



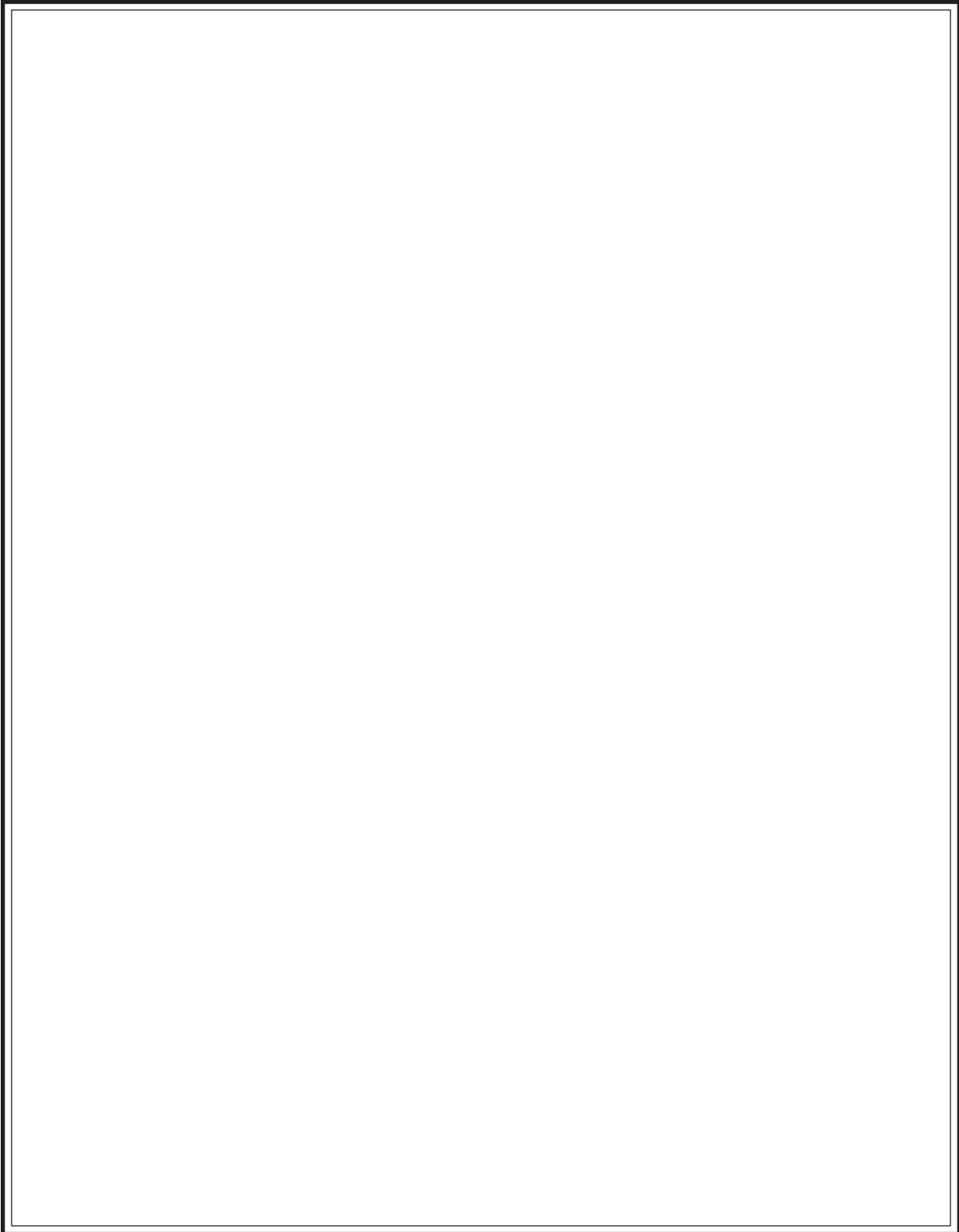
# **Hindustan Hardy Limited**

(formerly Hindustan Hardy Spicer Limited)

**Thirty Eighth Annual Report  
2019 - 2020**

[www.hhardys.com](http://www.hhardys.com)

**Hindustan Hardy Limited**  
(formerly Hindustan Hardy Spicer Limited)



**BOARD OF DIRECTORS**

Mr. S. C. Saran	Chairman
Ms. Devaki Saran	Executive Director & CFO
Mr. Jehangir H. C. Jehangir	Director
Mr. Richard Koszarek	Director
Mr. Vijay Pathak	Executive Director & COO
Mr. Navroze Shiamak Marshall	Additional Director (w.e.f.-21.05.2019)

**Bankers:**

**Axis Bank Ltd.**

Mazda Towers, Trimbak Naka Br., GPO Road, Nashik - 422 001

**Auditors:**

**Daga & Chaturmutha**

Chartered Accountants  
201, Dhananjay Heights,  
Adwait Colony, Canada Corner Signal,  
Opp. Patil Plaza,  
Nashik - 422 005

**Registered Office & Plant:**

C-12, Additional Nasik Industrial Area,  
Ambad, Nashik - 422 010.  
Tel. : 0253 - 2382018 / 2118  
Fax : 0253 - 2382528  
email : co@hhardys.com  
CIN No. : L29300MH1982PLC028498  
Website : www.hhardys.com

**Compliance Officer:**

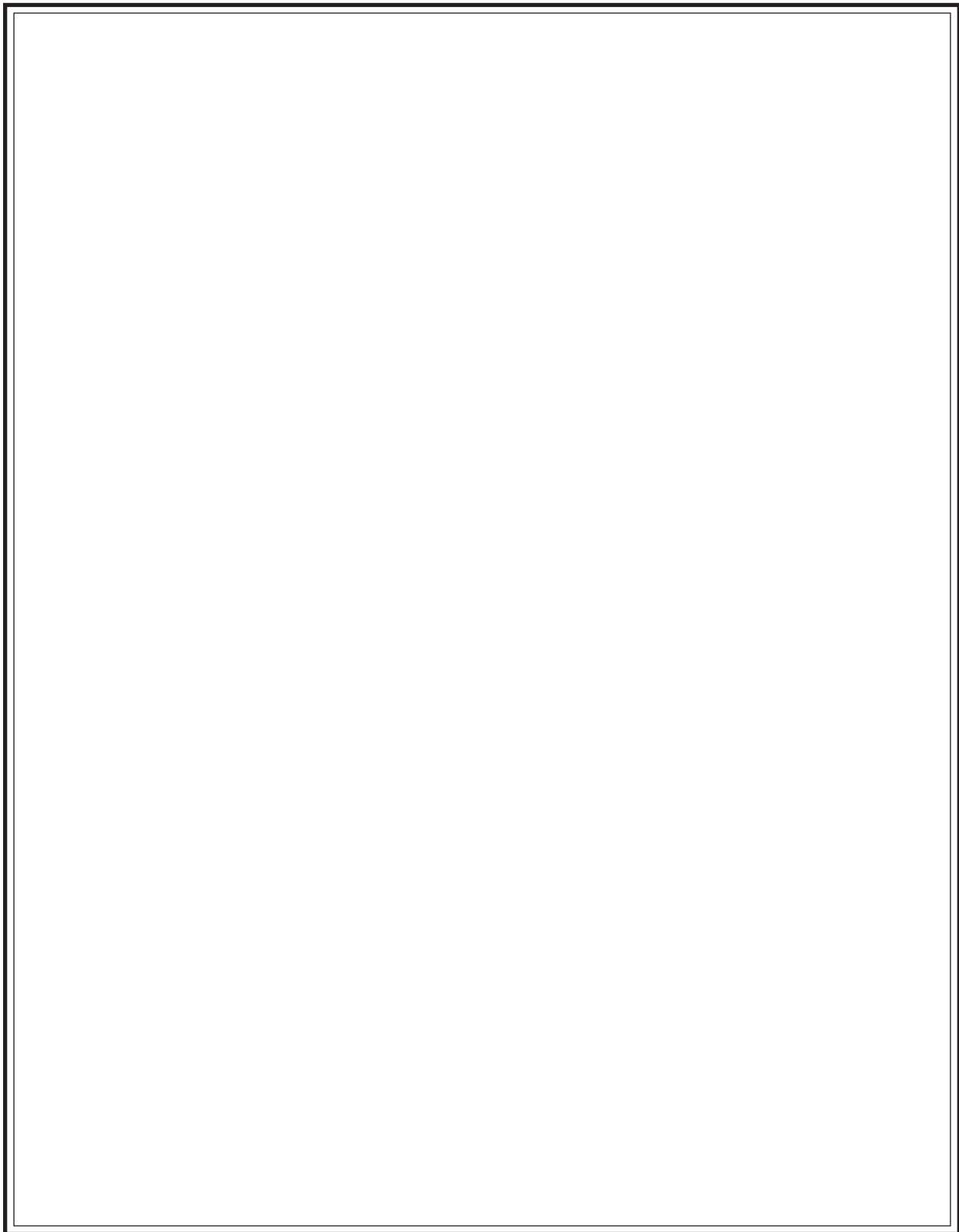
Ms. Sunita Nisal  
email: co@hhardys.com

**Registrars and Share Transfer Agents:**

Satellite Corporate Services Pvt. Ltd.  
Office No. 106 & 107, Dattani Plaza,  
East West Compound,  
Andheri Kurla Road, Safedpul,  
Sakinaka - Mumbai - 400 072.  
Tel.: 022 - 28520461 / 462  
Email Id : service@satellitecorporate.com

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**Hindustan Hardy Limited**  
(formerly Hindustan Hardy Spicer Limited)



**HINDUSTAN HARDY LIMITED****(Formerly Hindustan Hardy Spicer Limited)**

Regd. Office: Plot No. C-12, M.I.D.C. Area, Ambad, Nashik – 422010, Maharashtra, INDIA.

CIN: L29300MH1982PLC028498

Website: www.hhardys.com

Tel. No.: 0253-2382018

Fax No.: + 0253-2382528 Email: co@hhardys.com

**NOTICE**

Notice is hereby given that the **Thirty Eighth Annual General Meeting** of the members of **Hindustan Hardy Limited** (formerly Hindustan Hardy Spicer Limited) will be held on Thursday, September 24, 2020 at 2.30 p.m. through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”), to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vijay Narhar Pathak(DIN: 02700611) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT in partial modification of resolution passed on August 05, 2019 and pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company for availing technical and management expertise from Mr. S. C. Saran, Director of the Company on payment of a sum not exceeding Rs. 36,00,000/-per annum to be paid on monthly basis with effect from October 1, 2020.

RESOLVED FURTHER THAT the Executive Director & COO / Company Secretary of the Company be and is hereby severally authorized to sign and execute documents /papers if any required in this regard and to do and perform all such acts, deeds and things as may be necessary in this regard.”

**NOTES:**

1. In view of the outbreak of Covid-19 pandemic, the Ministry of Corporate Affairs (‘MCA’) has vide its General Circular dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as ‘MCA Circulars’) permitted the holding of the Annual General Meeting (‘AGM’) through Video Conferencing (‘VC’)

facility or other audio visual means ('OAVM'), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ('Act'), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and MCA Circulars, the AGM of the Company is being held through VC/OAVM on Thursday, September 24, 2020 at 2.30 p.m.

2. Pursuant to the General Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, since the physical attendance of Members as been dispensed with, there is no requirement of appointment of proxies. Accordingly, the Proxy Form and Attendance Slip are not annexed to this Notice.
3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. The Statement setting out material facts pursuant to section 102 of the Companies Act, 2013, which sets out details relating to item nos.4 of the Notice, and Additional information pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings in respect of directors seeking appointment/ reappointment under item No.3 are annexed hereto.
5. In line with the MCA General Circular dated May 5, 2020, the Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 38th AGM has been uploaded on the website of the Company at [www.hhardys.com](http://www.hhardys.com) and may also be accessed on the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The Notice is also available on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
6. The Register of Members and the Share Transfer Books of the Company will be closed from Friday, 18.09.2020 to Thursday, 24.09.2020 both days inclusive.
7. Members are requested to notify immediately any change of particulars such as name, postal address, e- mail address, telephone/mobile numbers, PAN, registering of nomination, bank mandate details etc.:
  - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
  - (ii) to the Company's Registrar & Share Transfer Agents, M/s Satellite Corporate Services Pvt. Ltd., Unit No. 49, Building No.-13, A-B, IInd Floor, Samhita Commercial, Co-Op. Society Ltd., Off Andheri Kurla Road, MTNL Lane, Saki Naka, Mumbai - 400072, (w.e.f.-01.09.2020, The address is changed to Satellite Corporate Services Pvt. Ltd., Office No. 106 & 107, Dattani Plaza, East West Compound, Andheri Kurla Road, Safedpul, Sakinaka - Mumbai - 400 072), in respect of their physical share folios, if any, quoting their folio numbers.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, accordingly, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
9. SEBI, vide its Circular No. SEBI/LAD-NRO/ GN/2018/24 dated June 8, 2018, amended Regulation 40 of SEBI Listing Regulations pursuant to which after March 31, 2019 transfer of securities could not be processed unless the securities are held in the dematerialized form with a depository.  
  
