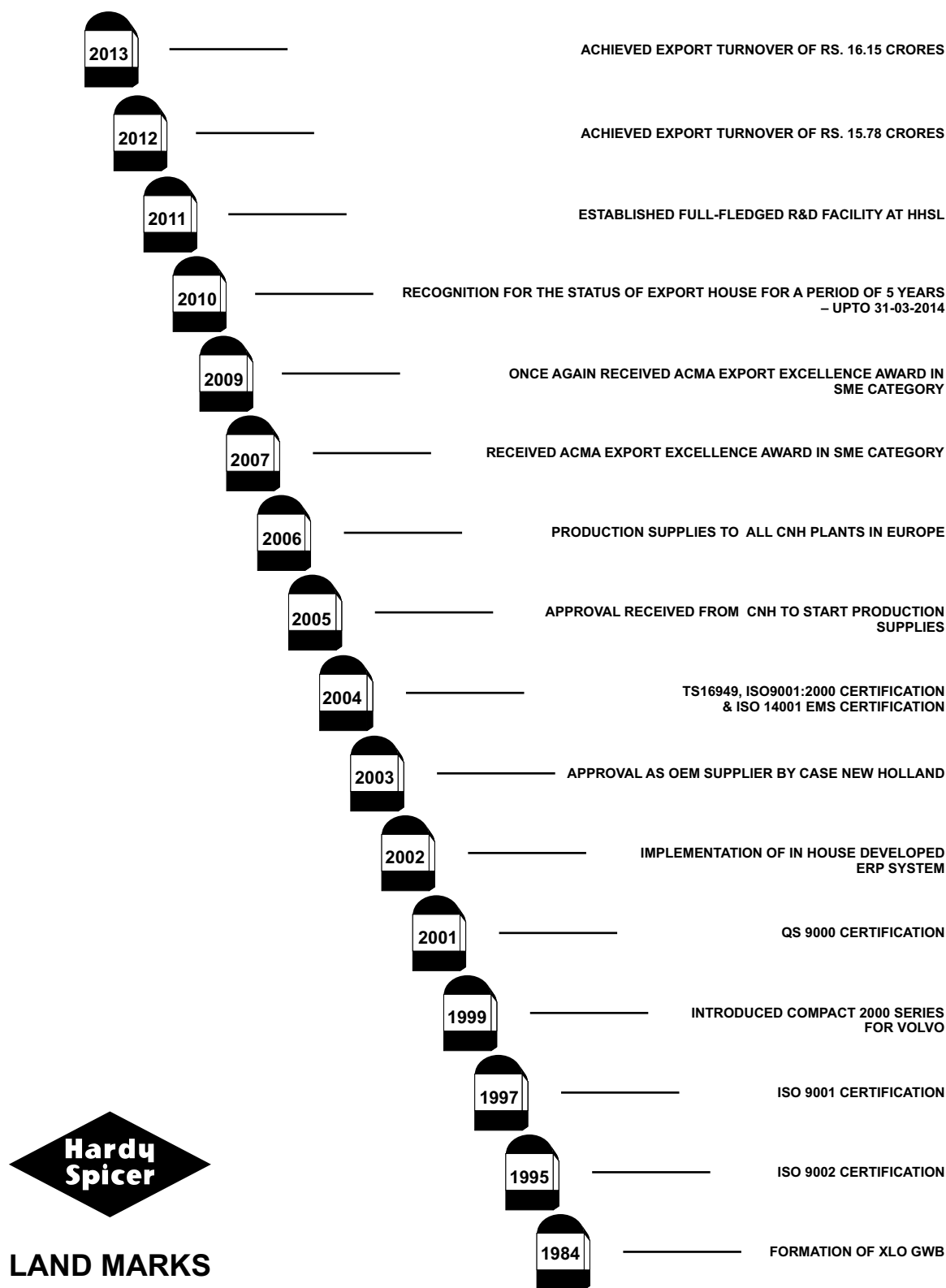




Hindustan Hardy Spicer Ltd.

**Thirty Third Annual Report
2014- 2015**

Hindustan Hardy Spicer Limited



LAND MARKS

BOARD OF DIRECTORS

Mr. S. C. Saran	Chairman
Mr. A. R. Rajwade	Managing Director
Mr. Shiamak Marshall	Director
Mr. Jehangir H.C. Jehangir	Director
Mr. Rechar Koszarek	Director (w.e.f. 14.8.14)
Ms.Devaki Saran	Executive Director & CFO (w.e.f. 14.8.14)
Mr. Sharad Jain	Director (w.e.f. 05.11.14)

Bankers

State Bank of India

Satpur Branch, Nashik - 422 007

Auditors

J.L. Bhatt & Company

Chartered Accountants
207, Yusuf Building,
43, M.G. Road, Mumbai - 400 001

Solicitors

Junnarkar & Associates

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

Registered Office

C-12, Additional Nasik Industrial Area,
Ambad, Nashik - 422 010.
Tel.: 0253 - 2382018 / 2118
Fax : 0253 - 2382528
email : hhardy_nsk@sancharnet.in
CIN No.: L29300MH1982PLC028498
Website: www.hhsl.net

