



# Hindustan Hardy Limited

( Formerly known as Hindustan Hardy Spicer Limited )

**Regd. Office & Plant.**  
Plot No. C-12, M.I.D.C. Area, Ambad,  
Nashik-422 010. Maharashtra, INDIA.

Tel : (0253) 2382018, 2382118,  
2382318, 2382754  
TeleFax : 91-0253-2382528  
Website : www.hhsl.net  
CIN : L29300MH1982PLC028498

September 26, 2018

To,

Market Operation-DCS-CRD  
**BSE LIMITED**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai -- 400001.

**Scrip Code: 505893**

**Sub: 36<sup>th</sup> Annual General Meeting of the Company and voting results.**

Dear Sirs,

This is with reference to the 36<sup>th</sup> Annual General Meeting of the Company held today i.e. on Wednesday, September 26, 2018 at Plot No. C-12, M.I.D.C. Area, Ambad, Nashik 422010 at 2.30 pm (start time) and concluded at 3.30 pm (end time).

We wish to inform you that all the resolutions contained in the Notice of the Annual General Meeting dated 10.08.2018 were approved by the Members.

In this Connection, please find enclosed the following:

- A) Details regarding the brief proceedings of the Annual General Meeting (AGM) of the Company pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- B) Details regarding the voting results of the business transacted at the said AGM in the prescribed format pursuant to Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- C) Consolidated Report of the Scrutinizer on remote e-voting and voting through ballot forms at the AGM.
- D) Annual Report for the financial year 2017-18 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

The above are also being uploaded on the Company's website.

You are requested to take a note of the same and bring it to the notice of all concerned.

Thanking you,

Yours faithfully  
**FOR HINDUSTAN HARDY LIMITED**  
(formerly Hindustan Hardy Spicer Limited)

**Devaki Saran**  
Executive Director & CFO

Encl: a/a.



ISO 14001:2015  
Certified by IRIS

PRU:F:11



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September 26, 2018

To,

Market Operation-DCS-CRD  
BSE Ltd.  
Phiroze Jeejeebhoy Tower,  
Dalal Street, MUMBAI – 400001.

**Scrip code: 505893**

**Sub.: PROCEEDINGS OF AGM HELD ON SEPTEMBER 26, 2018.**

Dear Sirs,

This is to inform you that the 36<sup>th</sup> Annual General Meeting of the Company was held on Wednesday, September 26, 2018.

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management & Administration) Rules, 2014, and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company had provided electronic voting facility (remote e-Voting) to the Members entitled to cast their vote at the Annual General Meeting. The e-Voting process was carried out by the Company between Sunday, September 23, 2018, (10.00 a.m.) and ends on Tuesday, September 25, 2018 at (5:00 p.m.) with cut-off date for determining shareholders being Wednesday, September 19, 2018.

The Company had also provided voting facility to the shareholders present at the Annual General Meeting and who had not cast their vote earlier either through remote e-voting facility to cast their vote in the Ballot Box kept there.

The report of the Scrutinizer of the consolidated results of the votes cast through remote e-voting and voting at the meeting is enclosed.

The following resolutions were passed with requisite majority:

1. Ordinary Resolution - Adoption of the Audited Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon.
2. Ordinary Resolution - Appointment of Director in place of Mr. S. C. Saran (DIN 00032194), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. Special Resolution - Reappointment of Ms. Devaki Saran (DIN 06504653) Executive Director and Chief Financial Officer (CFO) of the Company for a period of Three years and payment of remuneration to her.
4. Ordinary Resolution - Appointment of Mr. Vijay Pathak (DIN: 02700611) as a Director of the Company.
5. Special Resolution - Appointment of Mr. Vijay Pathak (DIN: 02700611) as Whole Time Director designated as Chief Operating Officer of the Company for a period of three years with effect from October 10, 2018 and payment of remuneration to him.
6. Special Resolution - Alteration of Articles of Association of the Company.

Thanking you,

Yours faithfully,  
For **HINDUSTAN HARDY LIMITED**  
(formerly Hindustan Hardy Spicer Limited)

**Devaki Saran**  
Executive Director & CFO



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<b>Brief details of the items deliberated at the Annual General Meeting held on Wednesday, September 26, 2018 and the results</b>				
<b>Sr. No.</b>	<b>Agenda</b>	<b>Resolution required (Ordinary/Special)</b>	<b>Mode of Voting</b>	<b>Results</b>
1	Adoption of the Audited Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon.	Ordinary	Remote e-voting	Passed with requisite majority.
2	Re-appointment of Mr. S. C. saran (DIN 00032194), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.	Ordinary	Remote e-voting	Passed with requisite majority.
3	Reappointment of Ms. Devaki Saran (DIN 06504653) Executive Director and Chief Financial Officer (CFO) of the Company for a period of Three years. (Special Resolution)	Special	Remote e-voting	Passed with requisite majority.
4.	Appointment of Mr. Vijay Pathak (DIN: 02700611) as a Director of the Company.	Ordinary	Remote e-voting	Passed with requisite majority.
5	Appointment of Mr. Vijay Pathak (DIN: 02700611) as Whole Time Director designated as Chief Operating Officer (COO) of the Company	Special	Remote e-voting	Passed with requisite majority.
6	Alteration of Articles of Association of the Company	Special	Remote e-voting	Passed with requisite majority.

**HINDUSTAN HARDY LIMITED**

*Devaki Saran*  
**Devaki Saran**  
Executive Director & CFO



ISO 14001:2015  
Certified by IRQS

PRU:F:11



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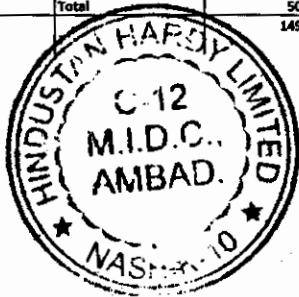
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HINDUSTAN HARDY SPICER LIMITED								
REGD. OFFICE: PLOT NO. C-12, M.I.D.C. ARE AMBAD, NASHIK - 422010 MAHARASHTRA, INDIA 400086								
Polling Summary								
POLLING SUMMARY								
Date of the AGM	19.09.2018							
Total number of shareholders on record date	3205							
No. of shareholders present in the meeting either in person or through proxy:								
Promoters and Promoter Group:	5							
	11							
No. of shareholders attended the meeting through Video Conferencing:								
Promoters and Promoter Group:	NIL							
Public:								
Resolution required: Ordinary		1. ADOPTION OF THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018, TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND THE AUDITORS THEREON						
Whether promoter/promoter group are interested in the agenda/resolution		No						
Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
		1	2	3 = [(2)/(1)]*100	4	5	6 = [(4)/(2)]*100	7 = [(5)/(2)]*100
Promoter and Promoter Group	E-VOTING	991244	990743	99.95	990743	0	100	0
Promoter and Promoter Group	PHYSICAL		0	0	0	0	0	0
Promoter and Promoter Group	Postal ballot if any		0	0	0	0	0	0
	Total	991244	990743	99.95	990743	0	100	0
Public-Institutions	E-VOTING	50	0	0	0	0	0	0
Public-Institutions	PHYSICAL		0	0	0	0	0	0
Public-Institutions	Postal ballot if any		0	0	0	0	0	0
	Total	50	0	0	0	0	0	0
Public-Non-institutions	E-VOTING	507156	965	0.19	465	500	48.19	51.81
Public-Non-institutions	PHYSICAL		0	0	0	0	0	0
Public-Non-institutions	Postal ballot if any		0	0	0	0	0	0
	Total	507156	965	0.19	465	500	48.19	51.81
Total		1498450	991708	66.18	991208	500	99.95	0.05
Resolution required: Ordinary		2. APPOINTMENT OF A DIRECTOR IN PLACE OF MR. S. C. SARAN (DIN 00032194), WHO RETIRES BY ROTATION IN TERMS OF SECTION 152(6) OF THE COMPANIES ACT, 2013 AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-APPOINTMENT						
Whether promoter/promoter group are interested in the agenda/resolution		No						
Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
		1	2	3 = [(2)/(1)]*100	4	5	6 = [(4)/(2)]*100	7 = [(5)/(2)]*100
Promoter and Promoter Group	E-VOTING	991244	990743	99.95	990743	0	100	0
Promoter and Promoter Group	PHYSICAL		0	0	0	0	0	0
Promoter and Promoter Group	Postal ballot if any		0	0	0	0	0	0
	Total	991244	990743	99.95	990743	0	100	0
Public-Institutions	E-VOTING	50	0	0	0	0	0	0
Public-Institutions	PHYSICAL		0	0	0	0	0	0
Public-Institutions	Postal ballot if any		0	0	0	0	0	0
	Total	50	0	0	0	0	0	0
Public-Non-institutions	E-VOTING	507156	965	0.19	465	500	48.19	51.81
Public-Non-institutions	PHYSICAL		0	0	0	0	0	0
Public-Non-institutions	Postal ballot if any		0	0	0	0	0	0
	Total	507156	965	0.19	465	500	48.19	51.81
Total		1498450	991708	66.18	991208	500	99.95	0.05
Resolution required: Special		3. REAPPOINTMENT OF MS. DEVAJI SARAN (DIN 06504653) AS THE WHOLE TIME DIRECTOR DESIGNATED AS EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER (CFO) OF THE COMPANY FOR A PERIOD OF THREE YEARS.						
Whether promoter/promoter group are interested in the agenda/resolution		No						
Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
		1	2	3 = [(2)/(1)]*100	4	5	6 = [(4)/(2)]*100	7 = [(5)/(2)]*100
Promoter and Promoter Group	E-VOTING	991244	990743	99.95	990743	0	100	0
Promoter and Promoter Group	PHYSICAL		0	0	0	0	0	0
Promoter and Promoter Group	Postal ballot if any		0	0	0	0	0	0
	Total	991244	990743	99.95	990743	0	100	0
Public-Institutions	E-VOTING	50	0	0	0	0	0	0
Public-Institutions	PHYSICAL		0	0	0	0	0	0
Public-Institutions	Postal ballot if any		0	0	0	0	0	0
	Total	50	0	0	0	0	0	0
Public-Non-institutions	E-VOTING	507156	965	0.19	465	500	48.19	51.81
Public-Non-institutions	PHYSICAL		0	0	0	0	0	0
Public-Non-institutions	Postal ballot if any		0	0	0	0	0	0
	Total	507156	965	0.19	465	500	48.19	51.81
Total		1498450	991708	66.18	991208	500	99.95	0.05



