of the Company.
5. 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.
6. GRATUITY
As per the rules of the Company, payable in accordance with the approved fund which shall not exceed half a month's salary for each completed year of service.
7. 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. 4,000/- per month.
8. 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.

- 9 (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 as minimum remuneration subject to the ceiling limits prescribed in Section II 1 (B) of Part II of Schedule XIII of the Companies Act, 1956.
- (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 months 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.
10. Either party shall be entitled to terminate the Agreement by giving the other party 180 days notice in writing without showing any cause.

Additional information required to be given alongwith a Notice calling General Meeting as per sub para (B) of para 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956 is given hereunder:

I. General Information:

- | | | |
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| (1) | Nature of industry | Engineering Industry |
| (2) | Date or expected date of commencement of commercial production | The Company has been in the business for many years |
| (3) | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. | Not Applicable |

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(4)	Financial performance based on given indicators (Rs. in lacs)	2004-05	2005-06	2006-07	2007-08	2008-09
	Turnover	2795.20	2870.05	3068.47	3315.65	2978.61
	Net profit (as computed under section 198)	163.60	224.92	176.01	176.54	60.99
	Net profit/ (Loss) as per profit and loss account	107.52	132.10	93.95	98.28	18.40
	Amount of Dividend paid	37.50	45.00	52.50	52.50	15.00
	Rate of Dividend declared	25%	30%	35%	35%	10%
	Earning before interest, depreciation & taxes	200.09	243.52	212.94	227.54	142.59
	% of EBIDT to turnover	7.16	8.48	6.94	6.86	4.79
(5)	Export performance and net foreign exchange collaborations	2004-05	2005-06	2006-07	2007-08	2008-09
		356.90	676.21	1094.72	1426.01	1373.20
(6)	Foreign investments or collaborators, if any.	Spicer Gelenkwellenbau GmbH & Co. KG., Germany the foreign collaborators of the Company holds 26% of the equity share capital in the Company.				

II. Information about the appointee:

- (1) Background details

Name	:	Mr. Ashok R. Rajwade
Designation	:	Managing Director
Father's name	:	Ramchandra Rajwade
Nationality	:	Indian
Date of Birth	:	15. 07. 1945
Qualifications	:	B.Sc., B.E. (Mechanical), MMS., FIE, FIV.
Experience	:	Over 41 years in Engineering industry
- (2) Past remuneration

The gross remuneration paid to him in the year 2008-09 was Rs. 29.22 lacs per annum.
- (3) Recognition or awards

The Institute of Engineers (India) awarded Fellowship to him in 2002 and authorized to use title as 'Chartered Engineer'.

The Institution of Valuers awarded fellowship to him in January 2009.

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| (4) Job profile and his suitability | The Managing Director shall be responsible for 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. Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement the proposed remuneration is in the interest of the Company. |
| (5) Remuneration proposed | A gross remuneration of Rs. 24.00 lacs per annum plus incentives as may be decided by the Board of Directors. |
| (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin) | Compared to the remuneration with respect to the industry, size of the Company etc. the remuneration proposed to be paid to is very low. |
| (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. | The Managing Director has no other pecuniary relationship with the Company or with the managerial personnel except the remuneration being paid to him as Managing Director of the Company. |

III. Other information:

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|--|---|
| (1) Reasons of loss or inadequate profits | <ol style="list-style-type: none">1. In spite of continuous increase in the input cost (Diesel, Electricity, Steel etc.), most of the OE customers have not compensated the full impact.2. Due to global and domestic automobile recession during October 2008 to March 2009, there was significant drop in the requirement.3. To maintain the export share, year on year reduction had to be given during last two years as per the initial agreement. |
| (2) Steps taken or proposed to be taken for improvement | <p>New products have been identified (Double Cardan Shafts and Mechanics shafts) Samples for Double Cardan Shafts are developed and are under testing. Within next six months; we are expecting orders for this new products. With the introduction of these shafts by December 2010, we are expecting increase in the present export by at least 30%. With this, out of total turnover, export share will reach to 60% by March 2010.</p> <p>Mechanics Shafts : Re-Engineering has been done and the parts are under development</p> |
| (3) Expected increase in productivity and profits in measurable terms. | <p>Expected increase in productivity by 10%.</p> <p>The Company expects to increase the profit by about 10%, barring unforeseen circumstances.</p> |

IV. Disclosures:

The remuneration package of Mr. A. R. Rajwade and other details such as remuneration, service contract, notice period etc. have been disclosed above. The Company does not have any scheme for grant of stock options.

The Board commends the approval by the members of the extension of term of Managing Director and payment of remuneration to him.

Mr. Ashok R. Rajwade is concerned or interested in the said Resolution at item no. 6 of the accompanying notice as it relates to his own re-appointment.