

***WE
MAKE
THINGS
MOVE***



Hindustan Hardy Spicer Ltd.

**Twenty Eighth Annual Report
2009-2010**

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 - (up to 31st May, 2009)
Mr. Jehangir H.C. Jehangir	Director
Mr. Eric Paul Haag	Director - (From 30th July, 2009)

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

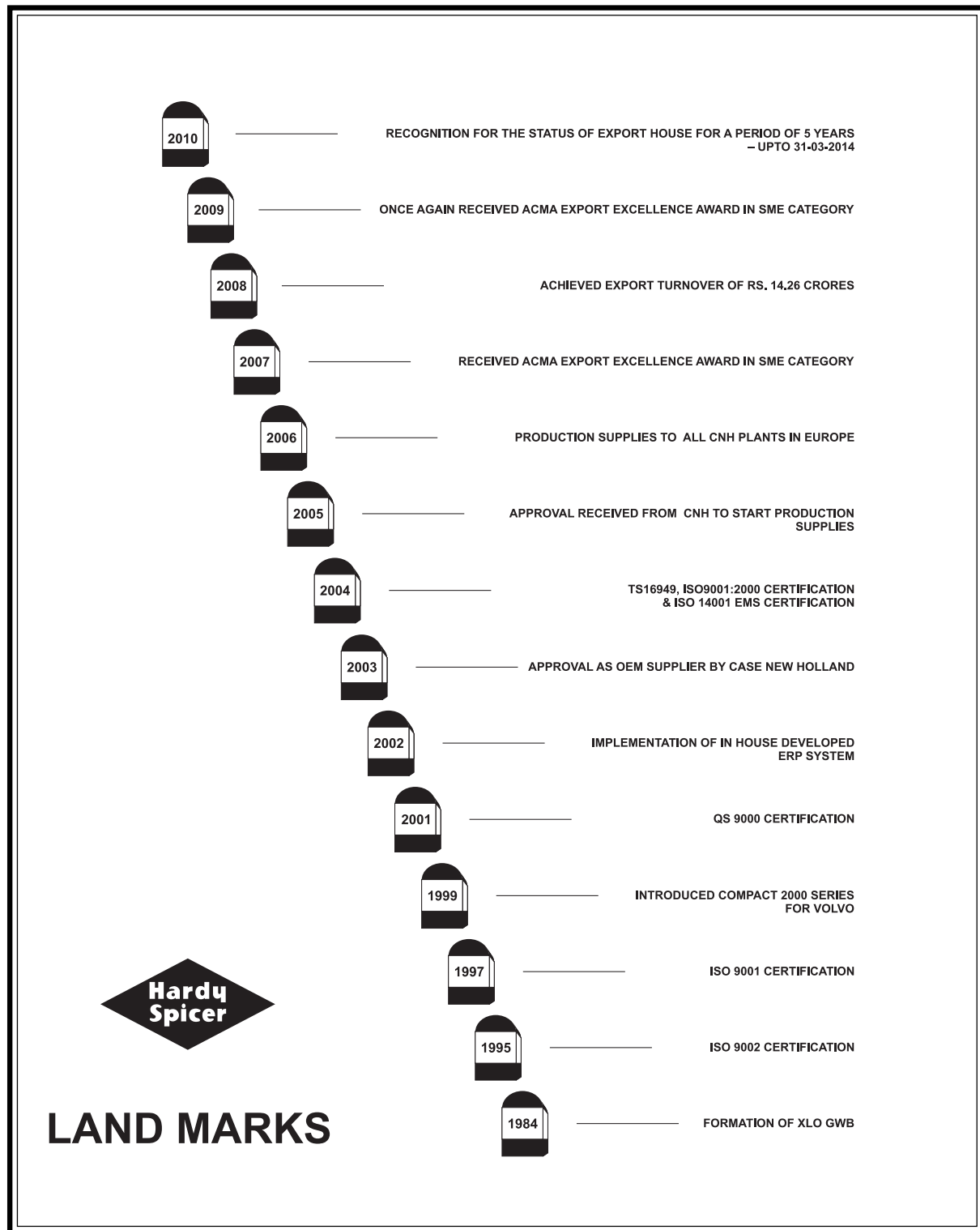
C-12, Additional Nasik Industrial Area,
Ambad, Nasik - 422 010.

Registrars and Share Transfer Agents

Satellite Corporate Services Pvt. Ltd.
B-302, Sony Apartment,
Opp. ST. Jude High School, Off. Andheri Kurla Road,
Jarimari, Sakinaka, Mumbai - 400 072.
Tel.: 022 - 28520461/462
Fax : 022 - 28511809
email : service@scspl.net

CONTENTS	PAGE
Notice.....	1.
Director's Report.....	4.
Secretarial Compliance Certificate	10.
Auditor's Report.....	18.
Balance Sheet.....	24.
Profit and Loss Account.....	25.
Schedules to Accounts	26.
Cash Flow Statement.....	44.

Hindustan Hardy Spicer Limited



NOTICE

Notice is hereby given that the Twenty Eighth 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, May 31, 2010 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, 2010 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. Shiamak Marshall who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. S. C. Saran who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration

SPECIAL BUSINESS:

6. To appoint Director in place of Mr. Eric Paul Haag, who was appointed as an Additional Director of the Company with effect from July 30, 2009, by the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.

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.