Contd. 2



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Page No. 2

Resolution required: Special			4 APPOINTMENT OF MR. VIJAY PATHAK (DIN 02700611), AS DIRECTOR OF THE COMPANY					
Whether promoter/promoter group are interested in the agenda/resolution			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
		1	2	3	4	5	6	7
				$(3) = \frac{[(2)/(1)] * 100}{}$			$6 = \frac{[(4)/(2)] * 100}{}$	$7 = \frac{[(5)/(2)] * 100}{}$
Promoter and Promoter Group	E-VOTING	991244	990743	99.95	990743	0	100	0
Promoter and Promoter Group	PHYSICAL		0	0	0	0	0	0
Promoter and Promoter Group	Postal ballot if any		0	0	0	0	0	0
	Total	991244	990743	99.95	990743	0	100	0
Public-Institutions	E-VOTING	50	0	0	0	0	0	0
Public-Institutions	PHYSICAL		0	0	0	0	0	0
Public-Institutions	Postal ballot if any		0	0	0	0	0	0
	Total	50	0	0	0	0	0	0
Public-Non-Institutions	E-VOTING	507156	965	0.19	465	500	48.19	51.81
Public-Non-Institutions	PHYSICAL		0	0	0	0	0	0
Public-Non-Institutions	Postal ballot if any		0	0	0	0	0	0
	Total	507156	965	0.19	465	500	48.19	51.81
Total		1498450	991708	66.18	991208	500	99.95	0.05
Resolution required: Special			5 APPOINTMENT OF MR. VIJAY PATHAK (DIN 02700611) AS THE WHOLE TIME DIRECTOR DESIGNATED AS CHIEF OPERATING OFFICER (COO) OF THE COMPANY.					
Whether promoter/promoter group are interested in the agenda/resolution			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
		1	2	3	4	5	6	7
				$(3) = \frac{[(2)/(1)] * 100}{}$			$6 = \frac{[(4)/(2)] * 100}{}$	$7 = \frac{[(5)/(2)] * 100}{}$
Promoter and Promoter Group	E-VOTING	991244	990743	99.95	990743	0	100	0
Promoter and Promoter Group	PHYSICAL		0	0	0	0	0	0
Promoter and Promoter Group	Postal ballot if any		0	0	0	0	0	0
	Total	991244	990743	99.95	990743	0	100	0
Public-Institutions	E-VOTING	50	0	0	0	0	0	0
Public-Institutions	PHYSICAL		0	0	0	0	0	0
Public-Institutions	Postal ballot if any		0	0	0	0	0	0
	Total	50	0	0	0	0	0	0
Public-Non-Institutions	E-VOTING	507156	965	0.19	465	500	48.19	51.81
Public-Non-Institutions	PHYSICAL		0	0	0	0	0	0
Public-Non-Institutions	Postal ballot if any		0	0	0	0	0	0
	Total	507156	965	0.19	465	500	48.19	51.81
Total		1498450	991708	66.18	991208	500	99.95	0.05
Resolution required: Special			6 ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY.					
Whether promoter/promoter group are interested in the agenda/resolution			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
		1	2	3	4	5	6	7
				$(3) = \frac{[(2)/(1)] * 100}{}$			$6 = \frac{[(4)/(2)] * 100}{}$	$7 = \frac{[(5)/(2)] * 100}{}$
Promoter and Promoter Group	E-VOTING	991244	990743	99.95	990743	0	100	0
Promoter and Promoter Group	PHYSICAL		0	0	0	0	0	0
Promoter and Promoter Group	Postal ballot if any		0	0	0	0	0	0
	Total	991244	990743	99.95	990743	0	100	0
Public-Institutions	E-VOTING	50	0	0	0	0	0	0
Public-Institutions	PHYSICAL		0	0	0	0	0	0
Public-Institutions	Postal ballot if any		0	0	0	0	0	0
	Total	50	0	0	0	0	0	0
Public-Non-Institutions	E-VOTING	507156	965	0.19	465	500	48.19	51.81
Public-Non-Institutions	PHYSICAL		0	0	0	0	0	0
Public-Non-Institutions	Postal ballot if any		0	0	0	0	0	0
	Total	507156	965	0.19	465	500	48.19	51.81
Total		1498450	991708	66.18	991208	500	99.95	0.05

**HINDUSTAN HARDY LIMITED**

*Devaki Saran*  
Devaki Saran  
Executive Director & CFO

**PARIKH & ASSOCIATES**  
**COMPANY SECRETARIES**

Office :  
111, 11th Floor, Sai-Dwar CHS Ltd,  
Sab TV Lane, Opp Laxmi Industrial Estate  
Off Link Road, Above Shabari Restaurant,  
Andheri (W), Mumbai : 400 053  
Tel. : 26301232 / 26301233 / 26301240  
Email : cs@parikhassociates.com  
parikh.associates@rediffmail.com

To,  
The Chairman  
**Hindustan Hardy Limited**  
(formerly Hindustan Hardy Spicer Limited)  
Plot No C-12, M.I.D.C. Area,  
Ambad  
Nashik - 422 010.

Dear Sir,

**Sub: Consolidated Scrutinizer's Report on remote e-voting conducted pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by Companies (Management and Administration) Amendment Rules, 2015 and voting through ballot paper at the 36<sup>th</sup> Annual General Meeting of Hindustan Hardy Limited (formerly Hindustan Hardy Spicer Limited) held at Plot No C-12, M.I.D.C. Area ,Ambad, Nashik - 422 010 on Wednesday, September 26 2018 at 2.30 p.m..**

I, Jigyasa N. Ved, of M/s. Parikh & Associates, Practicing Company Secretaries, had been appointed as the Scrutinizer by the Board of Directors of Hindustan Hardy Limited (formerly Hindustan Hardy Spicer Limited) pursuant to Section 108 of the Companies Act, 2013 ("the Act") read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, to conduct the remote e-voting process in respect of the below mentioned resolutions proposed at the 36<sup>th</sup> Annual General Meeting (AGM) of Hindustan Hardy Limited (formerly Hindustan Hardy Spicer Limited) on Wednesday, September 26, 2018 at 2.30 p.m.

I was also appointed as Scrutinizer to scrutinize the voting process at the said AGM held on September 26, 2018.

The notice dated August 10, 2018 along with statement setting out material facts under Section 102 of the Act as confirmed by the Company were sent to the shareholders in respect of the below mentioned resolutions proposed at the AGM of the Company.



The Company had availed the e-voting facility offered by National Securities Depository Limited (NSDL) for conducting remote e-voting by the Shareholders of the Company.

The Company had also provided voting through ballot paper to the shareholders present at the AGM and who had not cast their vote earlier through remote e-voting facility.

The shareholders of the company holding shares as on the "cut-off" date, September 19, 2018 were entitled to vote on the resolutions as contained in the Notice of the AGM.

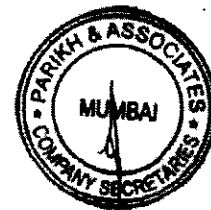
The voting period for remote e-voting commenced on Sunday, September 23, 2018 at 10.00 a.m. (IST) and ended on Tuesday, September 25, 2018 at 05:00 p.m. (IST) and the NSDL e-voting platform was blocked thereafter.

None of the shareholders present at the meeting cast their vote by a ballot paper. After the closure of the AGM, the vote cast under remote e-voting facility were thereafter unblocked in the presence of two witnesses who were not in the employment of the Company. I have scrutinized and reviewed the remote e-voting and votes tendered therein based on the data downloaded from the NSDL e-voting system.