Members holding shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode as per extension of the deadline announced by SEBI.
10. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company or Company's Registrar & Share Transfer Agents, M/s Satellite Corporate Services Pvt. Ltd., Unit No. 49, Building No.-13, A-B, IInd Floor, Samhita Commercial, Co-Op. Society Ltd., Off Andheri Kurla Road, MTNL Lane, Saki Naka, Mumbai - 400072, (w.e.f.-01.09.2020, The address is changed to Satellite Corporate Services Pvt. Ltd., Office No. 106 & 107, Dattani Plaza, East West Compound, Andheri Kurla Road, Safedpul, Sakinaka - Mumbai - 400 072). Members holding shares in dematerialised mode are requested to register/update their email addresses with the relevant Depository Participants.
11. During the 38th AGM, Members may access the electronic copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, on the website of the Company at [www.hhardys.com/html](http://www.hhardys.com/html).
12. Pursuant to the provisions of the Act, the dividend for the financial year 2012-13 and for subsequent years 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.
13. Pursuant to the provision of Section 124(6) of the Act, read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules") and amendments thereto, shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the demat account of the IEPF Authority except for shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority restraining any transfer of the shares.

The Members/claimants whose shares, unclaimed dividend, etc. have been transferred to the Fund may claim the shares by making an application to IEPF Authority in Form IEPF-5 (available on [iepf.gov.in](http://iepf.gov.in)) along with requisite fee as decided by the Authority from time to time. The Member/claimant can file only one consolidated claim in a financial year as per the IEPF Rules and amendments thereto.

14. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- (i) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of the Company will be displayed. On clicking this link, the Member will be able to view the webcast of the AGM proceedings. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- (ii) Members may join the Meeting through Laptops, tablets and iPads for better experience.
- (iii) Further, Members will be required to use Internet with a good speed to avoid any disturbance during the meeting.
- (iv) Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- (v) Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at [co@hhardys.com](mailto:co@hhardys.com) from 14th Sept, 2020(9.00 a.m. IST) to 18th September, 2020\_ (5:00 p.m. IST). Those Members who have pre-registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- (vi) Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the 38th AGM through VC/OAVM facility.



- (vii) Members who need assistance before or during the AGM may contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)/022-24994360 or Mr. Sagar Ghosalkar, Assistant Manager- NSDL at [sagar.ghosalkar@nsdl.co.in](mailto:sagar.ghosalkar@nsdl.co.in)/ 022-24994553.

## 15. VOTING THROUGH ELECTRONIC MEANS:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by Companies (Management and Administration) Rules, 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and the Secretarial Standards on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide members facility to exercise their right to vote at the 38<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL)

### I. The instructions for members for voting electronically are as under:-

- Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>  
Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
(a) For Members who hold shares in demat account with NSDL.	<ul style="list-style-type: none"> <li>• 8 Character DP ID followed by 8 Digit Client ID</li> <li>• For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.</li> </ul>
(b) For Members who hold shares in demat account with CDSL.	<ul style="list-style-type: none"> <li>• 16 Digit Beneficiary ID</li> <li>• For example if your Beneficiary ID is 12***** then your user ID is 12*****</li> </ul>
(c) For Members holding shares in Physical Form.	<ul style="list-style-type: none"> <li>• EVEN Number followed by Folio Number registered with the company</li> <li>• For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***</li> </ul>

5. Your password details are given below:

- (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- (c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
  - (a) **Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).**
  - (b) **Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).**
  - (c) **If you are still unable to get the password by aforesaid two options, you can send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/ folio number, your PAN, your name and your registered address.**
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**Guidelines for shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [cs@parikhassociates.com](mailto:cs@parikhassociates.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- II. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The e-voting period commences on Monday, 21.09.2020, (10.00 a.m.) and ends on Wednesday, 23.09.2020 at (5:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, 17.09.2020 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Thursday, 17.09.2020. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting, as well as voting at the meeting. The members who have not cast vote through remote e-voting shall be entitled to vote at the meeting.

Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- VI. Members will be provided with the facility for voting through electronic voting system during the video conferencing proceedings at the AGM and Members participating at the AGM, who have not already cast their vote on the resolutions by remote e Voting, will be eligible to exercise their right to vote on such resolutions during the proceedings of the AGM.
- VII. The Members who have cast their votes through remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their votes again on such resolutions.
- VIII. Ms. Jigyasa N. Ved(FCS 6488) or failing him Mr. Mitesh Dhabliwala(FCS 8331) of M/s Parikh & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting at the meeting and remote e-voting process in a fair and transparent manner.
- IX. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, unblock the votes cast through remote e-voting prior to the AGM and e-voting during the AGM and make not later than 48 hours of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.
- X. The Results declared along-with the Scrutinizer's Report shall be placed on the Company's website, [www.hhardys.com](http://www.hhardys.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the result is declared by the Chairman and the same shall be communicated to the BSE Limited where the shares of the Company are listed.

**Registered Office:**

Plot No. C-12, M.I.D.C. Area, Ambad,  
Nashik – 422 010.

**By order of the Board**

Date : August 25, 2020  
Place : Mumbai

**DEVAKI SARAN**  
**EXECUTIVE DIRECTOR & CFO**  
DIN: 06504653

## **ANNEXURE TO THE NOTICE**

### **THE STATEMENT SETTING OUT MATERIAL FACTS IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

#### **Item No. 3**

The Board of Directors resolution passed at the meeting held on 12.02.2016 and subsequently on 21.05.2019, approved the payment of professional fees of Rs. 36.00 lacs p.a. on a quarterly basis to Mr. S. C. Saran for the services and expertise provided by him including the following:

- Designing guidance and manufacturing know how; both for propeller shafts and related products to help the Company diversify its product offering
- Contacts overseas to help grow exports
- Knowledge of aftermarket in India to help the Company expand its presence in the aftermarket

The necessary approval for the same was also taken from the Shareholders at the Annual General Meeting held on 05.08.2019.

It is now desired to make the payment of professional fees on a monthly basis. The other terms of the transaction remain unchanged as approved earlier.

In terms of the provisions of section 188 of the Companies Act, 2013, any transaction/s of availing of services from a related party would require the prior approval of shareholders by way of an Ordinary Resolution, which exceeds the thresholds provided in rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014. Accordingly, the Ordinary Resolution for partial modification of the resolution passed at the AGM held on 05.08.2019, is being proposed for the approval of the members under Section 188 of the Companies Act, 2013 read with rules made thereunder at item No. 3 for approval of the shareholders.

The particulars of the contracts/transactions, pursuant to para 3 of Explanation (1) to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as aforesaid.

The memorandum of terms and conditions of the transactions to be entered/entered into with Mr. S. C. Saran available for inspection.

The related parties shall abstain from voting on this resolution.

Mr. S. C. Saran and Ms. Devaki Saran, relative of Mr. S. C. Saran are interested in the resolution at item No. 3.

None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution set out at Item No. 3.

The Board of Directors recommend the passing of ordinary resolution set forth in the Notice for the approval of members.

**Registered Office:**

Plot No. C-12, M.I.D.C. Area, Ambad,  
Nashik – 422 010.

**By order of the Board**

Date : August 25, 2020

Place : Mumbai

**DEVAKI SARAN**  
**EXECUTIVE DIRECTOR & CFO**  
**DIN: 06504653**

**Information as required under Secretarial Standards issued by The Institute of Company Secretaries of India with respect to general meetings:**

<b>Particulars</b>	<b>Mr. Vijay Narhar Pathak</b>
<b>Date of Birth</b>	24.04.1960
<b>Age</b>	60 Years
<b>Date of Appointment</b>	10/08/2018
<b>Qualification</b>	Government Polytechnic, Dhule
<b>Expertise in specific functional area</b>	He has over 36 years of experience the industry and expertise in management, production and quality control. He has been trained in TPM, 5S, JIT, TQM, VLFM both in India and Japan. He has deep knowledge of export component manufacturing, process improvements, value stream mapping and various other manufacturing best practices.
<b>Directorships in other companies</b>	NIL
<b>Memberships of Committees in other public companies (Includes only Audit &amp; Stakeholders Relationship Committee)</b>	NIL
<b>No. of shares held in the Company</b>	NIL
<b>Relationship between directors inter-se</b>	He is not related to any other Director or Key managerial Personnel.
<b>Number of Board meetings attended</b>	4

## **DIRECTORS' REPORT**

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

To  
**The Members**  
**HINDUSTAN HARDY LIMITED**  
(Formerly Hindustan Hardy Spicer Limited)

The Directors have pleasure in presenting the Thirty Eighth Annual Report together with the Statement of Accounts for the year ended on March 31, 2020.

### **FINANCIAL RESULTS:**

<b>Particulars</b>	<b>For the year ended 31st March 2020 Rs. in Lakh</b>	<b>For the year ended 31st March 2019 Rs. in Lakh</b>
Revenue from Operations	<b>3909.84</b>	4659.69
Other Income	<b>28.51</b>	5.03
Total Income	<b>3938.35</b>	4664.72
Profit before Interest, Depreciation and Tax	<b>105.45</b>	262.29
Finance Cost	<b>30.61</b>	35.54
Depreciation	<b>61.69</b>	56.27
Profit / (Loss) before tax	<b>13.16</b>	170.48
Tax Expenses	<b>9.97</b>	131.35
Profit / (Loss) after Tax	<b>3.19</b>	39.14
Other Comprehensive Income / (Loss) for the year	<b>(2.13)</b>	10.38
Profit / (Loss) for the year attributable to owners of the company	<b>1.06</b>	49.52
Surplus brought forward from Previous Year	<b>274.33</b>	246.49
Profit available for appropriation	<b>275.39</b>	296.01
Proposed Dividend	-	17.98
Tax on Proposed Dividend	-	3.70
<b>Surplus Carried Forward</b>	<b>275.39</b>	<b>274.33</b>



## **OPERATIONS/STATE OF COMPANY'S AFFAIRS**

Profit before tax was Rs. 13.16 lakhs as compared to profit Rs. 170.48 lakhs in the prior year. This reduction in profit was on account of a 16% decrease in sales because of economic slow down and Covid-19 pandemic.

The Company was very adversely affected by the slowdown in the automotive sector. This particularly impacted the performance in the second quarter. Demand appeared to rebound from December 2019 onwards; however the overall sales in the last quarter decreased compared to the third quarter because of the abrupt lockdown in March. The Company was unable to dispatch material that was nearly ready for shipment and certain export customers requested the Company to hold shipments as they were operating with less manpower. Manufacturing expenses had been incurred.

The Company has taken several measures to diversify across all customer segments and hence it was able to earn a marginal profit in the face of all these adversities.

The Company's cost reduction initiatives boosted the bottom line. The Company had started a Companywide cost reduction initiative and savings continued across all departments. Additionally supplier rationalization and value engineering efforts also helped to bolster the bottom line.

## **TRANSFER TO GENERAL RESERVES**

There was no transfer made to any Reserve during the year.

## **DIVIDEND**

The Board of Directors have not recommended any dividend on the Equity shares of the Company for the financial year 2019-2020 because of insufficient profit.

## **OUTLOOK**

The outlook for the current year appears bleak as the Company lost nearly 1.5 months of production on account of the nationwide lockdown. The Covid-19 pandemic is an unprecedented situation that has affected every country and caused huge disruptions in the global economy. Every country is forecast to experience a severe recession in FY 20-21.

Even after the Company restarted production in May, customers in other locations remained closed for some time. Localised lockdowns also worsened the situation and caused supply chain disruptions.

The situation remains highly uncertain with cases on the rise nation-wide.

Demand is expected to remain weak in certain sectors especially commercial vehicles for the entire financial year.

The Company is working to expand its product offering and target new customers to combat the reduced demand for its existing product portfolio.

The company is continuing its value engineering and continuous improvement efforts to reduce manufacturing costs in an attempt to improve margins. The company had also undertaken a huge cost reduction initiative to reduce costs across the board. Most costs have been reduced to the bare minimum; however this initiative continues. The Covid-19 pandemic has increased certain expenses due to all the hygiene and sanitization requirements.

Despite the challenging scenario, Management is continuing its efforts to grow sales and capitalize on the opportunities that arise because of the Covid-19 pandemic.

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

There have been no material changes and commitments, 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**

In accordance with the provisions of Section 152 of the Act and Articles of Association, Mr. Vijay Narhar Pathak (DIN: 02700611) Director of the Company, retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

In terms of Section 203 of the Act, the following are the Key Managerial Personnel (KMP) of the Company:

1. Mr. Vijay Pathak, Executive Director & COO
2. Ms. Devaki Saran, Executive Director & CFO
3. Ms. Sunita Nisal, Company Secretary

During the year, Mr. Navroze Marshall was appointed as an Independent Director of the Company for a term of five years from May 21, 2019 to May 20, 2024.

Mr. Jehangir H. C. Jehangir and Mr. Richard Koszarek's were reappointed as Independent Directors of the Company for a second term of five years as approved by the Shareholders at the annual general meeting held on 5th August 2019.

## **DECLARATION FROM INDEPENDENT DIRECTORS**

Directors who are independent directors, have submitted a declaration as required under section 149(7) of the Act that each of them meets the criteria of independence as provided in sub Section (6) of Section 149 of the Act and under regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time 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. S. C. Saran
2. Mr. Jehangir H. C. Jehangir
3. Mr. Richard Koszarek
4. Mr. Navroze S. Marshall

4 (Four) meetings of the Audit committee were held during the financial year.