Plant

C-12, Additional Nasik Industrial Area,
Ambad, Nashik - 422 010.
Tel.: 0253 - 2382018 / 2118
Fax : 0253 - 2382528
email : hhardy_nsk@sancharnet.in

Compliance Officer

Mr. A.R.Rajwade
email: md@hhsl.net

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

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DIRECTORS' REPORT TO THE MEMBERS

(Pursuant to Section 134(3) of the Companies Act, 2013)

The Directors have pleasure in presenting the Thirty Third Annual Report together with the Statement of Accounts for the year ended on March 31, 2015

FINANCIAL RESULTS:

During the year under review, net sales turnover was Rs. 5226.08 lacs as against Rs. 4850.36 lacs during the corresponding previous year. Weakness in the domestic market experienced during the previous financial year continued for the first 9 months of FY 14-15. However, the last 3 months witnessed an improvement in the domestic commercial vehicle market, a trend that is continuing for FY 15-16 as well. Export sales were weaker compared to the previous financial year; both in terms of absolute volume as well as realization from exports due to depreciation in the Euro. Export earnings were Rs. 1265.89 lacs as against Rs. 1862.24 lacs during the corresponding previous year. Loss after tax was Rs157.21 lacs as against Profit of Rs. 84.47 lacs for the previous year.

	2014-2015 (Rs. in lakhs)	2013-2014 (Rs. in lakhs)
Sales	5226.08	4850.36
PROFIT	119.99	342.99
Less:		
Depreciation	244.56	84.74
Interest	89.08	100.67
PROFIT/(LOSS) BEFORE TAX	(213.66)	157.58
Less: Provision for Taxation		
Current Tax	-	50.00
Deferred Tax	(56.45)	23.11
PROFIT/(LOSS) AFTER TAX	(157.21)	84.47
Surplus brought forward from Previous Year	372.99	355.77
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION	215.78	440.23
General Reserve	-	15.00
Proposed Dividend	-	44.95
Tax on Proposed Dividend	-	7.29
Surplus Carried Forward	215.78	372.99

TRANSFER TO GENERAL RESERVES

In view of loss during the year, there was no transfer to General Reserve.

DIVIDEND

In view of the loss during the financial year 2014-2015, your directors do not recommend dividend on the equity shares of the Company for the financial year 2014-2015.

OUTLOOK

Certifications :

The Company has taken various steps to maintain/improve the quality systems which are in place for last several years.

The Surveillance Audit for ISO/TS 16949:2002 for Quality Management System was successfully completed during April 2015.

The Surveillance Audit for ISO 14001:2004 for Environmental Management System was successfully completed during June 2015.

Business :

Overseas Market: Considering the inputs received from overseas customers, the company is expecting an increase in exports of 5% and indirect exports of 10%.

Domestic Market:

OE - Based on the inputs received from the OE customers in India, we are expecting an increase between 10 to 15% during the Financial Year 2015-16.

Industrial and Aftermarket: We are planning growth of a 5% minimum through development of additional Industrial customers and adding additional parts for the Aftermarket.

MATERIAL CHANGES AND COMMITMENTS AFTER THE END OF THE FINANCIAL YEAR:

There have been no material changes and commitments, if any, affecting the financial position of the Company, which have occurred between the end of the financial year and the date of the report.

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

4 (Four) meetings of the Board of Directors of the Company were held during the year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. S. C. Saran, Director of the Company, retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, Mr. Shiamak Marshall, Mr. Jehangir H. C. Jehangir were appointed as Independent Directors at the Annual General Meeting of the Company held on August 7, 2014.

Mr. A. R. Rajwade was reappointed as the Managing Director of the Company from May 17, 2014 for a period of two years which was approved by the shareholders at the Annual General Meeting held on August 7, 2014. Pursuant to the provisions of Section 203 of the Act, which came into effect from April 1, 2014, the appointments of Managing Director as key managerial personnel of the Company was formalised.

With a view to strengthen the Board and also to meet the regulatory requirements, Ms. Devaki Saran, & Mr. Richard Koszarek were appointed as Additional Directors of the Company with effect from August 14, 2014 and Mr. Sharad Jain was appointed as Additional Director of the Company with effect from November 5, 2014. The Board has also appointed Ms. Devaki Saran as an Executive Director and Chief Financial Officer of the Company with effect from August 14, 2014 for a period of three years.

The resolutions seeking approval of the Members for the appointment of Ms. Devaki Saran, Mr. Richard Koszarek and Mr. Sharad Jain have been incorporated in the notice of the forthcoming annual general meeting of the Company along with brief details about them. The Company has received notices under Section 160 of the Act along with the requisite deposit proposing their appointment.