The Management of the Company is responsible to ensure compliance with the requirements of the Act and rules relating to remote e-voting and the voting through ballot paper at the venue of the meeting on the resolutions contained in the notice of the AGM.

My responsibility as scrutinizer for the remote e-voting and the voting conducted through ballot paper at the venue of the meeting is restricted to making a Scrutinizer's Report of the votes cast in favour or against the resolutions.

I now submit my consolidated Report as under on the result of the remote e-voting and voting through ballot paper at the AGM in respect of the said resolutions.



**Resolution 1: Ordinary Resolution**

**Adoption of the Audited Financial Statements of the Company for the financial year ended March 31, 2018 together with the Reports of the Board of Directors and the Auditors thereon.**

(i) Voted in favour of the resolution:

Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
9	9,91,208	99.95

(ii) Voted against the resolution:

Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
1	500	0.05

(iii) Invalid votes:

Number of members whose votes were declared invalid	Number of invalid votes cast by them
NIL	NIL





**Resolution 2: Ordinary Resolution**

**Appointment of Director in place of Mr. S.C. Saran (DIN 00032194), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.**

(i) Voted in favour of the resolution:

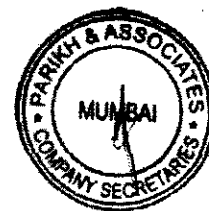
Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
9	9,91,208	99.95

(ii) Voted against the resolution:

Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
1	500	0.05

(iii) Invalid votes:

Number of members whose votes were declared invalid	Number of invalid votes cast by them
NIL	NIL



**Resolution 3: Special Resolution**

**Reappointment of Ms. Devaki Saran (DIN 06504653) as the Whole - Time Director, designated as "Executive Director & Chief Financial Officer (CFO) of the Company for a period of three years with effect from August 14, 2018.**

(i) Voted in favour of the resolution:

Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
9	9,91,208	99.95

(ii) Voted against the resolution:

Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
1	500	0.05

(iii) Invalid votes:

Number of members whose votes were declared invalid	Number of invalid votes cast by them
NIL	NIL



**Resolution 4: Ordinary Resolution****Appointment of Mr. Vijay Pathak (DIN 02700611), as a Director of the Company.**

(i) Voted in favour of the resolution:

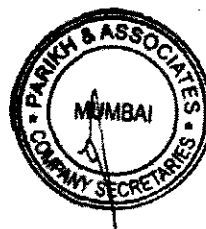
Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
9	9,91,208	99.95

(ii) Voted against the resolution:

Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
1	500	0.05

(iii) Invalid votes:

Number of members whose votes were declared invalid	Number of invalid votes cast by them
NIL	NIL



**Resolution 5: Special Resolution**

Appointment of Mr. Vijay Pathak (DIN 02700611), as a Whole-Time Director designated as Executive Director and Chief Operating Officer (COO) for a period of three years with effect from October 10, 2018.

(i) Voted in favour of the resolution:

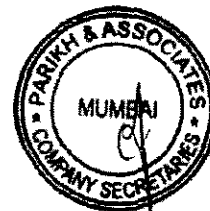
Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
9	9,91,208	99.95

(ii) Voted against the resolution:

Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
1	500	0.05

(iii) Invalid votes:

Number of members whose votes were declared invalid	Number of invalid votes cast by them
NIL	NIL



**Resolution 6: Special Resolution****Alteration of Articles of Association of the Company.**

(i) Voted in favour of the resolution:

Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
9	9,91,208	99.95


(ii) Voted against the resolution:

Number of members voted	Number of valid votes cast by them	% of total number of valid votes cast
1	500	0.05

(iii) Invalid votes:

Number of members whose votes were declared invalid	Number of invalid votes cast by them
NIL	NIL

Thanking you,  
Yours faithfully,

  
Jigyasa N. Ved  
Parikh & Associates  
Practising Company Secretaries  
FCS: 6488 CP: 6018  
111, 11th Floor, Sai Dwar CHS Ltd  
Sab TV Lane, Opp. Laxmi Indl. Estate,  
Off Link Road, Above Shabari Restaurant,  
Andheri-West, Mumbai - 400053



Place: Nashik  
Dated: September 26, 2018.

For Hindustan Hardy Limited



CHAIRMAN  
26th September 2018





# **Hindustan Hardy Limited**

(formerly Hindustan Hardy Spicer Limited)

**Thirty Sixth Annual Report  
2017- 2018**

## BOARD OF DIRECTORS

Mr. S. C. Saran	Chairman
Mr. Ravindra Kale	Executive Director & CEO
Ms.Devaki Saran	Executive Director & CFO
Mr. Shiamak Marshall	Director
Mr. Jehangir H.C. Jehangir	Director
Mr. Richard Koszarek	Director
Mr. Sharad Jain	Director (Upto 17.04.2018)
Mr. Vijay Pathak	Director (wef 10.08 2018)

## Bankers

### Axis Bank Ltd.

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

## Auditors

### Daga & Chaturmutha

Chartered Accountants  
201, Dhananjay Hights,  
Adwait Coloney, 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.hhsl.net

## Compliance Officer

Ms. Devaki Saran  
email: co@hhardys.com

## Registrars and Share Transfer Agents

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 - 400 072.  
Tel.: 022 - 28520461 / 462  
Fax : 022 - 28511809  
email : service@satellitecorporate.com

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**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.hhsl.net

Tel No: 0253-2382018

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

**NOTICE**

Notice is hereby given that the Thirty Sixth Annual General Meeting of the members of Hindustan Hardy Limited (formerly Hindustan Hardy Spicer Limited) will be held at Plot No. C-12, M.I.D.C. Area, Ambad, Nashik – 422 010 on Wednesday, September 26, 2018 at 2.30 p. m. 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, 2018, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S. C. Saran (DIN 00032194), 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 a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the Company hereby accords its approval to the reappointment of Ms. Devaki Saran (DIN 06504653), as the Whole-Time Director, designated as “Executive Director and Chief Financial Officer (CFO)” for a further period of 3 years with effect from August 14, 2018 on the terms and conditions including remuneration as approved by the Nomination and Remuneration Committee and as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Ms. Devaki Saran.”

“RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during Ms. Devaki Saran’s term of office as Executive Director and Chief Financial Officer (CFO), Ms. Devaki Saran, be paid the remuneration including perquisites and other benefits as set out in the agreement as minimum remuneration as prescribed in Schedule V of the Companies Act, 2013.”



“RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to Schedule V of the Companies Act, 2013 the Board be and is hereby authorised to alter and vary such terms of appointment and remuneration or increase the remuneration so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Ms. Devaki Saran without any further reference to the Company.”

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

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

“RESOLVED that Mr. Vijay Pathak (DIN 02700611), who was appointed as an Additional Director of the Company by the Board of Directors with effect from August 10, 2018 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 (“Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.”

5. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule V to the Companies Act, 2013 and subject to such approval as may be necessary, the Company hereby accords its approval to the appointment of Mr. Vijay Pathak (DIN 02700611) as Whole-Time Director designated as “Executive Director and Chief Operating Officer (COO)” of the Company for a period of three years with effect from October 10, 2018 upon the terms and conditions including the terms as to remuneration as approved by the Nomination and Remuneration committee and as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Vijay Pathak.

“RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during Mr. Vijay Pathak’s term of office as Whole-Time Director designated as Executive Director and Chief Operating Officer (COO), Mr. Vijay Pathak, be paid the remuneration as set out in the Explanatory statement as minimum remuneration as prescribed in Schedule V of the Companies Act, 2013 and that he shall be entitled to all other benefits and perquisites set out in the Explanatory statement as the minimum remuneration.

“RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to Schedule V of the Companies Act, 2013 the Board be and is hereby authorised to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling without any further reference to the Company.

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

6. To consider and if thought fit to pass, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013, the Articles of Association of the Company be and is hereby altered in the following manner:

- (i) The existing sub-article 1.1 of the Article 1 be and is hereby deleted.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.
2. At the Thirty Fifth Annual General Meeting (AGM) held on 18th August, 2017 the members approved the appointment of 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 to be held in 2022 subject to ratification of their appointment by the Members at every AGM held thereafter. Section 139 of the Act has been amended vide the Companies (Amendment) Act, 2017 by the Ministry of Corporate Affairs dated May 7, 2018 and has done away with the requirement of seeking ratification Members for appointment of Auditors at every AGM. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at this AGM.
3. The Statement setting out material facts pursuant to section 102 of the Companies Act, 2013, which sets out details relating to item nos. 3 to 6 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’s 2 to 5 are annexed hereto.