## **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. The Whistle Blower Policy (Vigil Mechanism) is uploaded on the Company's website [www.hhardys.com](http://www.hhardys.com)

## **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 ([www.hhardys.com](http://www.hhardys.com)). There has been no change in the policies since the last fiscal year.

We affirm that the remuneration paid to the directors is as per the terms laid out in the remuneration policy of the Company.

### **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 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**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

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 in form MGT-9 is enclosed, which forms part of the directors' report as **Annexure I**. The extract of Annual Return in Form MGT-9 as per provisions of the Act and Rules thereto is also available on the Company's website at [www.hhardys.com](http://www.hhardys.com)

## **AUDITORS**

The Members of the company had, at its Annual General Meeting (AGM) held on 18th August, 2017 appointed M/s. Daga & Chaturmutha, Chartered Accountants, Nashik, (ICAI Registration No-101987W) as the Statutory Auditors for a period of 5 (five) consecutive years from the conclusion of the Thirty Fifth AGM till the conclusion of the fortieth AGM. M/s. Daga & Chaturmutha, Chartered Accountants, have submitted a certificate confirming that their appointment is in accordance with Section 139 read with Section 141 of the Act.

## **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 and other applicable provisions, if any, of the Companies Act, 2013, M/s. Parikh & Associates, Practicing Company Secretaries were appointed as the Secretarial Auditors for auditing the secretarial records of the Company for the financial year 2019-20.

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

## **AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT**

The Statutory Auditors' report and Secretarial Auditor's report does not contain any qualifications, reservations or adverse remarks.

During the year under review, there were no instances of fraud reported by the auditors, under Section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors.

## **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 III**.

## **PARTICULARS OF EMPLOYEES**

Pursuant to Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the particulars of employees are annexed as **Annexure IV**.

## **DEPOSITS FROM PUBLIC**

The Company has not accepted any deposits from public.

## **SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORY/ JUDICIAL AUTHORITY**

No significant or material orders were 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 during the year ended March 31, 2020.

### **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. The company conducts a monthly review of major risks and actions to minimize these in its Monthly Management Meeting. Efficacy of risk management is also one of the criteria on evaluated in the IATF certification process.

The Covid-19 pandemic highlighted the importance of effective risk management and contingency planning and the Company and Board are evaluating this policy in view of the risks that have been particularly highlighted by the pandemic.

### **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 V**.

## EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

An annual evaluation of the Board's 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 director	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, fulfilment of key responsibilities, performance of specific duties and obligations, timely flow of information etc. The assessment of committees based on the terms of reference of the committees and effectiveness of the meetings.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT 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 (POSH Act) and rules made thereunder. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has not received any complaint of sexual harassment during the financial year 2019-20.

The Company has complied with the provisions relating to constitution of Internal Complaints Committee under POSH Act.

### **SECRETARIAL STANDARDS**

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

### **LISTING AGREEMENT AND LISTING FEES**

The Company entered into Listing Agreement with BSE Limited in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued on September 2, 2015 effective from December 1, 2015.

The Company has paid the listing fees to BSE Limited for the year 2020-2021.

### **INSIDER TRADING REGULATIONS AND CODE OF DISCLOSURE**

The Board of Directors has adopted the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Internal Procedures and Conduct for Regulating, Monitoring and reporting of Trading by Insiders in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015 and is available on our website (<http://www.hhardys.com>)

### **GREEN INITIATIVES**

As a part of Green initiative, Electronic copies of the Annual Report 2019-20 and Notice of the 38th Annual General Meeting of the Company are sent to all members whose email addresses are registered with the Company / Depository Participant(s).

For members who have not registered their email addresses, physical copies are sent in the permitted mode.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The provisions of Section 135 of the Companies Act, 2013 ("the Act") read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company.

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management's discussion and analysis is set out in this Annual Report.

### **CORPORATE GOVERNANCE REPORT**

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Corporate Governance is not mandatory to the Company.



### **MAINTAINENCE OF COST ACCOUNTING RECORDS**

The company is not required to maintain cost records as specified under section 148(1) of the Companies Act, 2013.

### **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 family.

**For and on behalf of the Board**

Date : August 25, 2020  
Place: Mumbai

**S. C. Saran**  
**Chairman**

## ANNEXURE I

Extract of Annual Return as on Financial year ended 31.03.2020

[Form MGT-9 pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. Registration and other details:

i. CIN No. of the Company:	<b>L29300MH1982PLC028498</b>
ii. Registration Date:	<b>16.10.1982</b>
iii. Name of the Company:	<b>HINDUSTAN HARDY LIMITED (Formerly HINDUSTAN HARDY SPICER LIMITED)</b>
iv. Category/ Sub-category of the Company:	Public Limited Company Limited by Shares
v. Address of Registered office and contact details:	Plot No. C-12, M.I.D.C. Area, Ambad, Nashik, Maharashtra- 422 010 Email : hhardy_nsk@sancharnet.in Website : www.hhardys.com Tel. : 0091-253-2382018, 2382118, 2382754
vi. Whether listed company:	<b>Yes</b>
vii. Name, Address and contact details of Registrar and Transfer Agent :	M/s Satellite Corporate Services Pvt. Ltd., Unit No. 49, Building No.-13, A-B, IInd Floor, Samhita Commercial, Co-Op. Society Ltd., Off Andheri Kurla Road, MTNL Lane, Saki Naka, Mumbai - 400072, (w.e.f.- 01.09.2020, The address is changed to Satellite Corporate Services Pvt. Ltd., Office No. 106 & 107, Dattani Plaza, East West Compound, Andheri Kurla Road, Safedpul, Sakinaka - Mumbai - 400 072.) Email : : service@satellitecorporate.com Website : www.satellitecorporate.com Tel. : 0091-22- 28520461/462.

### II. Principal Business Activity of the Company:

All the business activities contributing to 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the product/ service	Percentage to total turnover of the company
1	Propeller Shaft, UJ kit Double Cardan Shafts & components	29301	96.07%

### III. Particulars of Holding, Subsidiary and Associate Companies:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	Percentage of shares held	Applicable Section
1.	XLO India Limited	U63000 MH1958 PLC011042	Holding Company	66.07%	2(46) of the Companies Act, 2013

#### IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category wise shareholding:

Category of shareholders	No of shares held at the beginning of the year (as on 01.04.2019)					No of shares held as on 31.03.2020					%Change during the year (9-5)		
	Demat	physical	Total	% of total shares	5	Demat	physical	Total	% of total shares	8		9	
													2
1													
<b>Promoters</b>													
<b>Indian</b>													
Individuals / Hindu Undivided Family	651	0	651	0.04	0.04	651	0	651	0.04	0.04	0.04	0.00	0.00
Central Government	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
State Governments(s)	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
Bodies Corporate	989993	0	989993	66.07	66.07	989993	0	989993	66.07	66.07	66.07	0.00	0.00
Financial Institutions / Banks	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
HUF	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
Directors & their relatives	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
Clearing Member	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
<b>Sub-Total (A) (1)</b>	<b>990644</b>	<b>0</b>	<b>990644</b>	<b>66.11</b>	<b>66.11</b>	<b>990644</b>	<b>0</b>	<b>990644</b>	<b>66.11</b>	<b>66.11</b>	<b>66.11</b>	<b>0.00</b>	<b>0.00</b>
Foreign	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
Non-Resident Individuals	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
Other Individuals	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
Bodies Corporate	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
Banks / FI	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
Any Other (specify)	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>990644</b>	<b>0</b>	<b>990644</b>	<b>66.11</b>	<b>66.11</b>	<b>990644</b>	<b>0</b>	<b>990644</b>	<b>66.11</b>	<b>66.11</b>	<b>66.11</b>	<b>0.00</b>	<b>0.00</b>
<b>Public Shareholding</b>													
<b>Institutions</b>													
Mutual Funds	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00
Financial Institutions / Banks	50	0	50	0.00	0.00	50	0	50	0.00	0.00	0.00	0.00	0.00

Category of shareholders	No of shares held at the beginning of the year (as on 01.04.2019)		No of shares held at the end of the year (as on 31.03.2020)		%Change during the year
Central Government	0	0	0	0	0.00
State Government(s)	0	0	0	0	0.00
Venture Capital Funds	0	0	0	0	0.00
Insurance Companies	0	0	0	0	0.00
Foreign Institutional Investors	0	0	0	0	0.00
Foreign Venture Capital Funds	0	0	0	0	0.00
Any Other (Specify)	0	0	0	0	0.00
<b>Sub-Total (B) (1)</b>	<b>50</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>0.00</b>
Non-Institutions		0		0	
Bodies Corporate	0	0	0	0	0.00
i) Indian	16606	50	16656	50	1.11
ii) Overseas	0	0	0	0	0.00
Individuals	0	0	0	0	0.00
Individual Shareholders holding nominal Share Capital upto Rs.2 Lakh	270038	105003	375041	245248	25.03
Individual Shareholders holding nominal Share Capital in excess of Rs.2 Lakh	66008	0	66008	89158	4.41
Any Other (Specify)		0	0	0	0.00
Clearing Member	0	0	0	10	0.00
IEPF	45716	0	45716	49667	3.05
Non Resident Indians	1130	50	1180	896	0.08
HUF	3055	100	3155	10115	0.21
Directors & their relatives	0	0	0	0	0.00
Sub-total (B) (2)	402553	105203	507756	97953	33.89
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>402603</b>	<b>105203</b>	<b>507806</b>	<b>97953</b>	<b>33.89</b>
<b>TOTAL (A)+(B)</b>	<b>1393247</b>	<b>105203</b>	<b>1498450</b>	<b>97953</b>	<b>100.00</b>
			<b>1400497</b>	<b>1498450</b>	<b>100.00</b>

Category of shareholders	No of shares held at the beginning of the year (as on 01.04.2019)		No of shares held at end of the year (as on 31.03.2020)		%Change during the year
Shares held by Custodians for GDRs & ADRs	0	0	0	0	0.00
<b>GRAND (A)+(B)+(C)</b>	<b>1393247</b>	<b>105203</b>	<b>1498450</b>	<b>97953</b>	<b>100.00</b>
<b>TOTAL</b>	<b>1393247</b>	<b>105203</b>	<b>1498450</b>	<b>1498450</b>	<b>100.00</b>
					<b>0.00</b>

ii. Shareholding of Promoters :

Sr. No	Shareholders Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year-31.03.2020			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of shares pledged/ encumbered to total shares	
1	XLO India Ltd*	989993	66.07	0	989993	66.07	0	0.00
2	SanjayaChandrabhushan Saran	501	0.03	0	501	0.03	0	0.00
3	Arati Sanjaya Saran	150	0.00	0	150	0.00	0	0.00
	<b>TOTAL</b>	<b>990644</b>	<b>66.11</b>	<b>0</b>	<b>990644</b>	<b>66.11</b>	<b>0</b>	<b>0.00</b>

**iii. Change in Promoters' Shareholding: N.A.**

Sr. No.	Share holders Name		Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	No changes					

**Hindustan Hardy Limited**  
(formerly Hindustan Hardy Spicer Limited)

iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs):

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year 01.04.2019		(+ )INCREASE/ (-)DECREASE IN SHARE HOLDING		Shareholding at the end of the year 31-03-2020	
		No. of Shares	% Of Total Shares of the Company	Date	Shares	No. of Shares	% Of Total Shares of the Company
1	INVESTOR EDUCATION AND PROTECTION FUND	45716	3.05	12/02/2020	3951	49667	3.31
				31/03/2020	0	49667	3.31
2	HITESH RAMJI JAVERI	44254	2.95	22/11/2019	166	44420	2.96
				31/12/2019	580	45000	3.00
				07/02/2020	50	45050	3.01
				31/03/2020	0	45050	3.01
3	DEVIKA ANAND	15364	1.03	05/04/2019	400	15764	1.05
				12/04/2019	78	15842	1.06
				22/11/2019	838	16680	1.11
				10/01/2020	1109	17789	1.19
				07/02/2020	290	18079	1.21
				21/02/2020	3195	21274	1.42
				28/02/2020	400	21674	1.45
				06/03/2020	680	22354	1.49
				31/03/2020	0	22354	1.49
4	DILIPKUMAR LAKHI	21754	1.45	31/03/2020	0	21754	1.45
5	RADHABAI RAMJI JAVERI	17000	1.13	31/03/2020	0	17000	1.13
6	PRAKASH GAJANAN NAYAK	9563	0.64	31/03/2020	0	9563	0.64
7	VSL SECURITIES PRIVATE LIMITED	8463	0.56	31/03/2020	0	8463	0.56
8	SARITA BOTHRA	6000	0.40	21/02/2020	-3000	3000	0.20
				31/03/2020	0	3000	0.20
9	NIRMAL KUMAR CHOPRA	5121	0.34	31/03/2020	0	5121	0.34
10	HARSHA HITESH JAVERI	5000	0.33	31/03/2020	0	5000	0.33



## v. Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name of the Shareholder	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	SANJAYA CHANDRABHUSHAN SARAN	01-04-2019	-	501	0.03	501	0.03
		31-03-2020	-	501	0.03	501	0.03
Key Managerial Personnel							
	NIL		At the beginning of the year				
			At the end of the year				