The necessary resolution for seeking approval of shareholders for the appointment of Mr. Richard Koszarek as an Independent director with effect from August 14, 2014 has been incorporated in the notice of the forthcoming annual general meeting of the Company.

DECLARATION FROM INDEPENDENT DIRECTORS

Mr. Shiamak Marshall, Mr. Jehangir H. C. Jehangir and Mr. Richard Koszarek, who are independent directors, have submitted a declaration that each of them meets the criteria of independence as provided in sub Section (6) of Section 149 of the Act and there has been no change in the circumstances which may affect their status as independent director during the year. In the opinion of the Board, the independent directors possess appropriate balance of skills, experience and knowledge, as required.

AUDIT COMMITTEE OF BOARD OF DIRECTORS

The Audit committee of the Board of directors of the Company consists of the following members :

1. Mr. Shiamak Marshall
2. Mr. Jehangir H. C. Jehangir
3. Mr. S. C. Saran

VIGIL MECHANISM

The Company has formulated and published a Whistle Blower Policy to provide a mechanism ("Vigil Mechanism") for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177 (9) of the Act .

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND CRITERIA FOR INDEPENDENT DIRECTORS

The Remuneration Policy for directors and senior management and the Criteria for selection of candidates for appointment as directors, independent directors, senior management as adopted by the Board of Directors are placed on the website of the Company and are annexed as **Annexure I & II** to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (I) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (ii) they have 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/loss 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 Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2014-15.

The internal auditor also regularly reviews the adequacy of internal financial control system.

DETAILS OF SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATES

The Company does not have any subsidiary/ joint ventures/ associates.

EXTRACT OF ANNUAL RETURN

As provided under sub Section (3) of Section 92 of the Act, the extract of annual return is enclosed, which forms part of the directors' report as **Annexure III**.

AUDITORS

M/s. J. L. Bhatt & Company, Chartered Accountants, the Auditors of the company who would retire at the ensuing Annual General Meeting offer themselves for reappointment. M/s. J. L. Bhatt & Company, Chartered Accountants, the existing auditors have furnished a certificate, confirming that if reappointed for the financial year 2015-2016 their reappointment will be in accordance with Section 139 read with section 141 of the Companies Act, 2013.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 and other applicable provisions, if any, of the Companies Act, 2013, M/s. Parikh & Associates, Practising Company Secretaries were appointed as the Secretarial Auditor for auditing the secretarial records of the Company for the financial year 2014-2015.

The Secretarial Auditors' Report is annexed as **Annexure IV**.

AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT

The auditor's report does not contain any qualifications, reservations or adverse remarks.

As regards, secretarial auditors' observation, the company, is in the process of identifying and appointing a competent and experienced company secretary. Meanwhile, the company has engaged the professional services of practicing company secretaries and has taken care to comply with applicable provisions of the Companies Act, 2013.

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

Information in accordance with Clause (m) of Sub-section (3) of Section 134 of the Act read with Companies (Accounts) Rules, 2014 is annexed to this report as **Annexure V**.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure VI**.

DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from public.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORY/ JUDICIAL AUTHORITY

There are no significant or material orders passed by any regulator or court that would impact the going concern status of the Company and its future operations.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not given any loans or guarantees or made investments in contravention of the provisions of the Section 186 of the Companies Act, 2013. The details of the loans and guarantees given and investments made by the Company are provided as under:

Loans : Rs. NIL

Investments: Rs. NIL

Guarantees/ securities: Rs. NIL

RISK MANAGEMENT POLICY

The Board of Directors of the Company has framed a risk management policy and is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

RELATED PARTY TRANSACTIONS

Particulars of transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Form AOC-2 and the same forms part of this report as **Annexure VII**.

EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

An annual evaluation of the Board own performance, Board committees and individual directors was carried out pursuant to the provisions of the Act in the following manner:

Sr. No.	Performance evaluation of	Performance evaluation performed by	Criteria
1.	Each Individual directors	Nomination and Remuneration Committee	Attendance, Contribution to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and guidance provided, key performance aspects in case of executive directors etc.
2.	Independent directors;	Entire Board of Directors excluding the director who is being evaluated	Attendance, Contribution to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution, and guidance provided etc.
3.	Board, its committees and individual directors	All directors	Board composition and structure; effectiveness of Board processes, information and functioning, performance of specific duties and obligations, timely flow of information etc. The assessment of committees based on the terms of reference of the committees

DISCLOSURE UNDER THE SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

CORPORATE GOVERNANCE REPORT

As per SEBI circular no .CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 the revised clause 49 is not mandatory to the Company.

ACKNOWLEDGEMENT

The directors thank the Company's employees, customers, vendors, investors and academic institutions for their continuous support.

The directors also thank the government of various countries, government of India, the governments of various states in India and concerned government departments/agencies for their co-operation.

The directors appreciate and value the contributions made by every member of the Hindustan Hardy Spicer family.

For and on behalf of the Board

Date : July,20, 2015
Place : Mumbai

S. C. SARAN
CHAIRMAN