4. The Register of Members and the Share Transfer Books of the Company will be closed on Wednesday, September 19, 2018 to Wednesday, September 26, 2018, both days inclusive.
5. Members are requested to notify immediately any change of address:
  - (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, Bldg No.13-A-B, 2nd Floor, Samhita Commercial Co-Op. Soc. Ltd, Off Andheri Kurla Road, MTNL Lane, Sakinaka, Mumbai -400 072, in respect of their physical share folios, if any, quoting their folio numbers.
6. Pursuant to the provisions of the Act, the dividend for the financial year 2010-11 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 Investors' Education and Protection Fund setup by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the Company as no claim shall lie against the fund or the Company in respect of individual amounts once credited to the said fund.
7. 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.
8. Members are requested to bring their copy of the Annual Report to the meeting.
9. The Notice of the AGM along with the Annual Report 2017-2018 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
10. To support the 'Green Initiative' the Members who have not registered their e-mail addresses are requested to register the same with Registrar and Share Transfer Agent /Depositories.

11. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares. Members can contact the Registrar and Share Transfer Agents of the Company in this regard.
12. The route map showing directions to reach the venue of the Thirty-Sixth Annual General Meeting is annexed.
13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9:30 am to 6:00 pm) on all working days except Saturdays and Sundays (including Public Holidays) up to the date of the Annual General Meeting.

**14. 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 36th 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 is 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 :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
(a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
(b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****
(c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

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 at [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)
4. 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).
5. The e-voting period commences on Sunday, September 23, 2018, (10.00 a.m.) and ends on Tuesday, September 25, 2018 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 September 19, 2018 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.
6. 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 September 19, 2018. 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).

7. The facility for voting, either through ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting.

8. Shareholders who have already voted prior to the meeting date would be entitled to attend the Annual General Meeting but shall not be entitled to vote at the meeting.
9. Ms. Jigyasa N. Ved(FCS 6488) or failing her Mr. MiteshDhabliwala(FCS 8331)of M/s Parikh & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
10. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than within48 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 authorised by him in writing who shall countersign the same.
11. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website, [www.hhsl.net](http://www.hhsl.net) 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. The results shall also be displayed on the notice board at the Registered Office of the Company.

**Registered Office:**

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

**By order of the Board**

Date : 10.08.2018  
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 at its meeting held on August 10, 2018, approved the reappointment of Ms. Devaki Saran (DIN 06504653) as Whole-time Director designated as Executive Director and Chief Financial Officer (CFO), for a further period of three years, with effect from August 14, 2018 on the terms and conditions as approved and recommended by the Nomination and Remuneration Committee and as specified below, subject to the approval of the Members.

The main terms and conditions of appointment of Ms. Devaki Saran (here in after referred to as "Executive Director & CFO") are given below:

**A. Tenure of Appointment:**

The appointment of the Executive Director & CFO is for a period of three years with effect from August 14, 2018.

**B. Salary & Perquisites: Rs. 4.0 lakh per months; to be revised yearly as decided by the Board of Directors – upto a maximum of Rs. 7 lakhs per month.**

Incentive – As may be decided by the Board of directors.

In the event of loss or inadequacy of profits, in any financial year of the Company during the term of office of Ms. Devaki Saran, Executive Director and CFO, the Company shall pay the above remuneration as minimum remuneration subject to the ceiling limits prescribed in Schedule V of the Companies Act, 2013.

The Special Resolution at Item No. 3 of the Notice is commended for approval by the Members.

Ms.Devaki Saran is concerned or interested in the Resolutions at Item No. 3 of the Notice relating to her own appointment. Mr. S. C. Saran, Chairman, a relative of Ms. Devaki Saran shall also be concerned or interested in the Resolutions at Item No. 3 of the Notice.

None of the other Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the said Resolution.

#### **Item No. 4 & 5**

The Board of Directors at its meeting held on August 10, 2018, appointed Mr. Vijay Pathak (DIN 02700611) as an Additional Director of the Company.

As per the provisions of Section 161(1) of the Act, Mr. Vijay Pathak holds office of an Additional Director only up to the date of the forthcoming Annual General Meeting of the Company, and is eligible for appointment as Director. The Company has received a notice under Section 160 of the Act proposing Mr. Vijay Pathak's candidature for the office of Director of the Company.

The necessary resolution for his appointment as Director of the Company is therefore proposed at item no 4 of the ensuing Annual General Meeting.

The Board also appointed Mr. Vijay Pathak as Whole-time Director designated as Executive Director and Chief Operating Officer (COO) with effect from 10th October 2018, for a period of three years, on the terms and conditions as specified below, subject to the approval of the Members.

The main terms and conditions of appointment of Mr. Vijay Pathak (hereinafter referred to as "Executive Director and COO") are given below:

**A. Tenure of Appointment:**

The appointment of the Wholetime Director designated as Executive Director and COO is for a period of 3 years with effect from 10th October 2018.

**B. Salary and Perquisites: Rs. 3.50 lakh per month.**

In the event of loss or inadequacy of profits, in any financial year of the Company during the term of office of Mr. Vijay Pathak, Executive Director and COO, the Company shall pay the above salary and perquisites as minimum remuneration subject to the ceiling limits prescribed in Schedule V of the Companies Act, 2013

The appointment of Mr. Vijay Pathak as Wholetime director designated as the Executive Director and COO is subject to the confirmation of shareholders at the general meeting.

A special resolution at item no. 5 of the notice of ensuing annual general meeting is therefore proposed for the approval of shareholders.

The Resolutions at Item Nos. 4 and 5 of the Notice are commended for approval by the Members.

Except Mr. Vijay Pathak, none of the other Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolutions at Item No. 4 and 5 of the Notice.

**Item No. 6**

In view of the inter se transfer of shares amongst the promoters of the company, the company will not be using the word 'Spicer' in its name and accordingly the name of the company was changed from "Hindustan Hardy Spicer Limited" to "Hindustan Hardy Limited".

In view of the above, the sub-article 1.1 of Article 1 of the Articles of Association of the Company is no longer required and it is therefore proposed to alter the Articles of Association of the Company by deletion of sub-article 1.1 of Article 1 of the said Articles..

The alteration of Articles of Association of the Company is subject to the approval of shareholders in general meeting. A special resolution is therefore proposed at item no. 6 of the notice of ensuing annual general meeting.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at item No. 6 of the Notice.

The Board recommends the Special Resolution set out at item No. 6 of the Notice for approval by the members.

A copy of the existing Articles of Association and of the altered Articles of Association will be open for inspection by Members at the Registered Office of the Company during normal working hours between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays, Sundays and Public Holidays).

**Additional information required to be given alongwith a Notice calling General Meeting in respect of Item no. 3 & 5, as per sub para (B) of Section II of Part II of Schedule V of the Companies Act, 2013 is given hereunder:**

<b>I. General Information:</b>			
1. Nature of industry	Engineering Industry		
2. Date or expected date of commencement of commercial production	The Company has been in the business for many years		
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable		
4. Financial performance based on given indicators	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
Turnover	5491.50	<b>3930.14</b>	<b>3833.54</b>
Net profit (as computed under section 198)	168.47	<b>13.89</b>	<b>184.80</b>
Net profit/ (Loss) as per profit and loss account	55.82	<b>-96.99</b>	<b>80.93</b>
Amount of Dividend paid	7.49	-	-
Rate of Dividend declared	5.00%	-	-
Earning before interest, depreciation & taxes	273.20	<b>92.43</b>	<b>208.06</b>
% of EBIDT to turnover	4.97%	<b>2.35%</b>	<b>5.43%</b>
<i>Note : Figures for FY 2015-16 have not been restated for IND AS</i>			
5. Foreign investments or NA collaborators, if any.	NA		

II. Information about the appointee:	Ms. Devaki Saran	Mr. Vijay Pathak
1. Background details	<p><b>Name:</b> Ms. Devaki Saran  <b>Designation:</b> Executive Director and Chief Financial Officer (CFO)  <b>Father's name:</b> Mr. Sanjaya Saran  <b>Nationality:</b> Indian  <b>Date of Birth:</b> 16.05.1985  <b>Qualifications:</b> B.S. (Mechanical Engg.) from Carnegie Mellon University; M.B.A from Harvard Business School  <b>Experience:</b> Financial analyst in the Financial Institutions Group of UBS Investment Bank in New York. She has served as CFO of the Company since 2014.</p>	<p><b>Name:</b> Mr. Vijay Pathak  <b>Designation:</b> Executive Director and Chief Operating Officer (COO)  <b>Father's name:</b> Mr. Narhar Pathak  <b>Nationality:</b> Indian  <b>Date of Birth:</b> 24.04.1960  <b>Qualifications:</b> Govt. Polytechnic, Dhule  <b>Experience:</b> 36 years of global experience in management, production and quality control. Trained in TPM, 5S, JIT, TQM, VLFM both in India and Japan. Considerable experience in export component manufacturing, process improvements, value stream mapping and various other manufacturing best practices</p>
2. Past remuneration	Rs. 42 Lakh per annum	Mr. Vijay Pathak was a technical consultant and was paid Rs. 27 lacs during the year 2017-2018
3. Job profile and his/her suitability	<p>The Executive Director &amp; CFO shall be responsible for financial oversight of the Company. The CFO shall be responsible for:</p> <ul style="list-style-type: none"> <li>• Presenting and reporting accurate financial information</li> <li>• Controlling cashflow</li> <li>• Budgeting and expense control</li> <li>• Vendor and customer pricing</li> <li>• Forecasting and financial planning</li> <li>• Deciding financing of future investments</li> <li>• Ensuring company is in compliance with regulatory bodies</li> </ul>	<p>The Executive Director &amp; COO shall be responsible for operational oversight of the Company. The main responsibilities of the COO shall include:</p> <ul style="list-style-type: none"> <li>• Overall in charge of manufacturing and setting and achieving production targets</li> <li>• Oversight for all shop floor activities which includes, but is not limited to, Production, Production Planning, Quality Assurance, Stores (incoming as well as BSR) and Maintenance.</li> <li>• Spearheading manufacturing process improvements and initiatives such as 5S, TPM and other manufacturing best practices</li> </ul>