## V. Indebtedness:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	499.90	-	-	499.90
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total ( i+ii+iii )</b>	<b>499.90</b>	<b>-</b>	<b>-</b>	<b>499.90</b>
Change in Indebtedness during the financial year				
- Addition	139.55	-	-	139.55
- Reduction				
Net Change	<b>-139.55</b>	<b>-</b>	<b>-</b>	<b>-139.55</b>
Indebtedness at the end of the financial year				
(i) Principal Amount	360.35	-	-	360.35
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
<b>Total ( i+ii+iii )</b>	<b>360.35</b>	<b>-</b>	<b>-</b>	<b>360.35</b>

**VI. Remuneration of Directors and Key Managerial Personnel**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

	<b>Ms. Devaki Saran EXECUTIVE DIRECTOR &amp; CFO</b>	<b>Mr. Vijay Pathak EXECUTIVE DIRECTOR &amp; COO</b>
Gross Salary		
a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	40.95	35.42
b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	6.40	6.58
c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	-	-
Stock Option	-	-
Sweat Equity	-	-
Commission	-	-
Others (PL encashment & superannuation)	4.44	-
<b>Total (A)</b>	<b>51.79</b>	<b>42.00</b>
Ceiling as per the Act	Schedule V of the Act	Schedule V of the Act

## B. Remuneration to other Directors

NAME OF DIRECTORS	Remuneration (Rs.)	SITTING FEES (Rs.)	Commission (Rs.)
<b>Independent Directors</b>			
Jehangir H.C. Jehangir	-	17000	-
Richard Koszarek	-	22000	-
Navroze Marshall	-	29000	-
<b>TOTAL (B1)</b>	-	<b>68000</b>	-
<b>Other Non-Executive Directors</b>			
S. C. SARAN	*3000000	31000	-
<b>TOTAL (B2)</b>	<b>3000000</b>	<b>31000</b>	-
<b>TOTAL B1+B2</b>	<b>3000000</b>	<b>99000</b>	-

\* Mr. S. C. Saran was paid professional fees of Rs. 30.00 lakhs during the year 2019-2020 for the technical and management expertise services provided by him as approved by the Board of Directors of the Company at its meeting held on 21.05.2019.

## C. Remuneration to Key Managerial Personnel other than MD/ Manager/WTD - NIL

NAME OF KEY MANAGERIAL PERSONNEL	Sunita Nisal, Company Secretary
Gross Salary	
a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,16,041
b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	40,634
Others (PL encashment & superannuation)	1,16,584
<b>Total (A)</b>	<b>2,73,259</b>

## VII. Penalties/ Punishment/ Compounding of Offences- NONE

Date : August 25, 2020  
Place : Mumbai

For and on behalf of the Board  
S. C. Saran  
Chairman

## **ANNEXURE II**

**FORM No. MR-3**

### **SECRETARIAL AUDIT REPORT**

#### **FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020**

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

#### **HINDUSTAN HARDY LIMITED**

**(Formerly Hindustan Hardy Spicer Limited)**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hindustan Hardy Limited** (Formerly Hindustan Hardy Spicer Limited) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by The Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company namely:
1. The Factories Act, 1948
  2. The Contract Labour Act, 1970
  3. The Workmen's Compensation Act, 1923
  4. The Environment (Protection) Act, 1986
  5. Air (Prevention and Control of Pollution) Act, 1981.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc.

**We further report that:**

The Board of Directors of the Company is constituted with Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc..

For Parikh & Associates  
**Company Secretaries**

Signature:  
**Jeenal Devilal Jain**  
Partner

Date : August 25, 2020  
Place : Mumbai

ACS No. : 43855  
CP No. : 21246  
UDIN No. : A043855B000611752

*This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.*

**ANNEXURE 'A'**

To,

The Members

**Hindustan Hardy Limited**

(formerly Hindustan Hardy Spicer Limited)

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates  
**Company Secretaries**

Signature:  
**Jeenal Devilal Jain**  
Partner

Date : August 25, 2020  
Place : Mumbai

ACS No. : 43855  
CP No. : 21246  
UDIN No. : A043855B000611752

## **ANNEXURE III**

### **A. Conservation of energy, technology absorption, foreign exchange earnings and outgo: [Rule 9.10(3)]**

#### **1. Conservation of energy:**

- (i) Steps taken / impact on conservation of energy, with special reference to the following:
- Effective utilization of heat treatment furnaces to minimize turning the furnaces on and off and ensure full loads
  - TPM (Total Productive Maintenance) initiative to repair old machines and reduce oil and other leakages.
  - Installation of meters to monitor electricity consumption on a daily basis. Separate meters have been installed for the heat treatment department and machine shop. Management is analyzing what causes spikes in electricity consumption and taking appropriate action.
  - Camera installed to measure Power Factor reading and ensure company receives maximum Power Factor Incentive
  - Installation of a separate lower capacity compressor in the heat treatment department. The heat treatment department frequently runs in all three shifts. Previously the company only had only one higher capacity compressor which was run used even only the heat treatment department was operational. This has led to considerable energy savings.
  - Installation of LED lightbulbs in place of CFL lightbulbs both of the shop floor and the office. This is an ongoing process as fused lightbulbs are being replaced by LED powered ones.
  - High horse power motors on old machines are being replaced by Variable Frequency Drive motors on an ongoing basis.
  - Paperless initiative to reduce printing and conserve paper.
  - Skylights in the factory ceiling eliminate the need for lighting during the day as far as possible.
- (ii) Steps taken by the company for utilizing alternate sources of energy including waste generated
- Installation of Solar Powered LED Street-light fixtures.



- Installation of 400 LPD Solar Hot water System at Canteen.
  - Installation of a composter and wormiculture for canteen waste.
  - Evaluation of installing solar panels is also being carried out.
- (iii) Capital investment on energy conservation equipment Rs. NIL

## 2. Technology :

- (i) Our technology had been imported from our Collaborators, Spicer Gelenkwellenbau GmbH, Germany in 1984. Since then upgradation has continued in consultation with various Agencies as well as with inhouse expertise.

## 3. Foreign exchange earnings and Outgo

The Foreign Exchange earnings and outgo are as under	(Rs. in Lakh)
1. Foreign Exchange Earnings	1803.44
2. Foreign Exchange Outgo on account of import	17.11
3. Foreign Exchange Outgo on account of travel	25.68
<b>Total Foreign Exchange outgo</b>	<b>42.99</b>
<b>Net Foreign Exchange earnings</b>	<b>1760.45</b>

For and on behalf of the Board

Date : August 25, 2020  
Place : Mumbai

S. C. Saran  
Chairman

## ANNEXURE IV

### PARTICULARS OF EMPLOYEES

**I] Remuneration of Directors [Section 197(12) and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

	Ratio to median remuneration
Chairman	7.33
Executive Director & CFO	12.66
Executive Director & COO	10.27

- (b) The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase/decrease in remuneration in the financial year
Chairman	66.67
Executive Director & COO	Nil
Executive Director & CFO	27.31

- (c) The percentage increase in the average remuneration of employees in the financial year: 0.08%
- (d) The number of permanent employees on the rolls of company: 189
- (e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Several employees reached retirement age and were replaced by new recruits or trainees at lower salaries. Therefore the average remuneration increase of employees was lower than that of the managerial personnel.

- (f) Affirmation that the remuneration is as per the remuneration policy of the Company:  
The Company affirms remuneration is as per the remuneration policy of the Company.

**II] The names of the top ten employees in terms of remuneration drawn is as under:**

Name of employee	Designation	Remuneration received (Rs. in Lakh)	Nature of employment	Qualifications	Experience	Age	Last employment	Percentage of equity shares held
Ms. Devaki Saran	Executive Director & CFO	51.79	Contractual	B.S. (Mechanical Engg.); M.B.A	6 Yrs.	35	UBS Investment Bank, New York	NIL
Mr Vijay Pathak#	Executive Director & COO	42.00	Contractual	Govt. Polytechnic	34 Yrs.	60	MSL Limited, Nashik	NIL
More AD	Sr. Manager Engineering	10.53	Regular	BE (Mechanical)	23 Yrs.	47	I – Design Engineering Solutions Ltd, Pune	NIL
Murgunde NR	Sr. Manager & HOD - Marketing & Procurement	9.89	Regular	DME	23 Yrs.	44	Spicer India Ltd., Satara	NIL
Sambhus MS	Sr. Manager & HOD - Quality	9.38	Regular	DME	37 Yrs.	57	Associated Manufacturing LLP, Pune	0.0003
Taskar AS	Sr. Manager & HOD - Production	9.14	Regular	DME	29 Yrs.	51	Started his career in Hindustan Hardy	0.0003
Sonawane BJ	Sr. Manager – Heat Treatment and Receipt	7.52	Regular	DME, DBM, MMS	23 Yrs.	44	Taparia Tools Ltd., Nashik-7	NIL
Mehandale CP	Sr. Manager & HOD PPC, Stores & Despatch	5.96	Regular	DME	29 Yrs.	51	Started his career in Hindustan Hardy	0.0003
Mulay DS	Sr. Manager - Production	5.92	Regular	DME	31 Yrs.	52	Started his career in Hindustan Hardy	NIL
Patil MS	Sr. Manager - Tool Room	5.74	Regular	DME	31 Yrs.	51	Started his career in Hindustan Hardy	NIL

Note: The employees falling in the management cadre are being considered for the above purpose.

There are no employees who are in receipt of remuneration in aggregate of Rupees One Crore and two Lakh for the year or Rupees Eight Lakh fifty thousand per month, if employed for part of the year.

Date : August 25, 2020  
Place : Mumbai

**For and on behalf of the Board**

**S. C. Saran**  
**Chairman**

## ANNEXURE V

### FORM AOC2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

#### 1. Details of contracts or arrangements or transactions not at arm's length basis –

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Mr. S.C. Saran Director	Professional Fees	Continuous	During the year - Amount paid Rs. 30.00 lacs paid quarterly	He is highly qualified having both an BSc in Mechanical Engineering from Carnegie Mellon University (USA) and an MBA from Columbia University (USA). Under his leadership the Company has earned a very good reputation both in the domestic and international markets. He has thorough knowledge of the product and of the automotive component industry as a whole. He also has very good relationships with domestic and global customers. The technical expertise and guidance of Mr. Sanjaya Saran is invaluable to the Company.	Board meeting held on 21.05.2019	-	AGM dated 05-08-2019

XLO India Limited, (Holding Company)  Directorship and Shareholding	The Company is using the registered trademark of XLO, "XLO Value", to market its products in the Indian aftermarket.	Continuous	During the year an amount of Rs. 1,48,777/-.	XLO brand already has good brand recognition in the Indian aftermarket. Therefore it would be beneficial to the business of the Company as the Company strives to establish a presence in the aftermarket.	01.08.2016	-	N.A.
Business Combine Limited  Directorship and Shareholding	Purchase of Old/scrapped Machinery	Occasional	Purchased Old/scrapped machines for Rs. 10,19,568/-	These machines are useful for machining our components. The company can use these machines after refurbishing.	21.05.2019	-	N.A.

**2. Details of material contracts or arrangement or transactions at arm's length basis**

- (a) Name(s) of the related party and nature of relationship – NIL
- (b) Nature of contracts/arrangements/transactions – Not Applicable
- (c) Duration of the contracts/arrangements/transactions – Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: – Not Applicable
- (e) Date(s) of approval by the Board, if any: – Not Applicable
- (f) Amount paid as advances, if any: – None

**For and on behalf of the Board**

Date : August 25, 2020  
Place : Mumbai

**S. C. Saran**  
Chairman

**AS PER SCHEDULE V OF SEBI LODR : ANNUAL REPORT****[See Regulation 34(3) and 53(f)]****MANAGEMENT DISCUSSION AND ANALYSIS****a. *Industry structure and developments.***

- Sales are primarily to 4 customer segments – domestic OEMs, export customers, industrial customers and aftermarket. In FY 19-20, the Company's largest market segment was Domestic OEMs, followed by Export, Aftermarket and industrial customers.
- The Company serves 4 sectors – commercial vehicle, agricultural, off-highway and construction equipment and industrial.

**b. *Opportunities and Threats.***

- The Indian propeller shaft market is dominated by 4 major players who all jostle for market share amongst the major commercial vehicle manufacturers, the differentiating factor being price competitiveness. As a result margins, are shrinking.
- The domestic after-sale market is also crowded by a number of low cost suppliers supplying unbranded generic components at low prices. The Company was a late entrant to the after sales market and is yet to achieve the brand recognition that can command a significant price premium. However sales and marketing efforts are paying off and gradually the brand is being recognised as a quality product.
- In the export market, Indian manufacturers have a cost advantage compared to their European and American counterparts. However quality standards are very stringent and monetary penalties for rejections or product failures is very high. Export to the US and Europe has significant potential; however the political scenario remains uncertain. The animosity towards China created by the Covid-19 pandemic could create opportunities for Indian manufacturers
- Several Indian companies are now taking steps to indigenize components that were previously imported from China which provides an attractive opportunity for Indian manufacturers.

**c. *Segment-wise or product-wise performance.***

- The company operates in a single segment.
- Total revenue from operations in FY 19-20 was Rs. 3938.35 Lakh as compared to 4664.72 Lakh in FY 18-19. Sales decreased due to economic slow down and Covid-19 pandemic.