Hindustan Hardy Spicer Limited

3. The Register of Members and Share Transfer Books of the Company will be closed from Monday, May 24, 2010 to Monday, May 31, 2010 (Both days inclusive).
4. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the item no. 6 is annexed hereto
5. Dividend if declared will be payable to those members whose names appear in the Register of Members on May 31, 2010. 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 24, 2010 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.

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

By Order of the Board

A. R. RAJWADE
MANAGING DIRECTOR

Date : April 23, 2010

ANNEXURE TO NOTICE

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

ITEM NO. 6

Mr. Eric Paul Haag was appointed as an Additional Director of the Company by the Board of Directors effective from July 30, 2009. By virtue of Section 260 of the Companies Act, 1956 Mr. Eric Paul Haag will hold office upto the date of this Annual General Meeting and is eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit from a member of the Company proposing his candidature for the office of Director.

The Board commends your approval to the said appointment.

None of the Directors of the company except Mr. Eric Paul Haag is concerned or interested in the resolution for his appointment as Director of the Company.

Registered Office :

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

By Order of the Board

**A. R. RAJWADE
MANAGING DIRECTOR**

Date : April 23, 2010

Hindustan Hardy Spicer Limited

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the Twenty Eighth Annual Report together with the Statement of Accounts for the year ended on March 31, 2010

FINANCIAL RESULTS :

During the year under review, net sales turnover was Rs.3337.82 lacs as against Rs.2978.61 lacs during the corresponding previous year. Export earnings were Rs.718.25 lacs as against Rs.1373.20 lacs during the corresponding previous year. Profit after tax was Rs. 20.38 lacs as against Rs.18.40 lacs for the previous year.

	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
SALES	3337.82	2978.61
PROFIT	144.45	142.59
Less:		
Depreciation	73.47	68.83
Interest	52.59	63.33
	18.39	10.43
Add: Prior Period Adjustment (Net)	11.29	21.81
PROFIT BEFORE TAX	29.68	32.24
Less: Provision for Taxation		
Current Tax	12.00	2.26
Fringe Benefit Tax	0.00	3.71
Deferred Tax	(2.70)	7.87
PROFIT AFTER TAX	20.38	18.40
Surplus brought forward from Previous Year	302.25	301.90
PROFIT AVAILABLE FOR APPROPRIATION	322.63	320.30
General Reserve	1.00	0.50
Proposed Dividend	15.00	15.00
Tax on Proposed Dividend	2.55	2.55
Surplus Carried Forward	304.08	302.25

DIVIDEND

The Board of Directors are pleased to recommend a dividend of 10% on 14,98,450 Equity Shares of Rs. 10/- each.

OUTLOOK

Certifications :

The Company has taken various steps to maintain/improve the quality systems which are in place for last several years. Surveillance audit for ISO/TS 16949:2002 for Quality Management System and ISO 14001-2004 for Environmental Management System successfully completed in June 2009 and August 2009 respectively.

Re-certification Audit for ISO/TS 16949:2002 is due in May 2010. Re-certification Audit for ISO 14001-2004 also is due in June 2010. We are reasonably confident to comply with the requirements.

The Company has received Certificate of Recognition for Export House from the Joint Director General of Foreign Trade, Government of India, Ministry of Commerce & Industry for a period of five years effective from 1st April 2009 to 31st March 2014.

Business :

Overseas Market : Due to the international economic slow down, during 2009-10, we could export goods worth Rs. 718.25 Lacs. For the financial year 2010-11, we are expecting a growth of about 35%. We expect to achieve this through development of Double Cardan Shafts and new export customers.

Domestic Market : In view of the present situation which is slightly better as compared to the two quarters of the previous financial year, we expect to maintain a 25% growth in the domestic market during the year 2010-11.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

a) CONSERVATION OF ENERGY

Various measures for conservation of energy at all levels have been taken by the Company.

We are studying the possibility of use of Solar/Wind energy for certain applications, such as, Office Lighting, Street Lighting etc.

b) TECHNOLOGY

Our technology had been imported from our Collaborators, Spicer Gelenkwellenbau GmbH, Germany in 1984. Since then upgradation has continued in consultation with various Agencies.

Hindustan Hardy Spicer Limited

c) FOREIGN EXCHANGE EARNING AND OUTGO

The Foreign Exchange earnings and outgo are as under (Rs. in lacs)

1. Foreign Exchange Earnings	718.25
2. Foreign Exchange Outgo on account of import	10.56
3. Foreign Exchange Outgo on account of dividends	3.90
4. Foreign Exchange Outgo on account of travel	3.32
5. Foreign Exchange Outgo on account of sales commission	0.11

Total Foreign Exchange outgo **17.89**

Net Foreign Exchange earnings **700.36**

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 have 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 have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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. S. C. Saran and Mr. Shiamak Marshall, Directors of the Company, retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

Mr. Phillip Rotman II resigned as director of the company with effect from 31st May, 2009.

Mr. Eric Paul Haag was appointed as additional director of the company by the Board of Directors on July 30, 2009. By virtue of Section 260 of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting and is eligible for appointment.

FORFEITURE OF SHARES

During the year, the Company forfeited 1,550 Equity Shares of Rs. 10/- each.

AUDITORS' OBSERVATIONS

The observations made by auditors in the Auditors' Report are self explanatory.

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, 2010 is attached hereto.

LISTING

The Equity Shares of the Company are listed at the Bombay Stock Exchange Limited. The company has paid the Annual Listing Fees to them for the year 2010-2011.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule, 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.