	<p>With both an Engineering and a Finance background, the CFO is in a position to understand the financial needs of a manufacturing company and therefore well qualified to be responsible for the financial oversight of the Company.</p>	<ul style="list-style-type: none"> <li>• Keeping abreast of latest product and manufacturing innovations and introducing these where applicable.</li> <li>• Maintaining discipline on the shop floor and keeping cordial industrial relations.</li> </ul> <p>With extensive experience in the industry, deep knowledge of the product and strong leadership and managerial skills the Executive Director and COO is well suited to position the Company on a trajectory of profitable and sustainable growth. Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement the proposed remuneration is in the interest of the Company.</p>
4. Remuneration proposed	A gross remuneration of Rs. 48 lakh per annum to be revised yearly plus incentives as may be decided by the Board of directors.	A gross remuneration of Rs. 42 Lakh per annum.
5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin)	Compared to the remuneration with respect to the industry, size of the Company etc. the remuneration proposed to be paid is low.	Compared to the remuneration with respect to the industry, size of the Company etc. the remuneration proposed to be paid is low.
6. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	The Executive Director & CFO has no other pecuniary relationship with the Company or with the managerial personnel except the fees being paid to Mr. S. C. Saran, Chairman of the Company who is a relative.	The Executive Director and COO has no other pecuniary relationship with the Company or with the managerial personnel

III. Other information:	
1. Reasons for loss or inadequate profits	<p>1. Sales growth has been sluggish, caused by weak market conditions in the first half of the year. Additionally, the Company lost a significant portion of the market share of a major OEM customer in FY 16-17. The Company is yet to regain these lost volumes as there is significant lead time for the Company's sales efforts to translate into new business.</p> <p>2. Steel prices increased sharply during the course of FY 17-18. The Company was compelled to pass on price increases to its suppliers; however customers did not fully compensate the same both in terms of amount and effective date.</p> <p>3. Competition among propeller shaft manufactures is increasing, placing downward pressure on margins</p>
2. Steps taken or proposed to be taken for improvement	<p>The Company is expanding its product offering and targeting new customers. The Company has stepped up its sales and marketing efforts. The company has worked with existing vendors and identified new vendors to reduce material cost and other variable costs. The Company has focused on value engineering and continuous improvement initiatives which have helped reduce manufacturing costs. The company has also worked to reduce finance costs. The company took advantage of lower interest rates offered on export receivables.</p>
3. Expected increase in productivity and profits in measurable terms.	<p>The Company expects its marketing efforts to translate into added sales over the course of the current financial year. Some products are under testing at the customer end or in the pilot production lot phase. Additionally, the Company's new product range XLOV has been well received in the Indian aftermarket. The Company is working to increase its product range and expand its geographical presence. The cost reduction initiatives have already born fruit as the company achieved significant savings across all major expense heads. Further savings are expected in the current financial year. This increase in sales coupled with cost reduction measures should help the company boost its profitability.</p>

**IV. Disclosures:**

The remuneration package of Ms. Devaki Saran and Mr. Vijay Pathak has been disclosed above.

The Company does not have any scheme for grant of stock options.

**Registered Office:**

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

**By order of the Board**

Date : 10.08.2018  
Place : Mumbai

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



**Information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by The Institute of Company Secretaries of India with respect to general meetings**

<b>Particulars</b>	<b>Devaki Saran</b>	<b>S.C.Saran</b>	<b>Vijay Pathak</b>
<b>Date of Birth</b>	16.05.1985	06.02.1951	24-04-1960
<b>Age</b>	33 years	67 years	58 years
<b>Date of Appointment</b>	14.08.2014	09.03.1978.	10.10.2018
<b>Qualification</b>	B.S. in Mechanical Engineering from Carnegie Mellon University in the U.S.A., MBA from Harvard Business School	B.S. in Mechanical Engineering from Carnegie Mellon University in the U.S.A., MBA from Columbia Business School	Government Polytechnic, Dhule
<b>Expertise in specific functional area</b>	After graduating with University Honors, she joined UBS Investment Bank in New York City and worked in the Financial Institutions Group focusing on banks and specialty finance companies. Later, she returned to India and started working with the Company.	He has over 50 years of experience in the automotive component industry. Under his stewardship, 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.	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 public companies</b>	1. XLO India Ltd., 2. Hermes Consultants Limited 3. Business Combine Ltd.	1. Simmonds Marshall Limited, 2. Hindustan Hardy Limited 3. XLO India Ltd. 4. Vellanova Pharmaceuticals Ltd, 5. Business Combine Ltd.	NIL
<b>Memberships of Committees in other public companies (Includes only Audit &amp; Stakeholders Relationship Committee)</b>	NIL	Member of Audit Committee and Stakeholders Relationship Committee of Hindustan Hardy Limited	NIL
<b>No. of shares held in the Company</b>	NIL	501	NIL

<b>Relationship between directors inter-se</b>	She is related to Mr. S. C. Saran, Director of the Company.  She is not related to any other Director or Key managerial Personnel	Immediate relative of Ms. Devaki S Saran	He is not related to any other Director or Key managerial Personnel
<b>Number of Board meetings attended</b>	4	3	NIL

## **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 Sixth Annual Report together with the Statement of Accounts for the year ended on March 31, 2018.

### **TRANSITION TO INDIAN ACCOUNTING STANDARD: (Ind AS)**

With effect from April 1, 2017, your company was required to align its accounting policies and disclosures with new Indian Accounting Standards or Ind-AS (Ind AS) as notified under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2016 as amended. Accordingly, the Financial Statements are prepared in accordance with the (Ind AS). Figures of the previous year have been reinstated due to adoption of Ind AS.

### **FINANCIAL RESULTS:**

<b>Particulars</b>	<b>For the year ended 31st March 2018</b>	<b>For the year ended 31st March 2017</b>
Revenue from Operations	3833.54	3930.14
Other Income	105.06	30.17
Total Income	3938.60	3960.31
Profit before Interest, Depreciation and Tax	208.06	92.43
Finance Cost	48.57	86.70
Depreciation	67.04	88.95
Profit / Loss before tax	92.45	-83.22
Tax Expenses	0.96	-4.97
Profit / Loss after Tax	91.49	-78.25
Other Comprehensive Income / (loss) for the year	-10.55	-18.74
Profit / Loss for the year attributable to owners of the company	80.94	-96.99

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

The company returned to profitability in FY 17-18. Profit before tax was Rs 92 lakhs as compared to a loss of Rs 83 lakhs in the prior year. This was on account of the Company's strong performance in the third and fourth quarters of FY 17-18.

Overall, sales remained fairly stagnant compared to the prior year. Sales growth was impacted by sluggish sales in the first half of the year. Sales increased nearly 45% in the second half of the year as compared to the first half. The growth was due to strong market conditions in both export

and domestic markets and the Company's heightened marketing push in prior periods. Sales across all market segments witnessed significant increases.

The Company's cost reduction initiatives also boosted the bottom line.

The primary drivers for the Company's profitability are as follows:

- **Change in Sales Mix:** The Company is placing greater emphasis on export sales and sales to industrial customers which yield higher margins. The proportion of export sales and industrial sales relative to total sales increased substantially during the course of FY 17-18 as a result of the Company's focus. Consequently the proportion of sales to domestic OEM customers decreased.
- **Favourable Exchange Rate Movements:** The Company's exports are in Euro and GBP. Both these currencies strengthened during the year. Thus export realisations per unit sale increased as compared to the previous year. The company recognised a foreign exchange gain of Rs 69.55 lakhs for FY 17-18 as compared to a loss of Rs 28.96 lakhs during FY 16-17.
- **Reduction in Finance Costs:** Interest cost reduced from Rs 86.70 lakhs in FY 16-17 to Rs 48.56 lakhs in FY 17-18. This was due to better working capital utilization and a strengthened cash flow position on account of the improved financial performance of the Company.

However, the Company faced the following headwinds which had a negative impact on financial performance.

- **Increase in Steel Prices:** Domestic and global steel prices increased sharply over the course of the financial year. The Company's major raw material input is steel and the Company was compelled to pass on price increases to suppliers across the board. These were not fully compensated by customers or were compensated with delayed effect.
- **Increase in Employee Costs:** Employee benefits expense increased in the current financial year. This was on account of increments agreed to in the wage settlement with workmen and commensurate increments given to staff with a view to employee retention. The Company's employee cost is high relative to industry norms.