Key Financial Ratios			
	FY 2019 -20	FY 2018 -19	Increase / Decrease
			( in % terms)
Debtors Turnover Ratio (Times)	3.78	4.17	(9.35)
Debtors Collection Period (Days)	97	88	10.22
Inventory Turnover (Times)	4.00	5.29	(24.39)
Interest Coverage Ratio (Times)	1.43	5.80	(75.34)
Current Ratio (Times)	1.12	1.10	1.82
Debt Equity Ratio (Times)	0.43	0.58	(25.86)
Operating Profit Margin (%)	1.11%	4.42%	(74.89)
Net Profit Margin (%)	0.08%	0.84%	(90.48)
Return on Net Worth (%)	0.38%	4.52%	(91.59)

- Debtors collection period increased as no payments were received in the last 10 days of March following the lockdown. Many customers release payments on a monthly basis at the end of the month which were not received in March.
- Inventory turnover ratio was affected as the unexpected lockdown meant goods could not be dispatched at year end which increased inventory levels.
- Profitability ratios were affected by the decrease in profit.

**d. Outlook**

- The outlook for the current year appears bleak as the Company lost nearly 1.5 months of production on account of the nationwide lockdown. The Covid-19 pandemic is an unprecedented situation that has affected every country and caused huge disruptions in the global economy. Every country is forecast to experience a severe recession in FY 20-21.
- Even after the Company restarted production in May, customers in other locations remained closed for some time. Localised lockdowns also worsened the situation and caused supply chain disruptions.
- The situation remains highly uncertain with cases on the rise nation-wide.
- Demand is expected to remain weak in certain sectors especially commercial vehicles for the entire financial year.
- The Company is working to expand its product offering and target new customers to combat the reduced demand for its existing product portfolio.
- Despite the challenging scenario, Management is continuing its efforts to grow sales and capitalize on the opportunities that arise because of the Covid-19 pandemic.



**e. *Risks and concerns.***

- The Covid-19 pandemic poses a huge threat as the duration and the extent of its impact remains uncertain. There remains the threat of a second-wave especially in the Western countries but the extent of this will be seen in the upcoming months.
- Cases in India continue to rise and therefore government policy remains uncertain.
- Increasing competition and rising costs are also putting downward pressure on margins. The Company is trying to counter this by focusing on operational efficiencies.

**f. *Internal control systems and their adequacy.***

- The adequacy of control systems is reviewed on a monthly basis by the management and assessed quarterly by the internal auditor and the Board.
- The internal control systems in place are more than adequate.

**g. *Discussion on financial performance with respect to operational performance.***

- The Company's cost reduction initiatives have yielded results as the Company was profitable despite the very adverse conditions created by the automotive slowdown and the abrupt lockdown in March.
- Efforts to further improve efficiency continue at all levels and across all departments.

**h. *Material developments in Human Resources / Industrial Relations front, including number of people employed.***

- Total number of employees decreased to 189 from 206 at the end of the prior financial year.

**DETAILS OF MEETINGS OF BOARD OF DIRECTORS AND COMMITTEES HELD AND ATTENDED BY DIRECTORS**

**MEETING OF THE BOARD OF DIRECTORS**

The date of the meeting were – 21.05.2019, 09.08.2019, 08.11.2019, 13.02.2020

<b>Name of the Director</b>	<b>No. of Board Meetings attended</b>
Mr. S. C. Saran	4
Mr. Jehangir H. C. Jehangir	2
Ms. Devaki Sanjaya Saran	4
Mr. Richard George Koszarek	3
Mr. Vijay Pathak	4
Mr. Navroze Marshall	4

**AUDIT COMMITTEE**

The date of the meetings were –21.05.2019, 09.08.2019, 08.11.2019, 13.02.2020

<b>Composition</b>	<b>Meetings attended</b>
Mr. Richard Koszarek	3
Mr. S. C. Saran	4
Mr. Jehangir H. C. Jehangir	2
Mr. Navroze Marshall	4

**NOMINATION AND REMUNERATION COMMITTEE**

The Date of the Meetings were – 21.05.2019

<b>Composition</b>	<b>Meetings attended</b>
Mr. Richard Koszarek	0
Mr. S. C. Saran	1
Mr. Jehangir H. C. Jehangir	1
Mr. Navroze Marshall	1

**SHARE TRANSFERS AND STAKEHOLDERS RELATIONSHIP COMMITTEE**

The date of the Meetings were – 25.04.2019, 21.05.2019, 17.06.2019, 09.08.2019, 08.11.2019, 13.02.2020

<b>Composition</b>	<b>Meetings attended</b>
Mr. S. C. Saran	6
Mr. Richard Kozarek	4
Mr. Jehangir H. C. Jehangir	4
Ms. Devaki Saran	6
Mr. Navroze Marshall	5

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of

### **HINDUSTAN HARDY LIMITED.**

(Formerly Known as Hindustan Hardy Spicer Limited)

### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **Hindustan Hardy Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31<sup>st</sup>, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent Auditor's of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there-under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

We have determined that there are no audit matters to communicate in our report.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the and other accounting principles generally accepted in India. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with

relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that :
  - (a) We have sought and 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, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31<sup>st</sup>, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31<sup>st</sup>, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us.
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Daga & Chaturmutha**  
Chartered Accountants  
Firm Registration No. 101987W

**Anand Daga**  
Partner  
Membership No. 048684  
UDIN No. 20048684AAAABK4484

Date: June 25, 2020



## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hindustan Hardy Limited of even date)**

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipments.  
  
b) As explained to us, all the assets have been physically verified by the management at the end of the year. According to the information and explanations given to us no discrepancies have been noticed on such physical verification.  
  
c) In respect of immovable property of land that has been taken on lease, the lease agreement is in the name of the company.
- (ii) As per the information furnished, the inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on physical verification of inventory.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) The Company has not given any loans, has not made any investments nor has given any guarantees or security - hence the compliance as per provisions of section 185 and 186 are not applicable.
- (v) The Company has not accepted any deposits from the public during the year under review.
- (vi) It is informed that the provisions of maintenance of Cost Records as prescribed by the Central Government under section 148 (1) of the Companies Act 2013 are not applicable to the Company.
- (vii) a) According to the information and explanations given to us and the books and records examined by us, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, customs duty, goods & services tax, cess and other material statutory dues with the appropriate authorities. It is informed that there are no such dues as at 31<sup>st</sup> March 2020 outstanding for a period exceeding six months from the date they became payable.  
  
b) According to information and explanations given to us there are no disputed amounts outstanding in respect of income tax, goods & services tax, sales tax, value added tax, excise duty, service tax and customs duty as the last day of financial year.

- (viii) The Company has not defaulted in repayment of loans or borrowings to banks. The Company has not borrowed from financial institutions or government and has not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans taken were applied for the purpose for which they were taken.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable for all transactions with related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with them.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Daga & Chaturmutha**  
Chartered Accountants  
Firm Registration No. 101987W

**Anand Daga**  
Partner  
Membership No. 048684  
UDIN No. 20048684AAAABK4484

Date: June 25, 2020

## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Hindustan Hardy Limited of even date)

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the Act).**

We have audited the Internal Financial Controls over Financial Reporting of **HINDUSTAN HARDY LIMITED** (“the Company”) as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of accounting records, and timely preparation of reliable financial information as required under the Companies Act, 2013.

#### **Auditors Responsibility**

Our responsibility is to express an opinion on the company’s internal financial control over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to an audit of internal financial controls. Those Standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operate effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting, included obtaining an understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on

the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on company's internal financial control system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls, over financial reporting includes those policies and procedures that (1) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and (3) provide reasonable assurance regarding the prevention and timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls over financial reporting to the future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations provided to us, the Company has in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over the financial reporting were operating effectively on 31<sup>st</sup> March, 2020, based on the internal financial reporting criteria established by the company considering the essential components of internal controls stated in the Guidance Note of Audit of Internal Controls over Financial reporting issued by the ICAI.

**For Daga & Chaturmutha**  
Chartered Accountants  
Firm Registration No. 101987W

**Anand Daga**  
Partner  
Membership No. 048684  
UDIN No. 20048684AAAABK4484

Date: June 25, 2020

**BALANCE SHEET AS AT 31ST MARCH, 2020**

(Rs in Lakh)

	Particulars	Note No.	As At 31.03.2020	As At 31.03.2019
I.	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	Fixed assets			
	Property, Plant and Equipment	2	470.09	423.58
	Capital work-in-progress	2	38.04	43.93
	Intangible Assets	2	3.92	5.19
	Right to use Asset	2	5.11	-
	<b>Financial Assets</b>			
	Trade receivables	7	1.02	5.09
	Other financial assets	3	19.09	17.59
	<b>Income Tax assets (net)</b>		-	-
	<b>Deferred tax assets</b>	4	32.56	33.35
	<b>Other non-current assets</b>	5	162.61	213.76
	<b>Sub total - Non-current assets</b>		<b>732.44</b>	<b>742.48</b>
	<b>Current Assets</b>			
	<b>Inventories</b>	6	526.63	523.19
	<b>Financial Assets</b>			
	Trade receivables	7	1,011.37	1,332.43
	Cash and cash equivalents	8	7.83	7.33
	Bank balances other than cash and cash equivalents	9	9.62	10.99
	Others (Interest Receivable)		1.50	1.50
	<b>Other current assets</b>	10	49.82	18.35
	<b>Sub total - Current assets</b>		<b>1,606.77</b>	<b>1,893.79</b>
	<b>TOTAL - ASSETS</b>		<b>2,339.21</b>	<b>2,636.27</b>
II.	<b>EQUITY AND LIABILITIES</b>			
	<b>EQUITY</b>			
	Equity Share Capital	11	149.85	149.85
	Other Equity		694.80	715.41
	<b>Sub total - Equity attributable to owners</b>		<b>844.64</b>	<b>865.26</b>
	<b>LIABILITIES</b>			
	<b>Non-current liabilities</b>			
	<b>Financial Liabilities</b>			
	Borrowings	12	21.17	21.41
	<b>Deferred Tax Liability</b>	17	34.31	31.88
	<b>Sub total - Non-current liabilities</b>		<b>55.49</b>	<b>53.29</b>
	<b>Current liabilities</b>			
	<b>Financial Liabilities</b>			
	Borrowings	12	339.19	478.49
	Trade payables	15	758.43	842.15
	Other financial liabilities	13	5.85	8.89
	<b>Other current liabilities</b>	16	250.25	287.45
	<b>Provisions</b>	14	85.36	84.19
	<b>Current Tax Liabilities (Net)</b>		-	16.54
	<b>Sub total - Current liabilities</b>		<b>1,439.08</b>	<b>1,717.72</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>2,339.21</b>	<b>2,636.27</b>

See accompanying notes 1 to 43 to the financial statements.

In terms of our report attached

For & on behalf of the Board of Directors

**For Daga & Chaturmutha**  
Chartered Accountants  
Firm Registration No. 101987W

**Chairman**  
S.C. Saran (DIN-00032194)

**Director**  
Jehangir H.C. Jehangir (DIN-00001451)

**Anand Daga**  
Partner

**Executive Director & CFO**  
Devaki Saran (DIN-06504653)

**Director**  
Richard Koszarek (DIN-00740800)

**Executive Director & COO**  
Vijay Pathak (DIN-02700611)

**Director**  
Navroze S. Marshall (DIN-00085754)

**Nashik, June 25, 2020**

**Company Secretary : Sunita Nisal(ACS-49122)**

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

(Rs in Lakh)

Particulars	Note No	As At 31.03.2020	As At 31.03.2019
<b>Income</b>			
Revenue from operations	18	3,909.84	4,659.68
Other income	19	28.51	(2.41)
<b>Total Income</b>		<b>3,938.35</b>	<b>4,657.27</b>
<b>Expenses</b>			
Cost of raw materials consumed	20	2,100.44	2,465.45
Purchase of Stock-in-Trade	-	-	-
Changes in inventories of finished goods, work-in-progress	21	(102.17)	16.71
Employee benefits expense	22	996.98	997.81
Depreciation and amortisation expense	2	61.69	56.27
Finance costs	23	30.61	35.54
Other expenses	24	837.64	915.02
<b>Total expenses</b>		<b>3,925.19</b>	<b>4,486.79</b>
Profit / (Loss) before tax		13.16	170.48
<b>Tax expense:</b>			
For the current year			
Current tax		6.75	53.00
Deferred tax		3.22	(4.24)
Earlier year Tax Adjustment		-	82.59
		9.97	131.35
<b>Profit / (Loss) for the year from continuing operations</b>		<b>3.19</b>	<b>39.14</b>
<b>Other comprehensive Income</b>			
<b>Items not to be reclassified to profit or loss</b>			
Re-measurement gains/ (losses) on defined benefit plans		(2.88)	14.38
Tax relating to the above		0.75	(4.00)
<b>Other comprehensive income for the year, net of tax</b>		<b>(2.13)</b>	<b>10.38</b>
<b>Total comprehensive income/ (Loss) for the year</b>		<b>1.06</b>	<b>49.52</b>
<b>Earnings per share {in ₹} {of ₹10 each} :</b>	25		
Basic		0.21	2.61
Diluted		0.21	2.61

See accompanying notes 1 to 43 to the financial statements.

In terms of our report attached

For &amp; on behalf of the Board of Directors

**For Daga & Chaturmutha**  
Chartered Accountants  
Firm Registration No. 101987W

**Anand Daga**  
Partner

Nashik, June 25, 2020

**Chairman**  
S.C. Saran (DIN-00032194)

**Executive Director & CFO**  
Devaki Saran (DIN-06504653)

**Executive Director & COO**  
Vijay Pathak (DIN-02700611)

**Company Secretary** : Sunita Nisal(ACS-49122)

**Director**  
Jehangir H.C. Jehangir (DIN-00001451)

**Director**  
Richard Koszarek (DIN-00740800)

**Director**  
Navroze S. Marshall (DIN-00085754)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

(Rs in Lakh)

		Year ended 31.03.2020		Year ended 31.03.2019
A.	<b>Cash flow from operating activities</b>			
	Net Profit / (Loss) before tax	13.16		170.48
	Adjustments for :			
	Depreciation and amortisation	61.69	56.27	
	Profit on sale of Property, Plant & Equipment	-	-	
	Interest and Finance Charges	30.61	35.54	
	Fixed Assets Scrapped / Discarded	2.46	-	
	Interest income	(6.64)	88.11	(1.87)
	<b>Operating profit before working capital changes</b>		<b>101.27</b>	<b>260.43</b>
	<b>Adjustment for :</b>			
	Decrease / (Increase) Trade receivables	325.14	(123.24)	
	Decrease / (Increase) Financial and Non-Financial assets	10.65	46.34	
	Decrease / (Increase) Inventories	(3.44)	(114.47)	
	Increase / (Decrease) Trade payables		11.14	
	Increase / (Decrease) Financial and Non-Financial liabilities and provisions	(83.71)	16.22	(164.01)
		(39.07)	209.56	
	Cash generated from / (used in) operations		310.82	96.41
	Direct taxes paid		(21.72)	(59.56)
	<b>Net cash flow from / (used in) operating activities (A)</b>		<b>289.10</b>	<b>36.86</b>
B.	<b>Cash flow from investing activities</b>			
	Purchase of Property, Plant & Equipment	(103.40)	(106.63)	
	Proceeds from Sale of Property, Plant & Equipment/ Capital Subsidy received	-	-	
	Interest income	6.64	(96.76)	1.69
	<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(96.76)</b>	<b>(104.94)</b>



(Rs in Lakh)

C.	<b>Cash flow from financing activities</b>			
	Proceeds from Borrowing	<b>41.98</b>		140.61
	Repayment of borrowings	<b>(181.53)</b>		(44.32)
	Interest and Finance Charges	<b>(30.61)</b>		(35.54)
	Dividend Paid	<b>(21.68)</b>	<b>(191.83)</b>	-
	<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(191.83)</b>	<b>60.75</b>
	<b>Net increase / (decrease) in cash &amp; cash equivalent (A+B+C)</b>		<b>0.51</b>	<b>(7.34)</b>
	<b>Cash and cash equivalent at the end of the period</b>		<b>7.83</b>	7.33
	<b>Cash and cash equivalent at the beginning of the period</b>		<b>7.33</b>	14.66
			<b>0.51</b>	<b>(7.34)</b>
	<b>Components of cash and cash equivalents</b>			
	Cash on hand		<b>0.34</b>	0.82
	With banks -			
	With banks - demand deposit with maturity less than 3 months			
	In current account		<b>7.49</b>	6.51
	In deposit account			
	<b>Cash and bank balance as per note 9</b>		<b>7.83</b>	<b>7.33</b>

**Notes :**

- 1) Figures in brackets represent cash outflow.
- 2) Cash flow statement has been prepared under the indirect method as set out in Ind AS - 7 specified under Section 133 of the Companies Act, 2013.
- 3) Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

**See accompanying notes 1 to 43 to the financial statements.**

*In terms of our report attached*

**For Daga & Chaturmutha**  
Chartered Accountants  
Firm Registration No. 101987W

**Anand Daga**  
Partner

**Nashik, June 25, 2020**

*For & on behalf of the Board of Directors*

**Chairman**  
S.C. Saran (DIN-00032194)

**Executive Director & CFO**  
Devaki Saran (DIN-06504653)

**Executive Director & COO**  
Vijay Pathak (DIN-02700611)

**Company Secretary : Sunita Nisal (ACS-49122)**

**Director**  
Jehangir H.C Jehangir (DIN-00001451)

**Director**  
Richard Koszarek (DIN-00740800)

**Director**  
Navroze S Marshall (DIN-00085754)

**Statement of Changes in Equity for the year ended 31st March, 2020**

<b>A.</b>	<b>Equity Share Capital</b>	<b>(₹ in Lakhs)</b>
	Balance as at 01st April, 2018	149.85
	Changes in equity share capital during the year	-
	<b>Balance as at 31st March, 2019</b>	<b>149.85</b>
	Balance as at 01st April, 2019	149.85
	Changes in equity share capital during the year	-
	<b>Balance as at 31st March, 2020</b>	<b>149.85</b>

<b>B. Other Equity For the year Ended 31st March, 2020</b>					
<b>Particulars</b>	<b>Reserves &amp; Surplus - (₹ in Lakhs)</b>				<b>Total Equity</b>
	<b>Capital Reserve</b>	<b>Share Forfeiture Reserve</b>	<b>General Reserve</b>	<b>Retained Earnings</b>	
<b>Balance as at 1st April 2018</b>	15.00	0.08	426.09	224.73	665.90
Profit / (Loss) for the year	-	-	-	39.14	39.14
Other Comprehensive Income\ (Loss) for the year	-	-	-	10.38	10.38
<b>Balance as at 31st March 2019</b>	<b>15.00</b>	<b>0.08</b>	<b>426.09</b>	<b>274.25</b>	<b>715.41</b>
Balance as at 1st April 2019	15.00	0.08	426.09	274.25	715.41
Investment Allowance Reserve Tfrd. to General Reserve	-	-	-	-	-
Dividend for FY-2018-19 paid	-	-	-	(17.98)	(17.98)
Dividend Distribution Tax on above.	-	-	-	(3.70)	(3.70)
<b>Profit / (Loss) for the year</b>	-	-	-	<b>3.19</b>	<b>3.19</b>
<b>Other Comprehensive Income\ (Loss) for the year</b>	-	-	-	<b>(2.13)</b>	<b>(2.13)</b>
<b>Balance as at 31st March 2020</b>	<b>15.00</b>	<b>0.08</b>	<b>426.09</b>	<b>253.63</b>	<b>694.80</b>

Remeasurement Loss ( Net) on defined benefit plans Rs. 2.13 Lakh [March 31, 2019 (Income) Rs. 10.38 Lakh] is recognised as part of Retained Earnings.

See accompanying notes 1 to 43 to the financial statements.

*In terms of our report attached*

*For & on behalf of the Board of Directors*

**For Daga & Chaturmutha**  
Chartered Accountants  
Firm Registration No. 101987W

**Anand Daga**  
Partner

**Chairman**  
S.C. Saran (DIN-00032194)

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**Director**  
Richard Koszarek (DIN-00740800)

**Director**  
Navroze S Marshall (DIN-00085754)

**Nashik, June 25, 2020**

**Company Secretary : Sunita Nisal (ACS-49122)**

## Notes to Financial Statements for the year ended March 31, 2020

### Note No. 1 – General Information and Significant Accounting Policies :

#### 1. Corporate Information:

**Hindustan Hardy Limited** is a Public Limited Company listed on the Bombay Stock Exchange. It was incorporated on October 16, 1982 under the Companies Act, 1956. It is engaged in the business of designing and manufacturing of Propeller Shafts and other accessories required for automotive, industrial, agricultural and other applications. The registered office of the Company is located at Nashik, Maharashtra, India.

The manufacturing facilities of the Company were closed on March 22, 2020 following lockdown due to COVID-19. The Company has since obtained required permissions and restored its manufacturing facilities partially in the second week of May 2020 in line with the terms and guidelines issued by the Ministry of Home Affairs. Based on immediate assessment and on the basis of available information of the impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and related service providers, the Company is hopeful of serving customer orders, obtaining regular supply of raw materials and logistics services after resumption of operations. In assessing the recoverability of trade receivables, the Company has considered subsequent recoveries, past trends, credit risk profile of customers, macroeconomic forecasts and internal and external information available up to the date of issuance of these financial results. In assessing recoverability of inventories, the Company has considered the latest selling prices, customer orders on hand and margins. Based on the above assessment, the Company is of the view that the carrying amounts of trade receivables, inventories are expected to be realizable. The impact of COVID-19 may be different from the estimates as at the date of approval of these standalone financial results and the Company will continue to closely monitor the developments.

#### 2. Basis of Preparation:

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rule, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 the relevant provisions of the Companies Act, 2013 ('the Act').

The financial statements have been prepared on a historical cost basis, except for Defined Benefit Plans – which are measured as per actuarial valuation.

#### 3. Significant Accounting Policies:

- (a) **Property, plant and equipment; Capital work-in-progress & Intangible assets:**
- (i) Property, plant and equipment & intangible assets are stated at their original cost of acquisition / installation (net of Cenvat, VAT, GST credit wherever applicable) net of accumulated depreciation, amortization and impairment losses – if any.

Subsequent expenditures are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost to the item can be measured reliably. All repairs and maintenance expenses on assets are charged to profit or loss during the reporting period in which they are incurred.

- (ii) Property, plant and equipment or intangible assets not ready for the intended use on the date of balance sheet are disclosed as "Capital Work -in-Progress". Advances given towards acquisition/construction of fixed assets outstanding at each Balance sheet date are shown under "Capital Work-in-Progress".
- (iii) An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognized.
- (iv) The residual values, useful lives and methods of depreciation of property, plant & equipment and intangible assets are reviewed in each financial year and adjusted prospectively, if appropriate.

**(b) Depreciation:**

- (i) Tangible Assets:
  - I. Depreciation on assets is provided on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013.
  - II. Depreciation on additions to Property, plant & equipment and intangible assets is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production.
  - III. Depreciation on assets sold, discarded, demolished or scrapped is provided up to the date on which the said asset is sold, discarded, demolished or scrapped.
- (ii) Intangible Assets:
  - I. Intangible assets with finite lives are amortized on straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.
  - II. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

**Transition to Ind AS:**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, plant and equipment and Intangible assets recognized as at 1<sup>st</sup> April 2016 measured as per the previous IGAAP and use that carrying value as the deemed cost of respective assets.

**Impairment of non-financial assets:**

The carrying amounts of other non-financial assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss, if any is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. A previously recognised impairment loss if any, is increased or reversed depending on the changes in circumstances, however the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation/amortization if there was no impairment.

**(c) Inventories:****(i) Raw Material / Components :**

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on First in First out (FIFO) basis.

**(ii) Stores & Spare parts are valued at Cost.****(iii) Finished goods and Work in Progress :**

Lower of cost and net realizable value. Cost is determined on absorption basis and include material, labour and production overheads. Material cost for the purpose of valuation is ascertained on First in First out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost includes all charges in bringing the goods to the point of sale. Work-in-progress and finished goods include appropriate proportion of overheads.

**(d) Financial Instruments:**

The presentation of financial instruments is as per applicable Ind AS.

**(e) Provisions and Contingencies:**

A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. A contingent liability is not recognized – but is only disclosed, unless the possibility of an outflow of resources is remote.

**(f) Foreign Currency Conversion:**

The Company's financial statements are presented in Indian National Rupee (INR) which is also its functional currency.

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction or at the rates that closely approximate the rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

**(g) Revenue recognition:**

- (i) Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.
- (ii) The specific recognition criteria described below must also be met before revenue is recognised.

**(iii) Sale of goods:**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with the delivery of goods to customers. Accordingly, domestic sales are accounted on dispatch of products to customers and Exports are accounted on the basis of date of bill of lading / delivery terms.

GST is collected on behalf of the Government and no economic benefit flows to the entity and does not result in an increase in equity, consequently revenue is presented net of GST.

Revenue disclosed are net of GST, discounts and sales returns, as applicable.

**(iv) Rendering of services:**

Revenue from services is recognized (net of GST, as applicable) pro-rata over the period of the contract as and when services are rendered.

**(v) Duty Drawback / MEIS – Export Incentives:**

The export incentives are accounted for on realization basis as there is uncertainty about the actual amount to be realized after due compliances of all the conditions.

**(vi) Interest income:**

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

**(h) Retirement and other employee benefits:**

**(i) Defined Contribution Plan :**

Employee benefits in the form of contribution to Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Statement of Profit and Loss for the year in which the employee renders the related service.

**(ii) Defined Benefit Plan :**

Retirement benefit in the form of Gratuity, is considered as defined benefit obligation and is provided for on the basis of actuarial valuation as at the date of Balance Sheet. Re-measurement, comprising of Actuarial gain / loss, if any, is immediately recognised in Other Comprehensive Income (OCI) under retained earnings. The same is not reclassified to Statement of Profit and Loss. Prior year comparisons are treated accordingly.

The company has taken a Group Gratuity-cum-Life Assurance Scheme Policy from Life Insurance Corporation of India for future payment of gratuity to retiring employees. The balance lying with LIC of India in this policy is compared with the liability as calculated in actuarial valuation report. Any shortfall in the same is recognized as liability and any surplus is shown as asset.