#### **TRANSFER TO GENERAL RESERVES**

There was no transfer made to General Reserve.

#### **DIVIDEND**

In view to conserve financial resources, the Board of Directors does not recommend any dividend for the financial year 2017-2018.

## **OUTLOOK**

The outlook for both domestic and export markets remains positive for the Company's major customer segments – commercial vehicle, off-highway and agricultural. Additionally, the rupee is forecasted to remain weak during the financial year which will boost export margins.

The Company has stepped up its sales and marketing efforts. It is also expanding its product offering and targeting new customers. The Company is already beginning to see the results of its efforts in the prior year. However the gestation time for new customers to translate into increased sales is fairly long.

The company has also introduced a new line for the Indian aftermarket, XLO Value. The brand has been well received and the Company is expanding its product offering. This should translate into additional sales in the second half of the year.

However rising steel and fuel prices remain a negative headwind on profitability. The company is continuing its value engineering and continuous improvement efforts to reduce manufacturing costs and attempt to neutralize this effect. The company had also undertaken a huge cost reduction initiative to reduce costs across the board. While most costs have been reduced to the bare minimum, this initiative continues.

## **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.

## **CHANGE OF NAME:**

Pursuant to approval of the Members of the Company vide Special Resolution passed on June 15, 2018, and the approval of the Registrar of Companies, Mumbai on July 13, 2018, the name of the Company was changed from "Hindustan Hardy Spicer Limited" to "Hindustan Hardy Limited". The change of Company name does not result in change of the legal status, constitution, operations, activities of the Company, nor does it affect any rights, liabilities or obligations of the Company.

## **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. S. C. Saran, (DIN 00032194) Director of the Company, retires at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Mr. Sharad Jain, (DIN 06988659) resigned as Director of the Company with effect from April 17, 2018. The Board expresses its gratitude to Mr. Sharad Jain for the services rendered by him during his tenure with the Company.

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

Mr. Ravindra Kale, Executive Director & CEO  
Ms. Devaki Saran, Executive Director & CFO

With a view to strengthen the Board, the Board of Directors at its meeting held on 10th August 2018, appointed Mr. Vijay Pathak (DIN 02700611) as an Additional Director of the Company with effect from August 10, 2018 who holds office upto the date of ensuing annual general meeting. He being eligible offers himself for reappointment

The Board also appointed Mr. Vijay Pathak (DIN 02700611) as a Wholetime Director designated as Executive Director and Chief Operating Officer (COO) of the Company with effect from October 10, 2018 for a period of three years.

The Board of Directors at its meeting held on August 10, 2018, approved the reappointment of Ms. Devaki Saran as a Wholetime director designated as Executive Director & CFO for a further period of three years w.e.f. August 14, 2018. The necessary Special resolution for approval of shareholders has been included in the Notice of the ensuing 36th Annual General Meeting.

The necessary resolutions seeking approval of the Members for the appointment of Mr. Vijay Pathak (DIN 02700611) as Director and Wholetime Director designated as Executive Director and COO and the reappointment of Ms. Devaki Saran, as Wholetime director designated as Executive Director & CFO have been incorporated in the notice of the forthcoming annual general meeting of the Company along with a brief profile about their qualifications and experience.

#### **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 there has been no change in the circumstances which may affect their status as independent director during the year. In the opinion of the Board, the independent directors possess appropriate balance of skills, experience and knowledge, as required.

#### **AUDIT COMMITTEE OF BOARD OF DIRECTORS**

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

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

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.hhsl.net.

## **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.hhsl.net ). 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 is enclosed, which forms part of the directors' report as **Annexure I**.

## **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 subject to ratification of their appointment every year. However, in terms of the Notification issued by the Ministry of Corporate Affairs dated May 7, 2018, the proviso requiring ratification of the Auditors appointment by the shareholders at each annual general meeting has been omitted. Accordingly, the ratification of appointment of Statutory Auditors would not be required at the ensuing annual general meeting and M/s Daga & Chaturmutha, Chartered Accountants would continue to act as the statutory auditors of the Company for five years upto the conclusion of the fortieth annual general meeting to be held in 2022.

## **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 and other applicable provisions, if any, of the Companies Act, 2013, M/s. Parikh & Associates, Practising Company Secretaries were appointed as the Secretarial Auditors for auditing the secretarial records of the Company for the financial year 2017-18.

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



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

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

As regards observations of Secretarial Auditors in their report, your directors have to state that constant efforts are being made to identify and appoint a competent and suitable candidate as the Company Secretary of the Company. In the Meanwhile, to ensure timely compliance of the provisions of the Act, the company has been taking the professional services of the reputed Practicing Company Secretaries.

## **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, 2018.

## **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.

## 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, fulfillment 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 HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 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 2017-18.

The Company has complied with the provisions relating to constitution of Internal Complaints Committee under The Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

### **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 2018-19.

### **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 ([//www.hhsl.net](http://www.hhsl.net))

### **GREEN INITIATIVES**

As a part of Green initiative, Electronic copies of the Annual Report 2017-18 and Notice of the 36th 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 your 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 : 10.08.2018  
Place : Mumbai

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

## ANNEXURE I

Extract of Annual Return as on Financial year ended 31.03.2018  
[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 Number 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.hhsl.net Tel. : 0091-253-2382018, 2382118, 2382754 Fax : 0091-253-2382528
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, Bldg No.13-A-B, 2nd Floor, Samhita Commercial Co-Op. Soc. Ltd. Off Andheri Kurla Road, MTNL Lane, Sakinaka, Mumbai - 400 072.  Email : : service@satellitecorporate.com Website : : www.satellitecorporate.com Tel. : 0091-22- 28520461/462. Fax : 0091-22-28511809

### 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	96.69%

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

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	Percentage of shares held	Applicable Section

#### 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 01.04.2017)				No of shares held as on 31.03.2018				%Change during the year (9-5)
	Demat	physical	Total	% of total shares	Demat	physical	Total	% of total shares	
1	6	7	8	5	6	7	8	9	10
<b>Promoters</b>									
<b>Indian</b>									
Individuals / Hindu Undivided Family	501	1150	1651	0.11	501	150	651	0.04	-0.07
Central Government	0	0	0	0.00	0	0	0	0.00	0.00
State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	599993	750	600743	40.09	599993	750	600743	40.09	0.00
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
HUF	0	0	0	0.00	0	0	0	0.00	0.00
Directors & their relatives	0	0	0	0.00	0	0	0	0.00	0.00
Cleaning Member	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A) (1)</b>	<b>600494</b>	<b>1900</b>	<b>602394</b>	<b>40.20</b>	<b>600494</b>	<b>900</b>	<b>601394</b>	<b>40.13</b>	<b>-0.07</b>
Foreign									
Non-Resident Individuals	0	0	0	0.00	0	0	0	0.00	0.00
Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	390000	0	390000	26.03	390000	0	390000	26.03	0.00
Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A) (2)</b>	<b>390000</b>	<b>0</b>	<b>390000</b>	<b>26.03</b>	<b>390000</b>	<b>0</b>	<b>390000</b>	<b>26.03</b>	
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>990494</b>	<b>1900</b>	<b>992394</b>	<b>66.23</b>	<b>990494</b>	<b>900</b>	<b>991394</b>	<b>66.16</b>	<b>-0.07</b>
<b>Public Shareholding</b>									
<b>Institutions</b>									
Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
Financial Institutions / Banks	50	0	50	0.00	50	0	50	0.00	0.00

Category of shareholders	No of shares held at the beginning of the year (as on 01.04.2017)				No of shares held at end of the year (as on 31.03.2018)				%Change during the year
Central Government	0	0	0	0.00	0	0	0	0.00	0.00
State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B) (1)</b>	<b>50</b>	<b>0</b>	<b>50</b>	<b>0.00</b>	<b>50</b>	<b>0</b>	<b>50</b>	<b>0.00</b>	<b>0.00</b>
Non-Institutions									
Bodies Corporate									
i) Indian	20711	650	21361	1.43	15627	50	15677	1.05	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
Individuals									
Individual Shareholders holding nominal Share Capital upto Rs.1 Lakh	257570	158201	415771	27.75	234950	115204	350154	23.37	-4.38
Individual Shareholders holding nominal Share Capital in excess of Rs.1 Lakh	43086	0	43086	2.88	83008	0	83008	5.54	2.66
Any Other (Specify)									
Clearing Member	200	0	200	0.01	0	0	0	0.00	-0.01
IEPF	0	0	0	0.00	42875	0	42875	2.86	2.86
Non Resident Indians	790	0	790	0.05	745	50	795	0.05	0.00
HUF	24698	100	24798	1.65	14397	100	14497	0.97	-0.69
Directors & their relatives	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B) (2)	347055	158951	506006	33.77	391602	115404	507006	33.84	0.07
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>347105</b>	<b>158951</b>	<b>506056</b>	<b>33.77</b>	<b>391652</b>	<b>115404</b>	<b>507056</b>	<b>33.84</b>	<b>0.07</b>
<b>TOTAL (A)+(B)</b>	<b>1337599</b>	<b>160851</b>	<b>1498450</b>	<b>100.00</b>	<b>1382146</b>	<b>116304</b>	<b>1498450</b>	<b>100.00</b>	<b>0.00</b>