Provision for Leave Encasement is made on actual basis on the assumption that the same would be payable at the end of the accounting period – if all the employees were to terminate their services.

The company also contributes certain percentage of salary for all eligible employees in managerial cadre towards Superannuation Fund managed by approved trust / Life Insurance Corporation of India.

**(i) Borrowing Costs:**

Borrowing cost directly attributable to acquisition and construction of assets that necessarily takes substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of such assets up to the date when such assets are ready for intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(j) Taxation:**

Tax expense comprises of current income tax and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period.

**Current income tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred income tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are



generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets / liabilities are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**(k) Leases:**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee :

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(l) Segment Reporting:**

Operating segment is reported in a manner consistent with the internal reporting provided to chief operating decision makers.

The board of directors of the company has appointed Management team which has been identified as being the chief operating decision maker, consists of Chief Executive Officer (CEO) / Chief Operating Officer (COO), Chief Finance Officer (CFO), Production Manager, Sales & Marketing Manager and Design Manager. They assess the financial performance and position of the Company and make strategic decisions.

**(m) Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period from continuing operations attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period from continuing operations attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period - adjusted for the effects of all dilutive potential equity shares.

**(n) Classification of Current/Non-Current Assets and Liabilities:**

All assets and liabilities are presented as Current or Non-Current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

**(o) Significant estimates and assumptions:**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(p) Classification of Legal matters and Tax litigations:**

The litigations and claims to which the Company is exposed are assessed by management with assistance and support of external specialized lawyers. Disclosures related to such provisions, as well as contingent liabilities, also require judgment and estimations if any.

All estimates mentioned above are further detailed in the corresponding disclosures.

Notes to Financial Statements (Contd.)  
2. Property, Plant and Equipment

(₹ in Lakhs)

Particulars	As at 31.03.2020									
	Gross Block			Depreciation and Amortisation			Net Block			
	As at 01.04.2019	Additions	Deductions/ Adjustment	As at 31.03.2020	As at 01.04.2019	Additions	Deductions / Transfer	As at 31.03.2020	As at 31.03.2020	
(A) Tangible assets										
Buildings	101.57	-	-	101.57	12.18	4.06	-	16.24	85.33	
Plant and machinery	407.48	93.99	1.55	499.92	147.94	33.92	0.43	181.43	318.49	
Electrical installations & Air Conditioners	12.89	-	-	12.89	2.88	0.94	-	3.81	9.08	
Furniture and fixtures	22.09	-	-	22.09	10.15	3.23	-	13.38	8.71	
Office & Other equipments	5.18	-	0.43	4.75	2.37	0.80	0.20	2.98	1.77	
Computers	26.81	1.67	1.51	26.97	16.74	4.92	0.65	21.01	5.96	
Vehicles	54.21	8.20	-	62.41	11.62	10.04	-	21.66	40.75	
Total Tangible assets	<b>630.22</b>	<b>103.86</b>	<b>3.49</b>	<b>730.59</b>	<b>203.88</b>	<b>57.91</b>	<b>1.28</b>	<b>260.51</b>	<b>470.09</b>	
Capital Work In Progress	43.93	-	-	38.04	-	-	-	-	38.04	
Total Capital Work In Progress	<b>43.93</b>	-	-	<b>38.04</b>	-	-	-	-	<b>38.04</b>	
Computer software	10.81	5.43	0.25	15.99	8.38	3.69	-	12.07	3.92	
Total Intangible assets	<b>10.81</b>	<b>5.43</b>	<b>0.25</b>	<b>15.99</b>	<b>8.38</b>	<b>3.69</b>	-	<b>12.07</b>	<b>3.92</b>	
Right to Use -Lease Land	-	5.20	-	5.20	-	0.09	-	0.09	5.11	
Total Right to Use	-	<b>5.20</b>	-	<b>5.20</b>	-	<b>0.09</b>	-	<b>0.09</b>	<b>5.11</b>	
Total (A+B+C+D)	<b>694.96</b>	<b>114.49</b>	<b>3.74</b>	<b>789.81</b>	<b>212.26</b>	<b>61.69</b>	<b>1.28</b>	<b>272.67</b>	<b>517.16</b>	

Particulars	As at 31.03.2019									
	Gross Block			Depreciation and Amortisation			Net Block			
	Deemed-cost as at 01.04.2018	Additions	Deductions/ Adjustment	As at 31.03.2019	As at 01.04.2018	Additions	Deductions/ Transfer	As at 31.03.2019	As at 31.03.2019	
(A) Tangible assets										
Buildings	101.57	-	-	101.57	8.12	4.06	-	12.18	89.39	
Plant and machinery	362.51	44.96	-	407.48	116.42	31.52	-	147.94	259.54	
Electrical installations & Air Conditioners	12.84	0.06	-	12.89	1.91	0.96	-	2.88	10.02	
Furniture and fixtures	18.82	3.26	-	22.09	6.86	3.29	-	10.15	11.94	
Office & Other equipments	5.18	-	-	5.18	1.48	0.89	-	2.37	2.81	
Computers	23.91	2.90	-	26.81	9.83	6.91	-	16.74	10.07	
Vehicles	17.30	36.91	-	54.21	5.80	5.82	-	11.62	42.59	
Total Tangible assets	<b>542.13</b>	<b>88.09</b>	-	<b>630.22</b>	<b>150.41</b>	<b>53.46</b>	-	<b>203.87</b>	<b>426.35</b>	
Capital Work In Progress	25.54	-	-	43.93	-	-	-	-	43.93	
Total Capital Work In Progress	<b>25.54</b>	-	-	<b>43.93</b>	-	-	-	-	<b>43.93</b>	
Computer software	10.66	0.14	-	10.81	5.57	2.81	-	8.38	2.42	
Total Intangible assets	<b>10.66</b>	<b>0.14</b>	-	<b>10.81</b>	<b>5.57</b>	<b>2.81</b>	-	<b>8.38</b>	<b>2.42</b>	
Total (A+B+C)	<b>578.33</b>	<b>88.24</b>	-	<b>684.96</b>	<b>155.99</b>	<b>56.27</b>	-	<b>212.26</b>	<b>472.70</b>	

(Rs in Lakh)				
	Non Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
<b>3. Other Financial Assets</b>				
Advances recoverable in cash or kind	-	-	-	-
Others (include insurance claim and other receivables)	-	-	-	-
Deposits	<b>19.09</b>	17.59	-	-
<b>Total</b>	<b>19.09</b>	17.59	-	-
<b>4. Deferred tax assets</b>				
On account of timing differences - i.e. expenditure incurred / provided for but allowable as deduction for tax purposes in future years				
-Provision for compensated absences and other employee benefits	<b>30.61</b>	23.42	-	-
-Other Expenses	<b>1.95</b>	9.93	-	-
<b>Total</b>	<b>32.56</b>	<b>33.35</b>	-	-
<b>5. Other Non- Current Assets</b>				
Balance with Government Authorities	<b>111.00</b>	142.33	-	-
Gratuity Fund Balance (LIC)	<b>51.61</b>	66.23	-	-
Pre-payments Land Lease	-	5.20	-	-
<b>Total</b>	<b>162.61</b>	<b>213.76</b>	-	-
<b>6. Inventories</b>				
(At cost or net realisable value whichever is lower)				
Raw materials	-	-	<b>211.71</b>	307.79
Finished goods	-	-	<b>69.74</b>	31.09
Stores and spares parts	-	-	<b>25.86</b>	28.51
Work in Progress	-	-	<b>219.32</b>	155.80
<b>Total</b>	-	-	<b>526.63</b>	<b>523.19</b>
<b>7. Trade Receivables</b>				
Unsecured, considered good	<b>1.02</b>	5.09	<b>1,011.37</b>	1,332.43
Unsecured, considered doubtful	-	-	-	-
	<b>1.02</b>	5.09	<b>1,011.37</b>	1,332.43
Less:- Provision for Doubtful receivables	-	-	-	-
<b>Total</b>	<b>1.02</b>	<b>5.09</b>	<b>1,011.37</b>	<b>1,332.43</b>

(Rs in Lakh)

	Non Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
<b>8. Cash and Cash Equivalents</b>				
Balances with banks				
In current accounts	-	-	7.49	6.51
Cash on hand	-	-	0.34	0.82
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7.83</b>	<b>7.33</b>
<b>9. Bank balances other than Cash and Cash Equivalents</b>				
Earmarked Balances with Bank *	-	-	5.79	8.83
Margin with Bank	-	-	3.83	2.16
*These balances include unpaid dividend liabilities of the company.				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9.62</b>	<b>10.99</b>
<b>10. Other Current Assets</b>				
Balance with Government Authorities	-	-	18.98	-
Prepaid Expenses	-	-	6.44	7.67
Advances to Suppliers	-	-	0.45	1.43
Other receivables	-	-	-	0.25
Others	-	-	23.95	9.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>49.82</b>	<b>18.35</b>

	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	Amount	No. of Shares	Amount
<b>11. Equity Share Capital</b>				
<b>Share capital</b>				
<b>Authorised</b>				
Equity shares of ₹10 each	50,00,000	500.00	50,00,000	500.00
Issued, Subscribed and fully paid-up				
Equity shares of ₹10 each fully paid-up	14,98,450	149.85	14,98,450	149.85
<b>a) Reconciliation of equity shares outstanding</b>				
At the beginning of the year	14,98,450	149.85	14,98,450	149.85
At the end of the year	14,98,450	149.85	14,98,450	149.85

**b) Rights, preferences and restrictions attached to equity shares**

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to their shareholding.

**c) List of shareholders holding more than 5% of paid up Equity Share Capital**

Name of the Shareholder	No. of shares	% Holding	No. of shares	% Holding
	As at 31.03.2020		As at 31.03.2019	
XLO India Limited	9,89,993	66.07%	9,89,993	66.07%

		(Rs in Lakh)			
		Non Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
<b>12. Borrowings</b>					
	Secured				
	Term Loans - Axis Bank	21.17	19.22	29.74	18.84
	Vehicle Loan - ICICI Bank		2.19	2.19	2.68
	Working Capital Loans from Axis Bank	-	-	307.26	456.97
	<b>Total</b>	<b>21.17</b>	<b>21.41</b>	<b>339.19</b>	<b>478.49</b>
a)	Term Loans from Axis Bank as on 31st March, 2020 comprises of three loans which are against New Machinery & Vehicles purchased (two loans against two vehicles) by the company. EMI for new machinery loan is Rs. 1,96,000/- plus monthly interest and for the two vehicles it is Rs. 53,594/- & Rs. 14753/- inclusive of monthly interest.				
b)	Working Capital Loans from Axis Bank is secured against hypothecation of stock and debtors. It includes pre-shipment and post shipment credit against export orders.				
c)	Both Term Loans and Working Capital Loans from Axis Bank are against mortgage of factory land and building situated at Plot No. C-12, MIDC, Ambad, Nashik. Further these loans are secured by entire current assets and movable fixed assets of the company present and future.				
d)	Vehicle Loan from ICICI Bank is against vehicle and is repayable over the period of five years from Jan 1, 2016. EMI including interest is Rs. 25,260/- .				
<b>13. Other Financial Liabilities</b>					
	Unclaimed Dividend	-	-	5.79	8.83
	Deposit	-	-	0.06	0.06
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>5.85</b>	<b>8.89</b>
<b>14. Provisions</b>					
	Provision for Compensated Absences	-	-	85.36	84.19
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>85.36</b>	<b>84.19</b>
<b>15. Trade Payables</b>					
	Trade Payables	-	-	758.43	842.15
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>758.43</b>	<b>842.15</b>
<b>16. Other Current Liabilities</b>					
	Advance from customers and others	-	-	5.87	1.66
	Acceptances of Hundis from Suppliers			149.97	195.86
	Statutory Dues	-	-	26.15	19.66
	Others	-	-	68.26	70.27
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>250.25</b>	<b>287.45</b>
<b>17. Deferred Tax Liability</b>					
	Difference between book balance and tax balance of fixed assets	34.31	31.88	-	-
	<b>Total</b>	<b>34.31</b>	<b>31.88</b>	<b>-</b>	<b>-</b>

		(Rs in Lakh)	
		31.03.2020	31.03.2019
		₹	₹
<b>18. Revenue from Operations</b>			
<b>a) Sale of Products (excluding GST)</b>		3,756.33	4,479.68
	<b>Sub-Total (a)</b>	<u>3,756.33</u>	<u>4,479.68</u>
<b>b) Other Operating Revenues</b>			
Sales of Services		13.79	3.75
<b>Sale of Scrap</b>		41.58	40.60
<b>Duty Drawback / MEIS</b>		98.14	135.66
	<b>Sub-Total (b)</b>	<u>153.51</u>	<u>180.01</u>
	<b>Total (a+b)</b>	<u><u>3,909.84</u></u>	<u><u>4,659.68</u></u>
<b>Note :</b>			
The Company recognises revenue when it transfers control of a product to a customer as and when it satisfies the performance obligation by transferring promised goods to a customer and customer obtains the control or benefit of the same.			
<b>19. Other Income</b>			
<b>Interest Income</b>		6.64	1.87
Misc. Income		1.07	3.17
Foreign Exchange Gain / (Loss)		20.80	(7.44)
	<b>Total</b>	<u>28.51</u>	<u>(2.41)</u>
<b>20. Cost of Raw Material Consumed</b>			
Opening stock		307.79	179.39
Add: purchases		2,004.36	2,593.86
Less: closing stock		211.71	307.79
	<b>Total</b>	<u>2,100.44</u>	<u>2,465.45</u>
<b>21. Change in inventories of finished goods, work in progress</b>			
<b>Closing stock</b>			
Finished goods		69.74	31.09
Work-in-progress		219.32	155.80
		<u>289.06</u>	<u>186.89</u>
<b>Opening stock</b>			
Finished goods		31.09	22.15
Work-in-progress		155.80	181.45
		<u>186.89</u>	<u>203.60</u>
	<b>Total</b>	<u>(102.17)</u>	<u>16.71</u>