Category of shareholders	No of shares held at the beginning of the year (as on 01.04.2017)		No of shares held at end of the year (as on 31.03.2018)		%Change during the year
Shares held by Custodians & ADRs	0	0	0	0	0.00
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>1337599</b>	<b>160851</b>	<b>1382146</b>	<b>116304</b>	<b>0.00</b>
		<b>1498450</b>	<b>1498450</b>	<b>100.00</b>	<b>100.00</b>



ii. Shareholding of Promoters :

Sr No	Shareholders Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year-31.03.2018			% 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	599993	40.04	0	599993	40.04	0	0.00
2	Spicer Gelenkwellenbau Gmbh	390000	26.03	0	390000	26.03	0	0.00
3	Sanjaya Chandrabhushan Saran	501	0.03	0	501	0.03	0	0.00
4	Devaki Saran Holdings Private Limited	450	0.03	0	450	0.03	0	0.00
5	Mallika Saran Holdings Private Limited	250	0.02	0	250	0.02	0	0.00
6	Arati Vasant Pandit	100	0.01	0	100	0.01	0	0.00
7	Charminsan Investments Pvt Ltd	50	0.00	0	50	0.00	0	0.00
8	Arati Sanjaya Saran	50	0.00	0	50	0.00	0	0.00
9	Gopika Saran	450	0.03	0	0	0.00	0	-0.03
10	Minal C Saran	550	0.04	0	0	0.00	0	-0.04
	<b>TOTAL</b>	<b>992394</b>	<b>66.23</b>	<b>0</b>	<b>991394</b>	<b>66.16</b>	<b>0</b>	<b>-0.07</b>

The change in the shareholding of promoters is on account of transfer of 1000 shares to IEPF pursuant to provisions of section 124 of the Companies Act, 2013 read with rules made thereunder.

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

Sr. No.	Share holders Name		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Gopika Saran	At the beginning of the year	450	0.03	-	-
		Shareholding during the year specifying the reasons for increase / decrease	(450) Transferred to IEPF	(0.03)	-	-
		At the end of the year	0	-	0	0
2	Minal Saran	At the beginning of the year	550	0.04	-	-
		Shareholding during the year specifying the reasons for increase / decrease	(550) Transferred to IEPF	(0.04)	-	-
		At the end of the year	0	-	0	0

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 01.04.2017		(+)/INCREASE/ (-)/DECREASE IN SHARE HOLDING		Shareholding at the end of the year 31-03-2018	
		No. of Shares	% Of Total Shares Of The Company	Date	Shares	No Of Shares	% Of Total Shares Of The Company
1	Hitesh Ramji Javeri	21332	1.42	01.04.2017		21332	1.42
	IN30036020087818			21.04.2017	300	21632	1.44
				28.04.2017	2015	23647	1.58
				05.05.2017	1510	25157	1.68
				12.05.2017	3681	28838	1.92
				19.05.2017	3126	31964	2.13
				26.05.2017	50	32014	2.14
				02.06.2017	300	32314	2.16
				09.06.2017	1838	34152	2.28
				16.06.2017	4488	38640	2.58
				21.07.2017	652	39292	2.62
				28.07.2017	360	39652	2.65
				04.08.2017	734	40386	2.70
				11.08.2017	688	41074	2.74
				25.08.2017	3180	44254	2.95
				31.03.2018	0	44254	2.95
2	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs	0	0.00	01.04.2017	0	0	0.00
	1204720013676780			01.12.2017	42697	42697	2.85
				31.03.2018	0	42697	2.85
3	Dilipkumar Lakhi	21754	1.45	01.04.2017		21754	1.45
	IN30015910026342			31.03.2018	0	21754	1.45

Sr. No	Name of Shareholders	Shareholding at the beginning of the year 01.04.2017		(+)/INCREASE/ (-) DECREASE IN SHARE HOLDING		Shareholding at the end of the year 31-03-2018	
		No Shares	% Of Total Shares Of The Company	Date	Shares	No Of Shares	% Of Total Shares Of The Company
4	Radhabai Ramji Javeri	0	0.00	01.04.2017		0	0.00
	IN30036010883608			02.06.2017	3482	3482	0.23
				16.06.2017	1714	5196	0.35
				23.06.2017	1030	6226	0.42
				30.06.2017	8758	14984	1.00
				07.07.2017	1410	16394	1.09
				14.07.2017	603	16997	1.13
				21.07.2017	3	17000	1.13
				31.03.2018	0	17000	1.13
5	Prakash Gajanan Nayak	9563	0.64	01.04.2017		9563	0.64
	1203210000004694			31.03.2018	0	9563	0.64
6	Vsl Securities Private Limited	8463	0.56	01.04.2017		8463	0.56
	1201060001602763			31.03.2018	0	8463	0.56
7	Sarita Bothra	5000	0.33	01.04.2017		5000	0.33
	IN30289810353746			16.03.2018	1000	6000	0.40
				31.03.2018	0	6000	0.40
8	Saumil S Shah	5789	0.39	01.04.2017		5789	0.39
	IN30015910933889			31.03.2018	0	5789	0.39
9	Nirmal Kumar Chopra	5121	0.34	01.04.2017		5121	0.34
	IN30125013339478			31.03.2018	0	5121	0.34
10	Harsha Hitesh Javeri	101	0.01	01.04.2017		101	0.01
	IN30036020087795			21.04.2017	2212	2313	0.15
				12.05.2017	356	2669	0.18
				26.05.2017	1656	4325	0.29
				02.06.2017	200	4525	0.30
				28.07.2017	50	4575	0.31
				04.08.2017	425	5000	0.33
			31.03.2018	0	5000	0.33	

Sr. No	Name of Shareholders	Shareholding at the beginning of the year 01.04.2017		(+)/INCREASE/ (-) DECREASE IN SHARE HOLDING		Shareholding at the end of the year 31-03-2018	
		No Shares	% Of Total Shares Of The Company	Date	Shares	No Of Shares	% Of Total Shares Of The Company
11	Mitali Hitesh Javeri	0	0.00	01.04.2017		0	0.00
	IN30036010619416			26.05.2017	381	381	0.03
				02.06.2017	265	646	0.04
				14.07.2017	1677	2323	0.16
				21.07.2017	77	2400	0.16
				28.07.2017	675	3075	0.21
				04.08.2017	925	4000	0.27
				31.03.2018	0	4000	0.27
12	Ami Hitesh Javeri	0	0.00	01.04.2017		0	0.00
	IN30036010619779			26.05.2017	1774	1774	0.12
				02.06.2017	1950	3724	0.25
				14.07.2017	125	3849	0.26
				21.07.2017	151	4000	0.27
				31.03.2018	0	4000	0.27

v. Shareholding of Directors and Key Managerial Personnel:

Sl. 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	01-04-2017	At the beginning of the year	501	0.03	501	0.03
		31-03-2018	At the end of the year	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	521.82	-	-	521.82
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total ( i+ii+iii )</b>	<b><u>521.82</u></b>	-	-	<b><u>521.82</u></b>
Change in Indebtedness during the financial year				
- Addition	-118.20	-	-	-118.20
- Reduction				
Net Change	<b><u>-118.20</u></b>	-	-	<b><u>-118.20</u></b>
Indebtedness at the end of the financial year				
(i) Principal Amount	403.62	-	-	403.62
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
<b>Total ( i+ii+iii )</b>	<b><u>403.62</u></b>	-	-	<b><u>403.62</u></b>

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

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

	<b>DEVAKI SARAN- EXECUTIVE DIRECTOR &amp; CFO</b>	<b>RAVINDRA KALE- EXECUTIVE DIRECTOR &amp; CEO</b>
Gross Salary		
a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	26.40	30.94
b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	3.12	6.73
c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	-	-
Stock Option	-	-
Sweat Equity	-	-
Commission	-	-
Others (PL encashment & superannuation)	3.60	3.60
Total (A)	33.12	41.27
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	-	15000	-
'Shiamak Marshall	-	24000	-
Richard Koszarek	-	18000	-
<b>TOTAL (B1)</b>	-	<b>57000</b>	-
<b>Other Non-Executive Directors</b>			
S. C. SARAN	*1800000	27000	-
SHARAD JAIN	-	-	-
<b>TOTAL (B2)</b>	<b>1800000</b>	<b>27000</b>	-
<b>TOTAL B1+B2</b>	<b>1800000</b>	<b>84000</b>	-

\* Mr. S. C. Saran was paid professional fees of Rs. 18.00 lakhs during the year 2017-2018 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 12.02.2016.