	(Rs in Lakh)	
	31.03.2020 ₹	31.03.2019 ₹
<b>22. Employee Benefit Expenses</b>		
Salaries and wages	846.03	845.59
Contribution to provident and other funds	88.70	92.56
Staff welfare expenses	62.25	59.66
<b>Total</b>	<b>996.98</b>	<b>997.81</b>
<b>23. Finance Cost</b>		
Interest on Term Loans	4.15	3.47
Other borrowing / interest cost	26.46	32.06
<b>Total</b>	<b>30.61</b>	<b>35.54</b>
<b>24. Other Expenses</b>		
Consumption of stores and spare parts	123.38	138.51
Power and fuel	150.08	168.59
Packing and forwarding expenses	180.68	225.51
Rent including Lease Rentals	1.63	1.47
Repairs to buildings	2.08	1.22
Repairs to Plant & Machinery	41.60	52.97
Other Repairs	7.21	4.76
Insurance	10.37	11.75
Rates and Taxes, excluding taxes on income	1.74	1.74
Travelling Expenses & Conveyance Charges	70.41	55.90
Legal & Professional charges	72.70	70.68
Commission on Sales	1.29	1.37
Discount on Sales	1.39	1.56
Debts/Advances written off	1.21	0.47
Directors' Fees	0.99	1.38
Fixed Assets Scrapped\Discarded	2.46	-
Loading & Unloading	74.37	90.04
Payments to Auditor ( Refer Note below )	8.25	8.25
Miscellaneous expenses	85.80	78.84
<b>Total</b>	<b>837.64</b>	<b>915.02</b>
<b>Note :</b>		
Payment to Auditors :		
<b>As auditor :</b>		
Audit Fee	5.00	5.00
Tax Audit Fee	1.50	1.50
Limited Review	1.50	1.50
<b>In other capacity :</b>		
Income Tax matters	0.25	0.25
	<b>8.25</b>	<b>8.25</b>
<b>25. Earnings per equity share (EPS) :</b>		
(i) Profit/ (Loss) attributable to equity shareholders for basic and diluted EPS	3.19	39.14
(ii) Weighted average number of equity shares for basic EPS	14,98,450	14,98,450
(iii) Nominal value of equity share (in ₹)	10	10
(iv) Earnings per equity share (in ₹)		
Basic	0.21	2.61
Diluted	0.21	2.61
<b>26. Contingent liabilities and commitments (to the extent not provided for)</b>		
a) Estimated amounts of contracts remaining to be executed on capital account but not provided for.	38.04	43.93
b) For Labour related disputed matters	55.65	55.75



**27. Related party disclosure (Ind AS 24)****(a) List of Related Parties and relationships:**

Party	Relationship
1) Mr. S. C. Saran	Chairman
2) Ms. Devaki Saran	Executive Director & CFO
3) Mr. Ravindra Kale	Executive Director & CEO (Upto 22-09-2018)
4) Mr. Vijay Pathak	Executive Director & COO ( w.e.f.-10-10-2018)
5) XLO India Limited	Promoter Company
6) Business Combine Limited	Group company belonging to the promoter group

- **Note :** Only enterprises / parties with whom there are transactions during the current period/ previous period are considered above.

**(b) Details of related party transactions:****(Rs in Lakh)**

Party	Nature of Transactions	As at 31.03.2020	As at 31.03.2019
1) Mr. S. C. Saran	Technical fees #	30.00	18.00
2) Ms. Devaki Saran	Remuneration	52.19	40.69
3) Mr. Ravindra Kale	Remuneration	-	23.05
4) Mr. Vijay Pathak	Remuneration	42.22	22.83
5) Business Combine Ltd.	Purchases #*	10.11	125.59
	Amount Payable	-	4.67
6) XLO India Limited	Royalty #	1.25	1.54
	Amount Payable (Incl. Provn. Rs. 3277/-)	0.24	0.40

(# Amounts excluding GST.)

(\*Including Capital Item)

**28. Employee benefits:**

**a) Defined Contribution Plans**

- i) The company contributes 12% of salary for all eligible employees toward provident fund managed by the Central Government.
- ii) The company also contributes certain percentage of salary for all eligible employees in managerial cadre towards Superannuation Fund managed by approved trust / Life Insurance Corporation of India.

**b) Defined Benefit Plans - as per actuarial valuation**

The company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure, at 15 days salary (on last drawn basic salary) for each completed year of service. The following tables summarise the components of net benefit / expense recognised in the statement of profit and loss and amounts recognised in the balance sheet:

Particulars	(Rs in Lakh)	
	Funded Gratuity Plan 31/03/2020	Funded Gratuity Plan 31/03/2019
<b>I <u>Change in defined benefit obligation during the year</u></b>		
1 Present value of defined benefit obligation at the beginning of the year	430.44	428.20
2 Current service cost	16.70	17.34
3 Interest cost	32.20	32.89
4 Actuarial (gains) / losses	(0.79)	(15.86)
5 Benefits payments	(34.81)	(32.12)
6 Present value of defined benefit obligation at the end of the year	443.74	430.44
<b>II <u>Expense recognised in the statement of profit and loss</u></b>		
1 Current service Cost	16.70	17.34
2 Interest cost	(4.95)	(4.85)
3 Total expenses recognised in the statement of profit and loss	11.75	12.49
<b>III <u>Re-measurements recognised in Other Comprehensive income (OCI)</u></b>		
1 Actuarial (gain)/losses on Obligation for the period	(0.79)	(15.86)
2 Return on Plan assets (excluding interest income)	3.67	1.48
3 Total recognised in Other Comprehensive income	2.88	(14.38)
<b>IV <u>Net Asset / (Liability) recognised in the Balance Sheet</u></b>		
1 Present value of defined benefit obligation	(443.74)	(430.44)
2 Fair value of plan assets	495.35	496.68
3 Funded status [surplus / (deficit)]	51.61	66.23
4 Net asset / (liability)	51.61	66.23

Particulars	(Rs in Lakh)			
	Funded Gratuity Plan 31/03/2020		Funded Gratuity Plan 31/03/2019	
<b>V Actuarial assumptions:</b>				
1 Discount rate		6.59%		7.48%
2 Expected rate of return on plan assets		6.59%		7.48%
3 Mortality	IALM	(2006-08)	IALM	(2006-08)
4 Turnover rate		For service 4 years and below- 5% p.a. & service 5 years and above - 4% p.a.		For service 4 years and below- 5% p.a. & service 5 years and above - 4% p.a.
5 Retirement age		58 Yrs		58 Yrs
6 Salary escalation		8.00% p.a.		8.00% p.a.
<b>VI Maturity profile of defined benefit obligation</b>				
1 Within the next 12 months		72.66		54.06
2 Between 2 and 5 years		284.88		262.21
3 Between 6 and 10 years		159.96		225.97
4 More than 10 years		73.91		63.28
<b>VII Sensitivity Analysis for significant assumption</b>				
<b>Discount Rate</b>				
1% Increase		(15.05)		(15.64)
1% Decrease		16.41		16.91
<b>Salary escalation rate</b>				
1% Increase		16.03		16.67
1% Decrease		(14.99)		(15.70)
<b>Employee turnover rate</b>				
1% Increase		(1.10)		(0.46)
1% Decrease		1.19		0.49

	31.03.2020		31.03.2019	
	₹	%	₹	%
<b>29. a) Raw materials consumed :</b>				
(i) Imported	7.77	0.37	11.39	0.46
(ii) Indigenous	2,092.68	99.63	2,454.06	99.54
<b>Total</b>	<b>2,100.44</b>	<b>100.00</b>	<b>2,465.45</b>	<b>100.00</b>
<b>b) Spares consumed :</b>				
Indigenous	123.38	100.00	138.51	100.00
<b>Total</b>	<b>123.38</b>	<b>100.00</b>	<b>138.51</b>	<b>100.00</b>

	(Rs in Lakh)	
	31.03.2020	31.03.2019
	₹	₹
<b>30. Details of Sales excluding GST :</b>		
Gross Sales	3,756.33	4,479.68
Sale of Services	13.79	3.75
Sale of Scrap	41.58	40.60
<b>Total</b>	<u>3,811.70</u>	<u>4,524.02</u>

<b>31. Details of Domestic and Export Sales :</b>		
Domestic	2,095.54	2,640.83
Export	1,716.16	1,883.20
<b>Total</b>	<u>3,811.70</u>	<u>4,524.02</u>

		31.03.2020		31.03.2019	
		Foreign Currency	In ₹	Foreign Currency	In ₹
<b>32. Disclosure of foreign currency exposure</b>					
Outstanding trade receivables	In USD	68,983.00	51.08	16,403.45	11.11
	In EURO	4,39,756.57	352.68	5,40,991.29	409.26
	In GBP	35,790.10	32.34	46,720.21	41.44

	31.03.2020	31.03.2019
	In ₹	In ₹
<b>33. CIF value of imports :</b>		
Raw materials	17.11	10.08
<b>34. Expenditure in foreign currency (accrual basis) :</b>		
Travel	25.88	24.35
<b>35. Earnings in foreign exchange (accrual basis) :</b>		
F.O.B. value of exports	1,736.95	1,875.76

**36. Segment Reporting :**

The Company is exclusively engaged in the business of designing and manufacturing of Propeller Shafts and other accessories required for automotive, industrial, agricultural and other applications which in the context of Indian Accounting Standard (Ind AS- 108) on "Operating Segments", is considered as a single operating segment.

(Rs in Lakh)

**37. Details of Leave Encashment Provision :**

Particulars	As at 1st April	Additions	Utilisations	Reversal	As at 31st March
FY 2018-19	84.36	15.43	15.59	-	84.19
<b>FY 2019-20</b>	<b>84.19</b>	<b>17.14</b>	<b>15.97</b>	-	<b>85.36</b>

**38. Directors' Remuneration :**

	31.03.2020	31.03.2019
	In ₹	In ₹
a) Salaries	81.05	67.76
b) Contribution to Provident Fund and Other funds	3.55	4.61
c) Perquisites	0.61	0.58
d) Superannuation	4.44	4.02
e) Technical Fees	30.00	18.00
f) LTA & Incentives	4.75	9.60
<b>Total</b>	<b>124.40</b>	<b>104.56</b>

Note :

- i) As employee wise break-up of contribution to gratuity fund is not ascertainable, the same has not been included in the above figures.
- ii) It is informed that the Chairman and Director, Mr. S. C. Saran has been paid professional fees of Rs. 18 lacs plus taxes for the year ended 31<sup>st</sup> March 2019 and Rs. 30.00 Lacs plus taxes for the year ended 31<sup>st</sup> March 2020, for the Technical Expertise and Services provided by him as a consultant under section 188 read with section 177(4) of the Companies Act, 2013.
- iii) Directors sitting fees paid during the year Rs. 99,000/- (Rs. 1,38,000/- for the year ended 31-03-2019).

**39. Dividend Distribution proposed :**

Particulars	31.03.2020	31.03.2019
i) Final dividend for the year ended 31-03-2019 Rs. 1.20 per share	-	17.98
ii) Dividend Distribution Tax on proposed final dividend *	-	3.70
<b>Total</b>	<b>-</b>	<b>21.68</b>

\* Proposed dividend on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability (Including dividend distribution tax thereon).

40. In the Financial Year 2018-19 Provision for income tax relating to prior years was on account of short provisions of earlier years and also old refunds which are not received in spite of continuous follow-up with the income tax department. The management continues to follow-up with the income tax department for these refunds.
41. The company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures, if any, relating to amounts unpaid as at the period end as required under the said act, have not been furnished.
42. The Balances of Creditors and Debtors appearing in the balance sheet are subject to balance confirmation / reconciliation at the year end. The management is in the process of obtaining the respective confirmations in due course. However, it is informed that the reconciliation is not expected to result in any material adjustment in stated balances.
43. Figures of the previous year have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

**See accompanying notes 1 to 43 to the financial statements.**

*In terms of our report attached*

*For & on behalf of the Board of Directors*

**For Daga & Chaturmutha**  
Chartered Accountants  
Firm Registration No. 101987W

**Anand Daga**  
Partner

**Nashik, June 25, 2020**

**Chairman**  
S.C. Saran (DIN-00032194)

**Executive Director & CFO**  
Devaki Saran (DIN-06504653)

**Executive Director & COO**  
Vijay Pathak (DIN-02700611)

**Company Secretary** : Sunita Nisal (ACS-49122)

**Director**  
Jehangir H.C. Jehangir (DIN-00001451)

**Director**  
Richard Koszarek (DIN-00740800)

**Director**  
Navroze S. Marshall (DIN-00085754)