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

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

For and on behalf of the Board

Date : 10.08.2018  
Place : Mumbai

S. C. Saran  
Chairman



## **ANNEXURE II**

**FORM No. MR-3**

### **SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

(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 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 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 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018, 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, 2018 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;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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, 1998; (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 complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above except that the Company has not appointed a whole-time Company Secretary as required under Section 203 of the Act and the rules made thereunder.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of 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 adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and 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:  
**Jigyasa N. Ved**  
Partner

Place : Mumbai  
Date : 07.05.2018

FCS No : 6488  
CP No : 6018

*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 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:  
**Jigyasa N. Ved**  
Partner

Place : Mumbai  
Date : 07.05.2018

FCS No : 6488  
CP No : 6018

## **ANNEXURE III**

### **A. Conservation of energy, technology absorption, foreign exchange earnings and outgo: [Rule9.10(3)]**

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

(i) Steps taken / impact on conservation of energy, with special reference to the following:

- 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.
- 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 Streetlight fixtures.
- Installation of 400 LPD Solar Hot water System at Canteen.
- Installation of a composter for canteen waste is currently underway.
- 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.

**3. Foreign exchange earnings and Outgo**The Foreign Exchange earnings and outgo are as under (Rs. in Lakh)

1. Foreign Exchange Earnings	<b>1539.58</b>
2. Foreign Exchange Outgo on account of import	10.17
3. Foreign Exchange Outgo on account of travel	10.13
<b>Total Foreign Exchange outgo</b>	<b>20.30</b>
<b>Net Foreign Exchange earnings</b>	<b>1519.28</b>

For and on behalf of the Board

Date : 10.08.2018

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	5.63
Executive Director & CEO	12.90
Executive Director & CFO	10.35

- (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	0.00
Executive Director & Chief Executive Officer *	-4.18
Executive Director & Chief Financial Officer *	-5.69

*\* Decrease is because of Leave Travel Allowance availed by the CEO and CFO during the financial year 2016-17 which was not availed in FY 2017-18.*

- (c) The percentage increase in the average remuneration of employees in the financial year: 11.90%.
- (d) The number of permanent employees on the rolls of company: 202
- (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

Decrease in the managerial remuneration in the last financial year is 4.86% as against an increase of 11.90% in the average remuneration of the employees. There was no change in the remuneration terms of either the CEO or the CFO. The decrease in their remuneration is because of payment of Leave Travel Allowance availed by the CEO and CFO during the prior year 2016-17 which was not availed in the current year. The increase in average remuneration of employees was on account of the wage settlement with workmen which was signed during the current

financial year for a period of 4 years with retrospective effect from April 1, 2016 wherein year on year wage increases were settled. Staff remuneration was also revised commensurately effective April 1, 2017.

- (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	Nature of employment	Qualifications	Experience	Age	Last employment	Percentage of equity shares held
Mr. Ravindra Kale	Executive Director & CEO	41.27	Contractual	BE (Mechanical)	32 Years	55	Curtiss Wright, Pune	NIL
Ms. Devaki Saran	Executive Director & CFO	33.12	Contractual	B.S. (Mechanical Engg.); M.B.A	4 years	33	UBS Investment Bank, New York	NIL
More AD	Sr. Manager Engineering	10.07	Regular	BE (Mechanical)	21 years	45	I – Design Engineering Solutions Ltd, Pune	NIL
Murgunde NR	Sr. Manager & HOD - Marketing & Procurement	9.31	Regular	DME	21 Years	42	Spicer India Ltd., Satara	NIL
Sambhus MS	Sr. Manager & HOD - Quality	8.43	Regular	DME	35 Years	55	Associated Manufacturing LLP, Pune	NIL
Taskar AS	Sr. Manager & HOD - Production	8.39	Regular	DME	27 Years	49	Started his career in Hindustan Hardy	NIL
Sonawane BJ	Sr. Manager – Heat Treatment and Receipt	7.18	Regular	DME, DBM, MMS	21 Years	42	Taparia Tools Ltd., Nashik	NIL
Mehandale CP	Sr. Manager & HOD PPC, Stores & Despatch	5.47	Regular	DME	27 Years	49	Started his career in Hindustan Hardy	NIL
Mulay DS	Sr. Manager - Yoke	5.38	Regular	DME	29 Years	50	Started his career in Hindustan Hardy	NIL
Arote AR	Manager - Yoke	5.26	Regular	DME	32 Years	52	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 : 10.08.2018  
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	A sum of Rs. 18.00 Lakh per annum paid on quarterly basis during the year	He is highly qualified having both an BS 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.	12.02.2016	-	N.A.
XLO India Limited, Directorship and Shareholding	The Company is using the registered trademark of XLO, "XLO Value", to market its products in the Indian aftermarket.	Continuous	Payment of 1% royalty on sales value. Amount for the year Rs. 92,772	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.

**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 : 10.08.2018  
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 (both to OEMs and to dealers and distributors). In FY 17-18, the Company's largest market segment was export, followed by domestic OEMs, industrial customers and the aftermarket.

**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 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, the Indian market is growing rapidly in all industries which the Company serves – commercial vehicles, agriculture and off-highway. A large part of this is due to the strong thrust given by the government to infrastructure development.

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 possibility of a global trade war poses a significant threat. Despite this, the ongoing trade conflict between the US and China could prove be a golden opportunity for Indian manufacturers.

Several foreign players in India are taking steps to indigenize components that were previously imported which provides an attractive opportunity to Indian manufacturers. They are also looking to India for global sourcing as the capabilities and quality standards of Indian manufacturers have improved considerably.

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

The company operates in a single segment.

Total revenue from operations in FY 17-18 was Rs. 3833.54 Lakh as compared to 3930.14 Lakh in FY 16-17.

Domestic sales decreased during the year due to sluggish sales in the first half of the

year. Sales to industrial and off-highway customers increased due to strong growth in the construction equipment market. However OE sales and aftermarket sales decreased. Sales in the first half of the year were impacted by the lingering effects of demonetization and uncertainty around the transition to GST. Additionally, the commercial vehicle segment struggled with the transition to BS-IV emission norms as they were left with sizeable inventory of vehicles which they had to convert to meet the new norms leading to a slowdown in production in the first two quarters.

Export sales increased substantially in FY 17-18. This was on account of improvement in the European economy and the global agricultural market. The stronger euro also boosted sales realization in rupee terms.

**d. Outlook**

The outlook for the domestic and export markets remains positive for the Company's major customer segments – commercial vehicle, off-highway and agricultural. Additionally, the rupee is forecasted to remain weak during the financial year which will boost export margins.

The Company has stepped up its sales and marketing efforts. It is also expanding its product offering and targeting new customers. The Company is already beginning to see the results of its efforts in the prior year. However the gestation time for new customers to translate into increased sales is fairly long.

The company has also introduced a new line for the Indian aftermarket. The brand has been well received and the Company is expanding its product offering. This should translate into increased sales in the second half of the year.

**e. Risks and concerns.**

Rising steel and fuel prices remain a negative headwind on profitability. The company is continuing its value engineering and continuous improvement efforts in an attempt to reduce manufacturing costs and neutralize this effect. 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

Increasing competition and rising costs are also putting downward pressure on margins. The Company is trying to counter this by focusing on operational efficiencies.

The Company is trying to penetrate new export markets; however the possibility of a global trade war poses a threat.

**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.***

During FY 16-17 sales volume decreased drastically and exchange rates moved unfavourably resulting in a loss despite the considerable savings achieved by the various cost reduction initiatives. Management focused on increasing operational efficiencies which directly translated into improved margins. This helped limit the loss during the year.

During FY 17-18 sales grew marginally and raw material costs increased sharply; only a portion of which was compensated by customers. The Company's cost reduction initiatives bore fruit as the Company was profitable despite the rise in input costs.

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 increased to 202 from 188 at the end of the prior financial year.

The labour agreement was settled during the year for a period of 4 years (1st April 2016 to 31st March 2020) with retrospective effect. This was a breakthrough agreement as it was the first agreement in which there was a component of wages that is linked to achieving certain productivity norms. Labour relations remain cordial and were so during the entire period of negotiations.

**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 - 19.05.2017, 24.08.2017, 17.11.2017, 12.02.2018

<b>Name of the Director</b>	<b>No. of Board Meetings attended</b>
Mr. S. C. Saran	3
Mr. Shiamak Marshall	4
Mr. Jehangir H. C. Jehangir	2
Ms. Devaki Sanjaya Saran	4
Mr. Richard George Koszarek	3
Mr. Sharad Jain	2
Mr. Ravindra Kale	3

**AUDIT COMMITTEE**

The date of the meetings were -19.05.2017, 24.08.2017, 17.11.2017, 12.02.2018

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

**NOMINATION AND REMUNERATION COMMITTEE**

The Date of the Meetings were – 19.05.2017

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



**SHARE TRANSFERS AND STAKEHOLDERS RELATIONSHIP COMMITTEE**

The date of the Meetings were – 19.05.2017, 24.08.2017, 17.11.2017, 12.02.2018

<b>Composition</b>	<b>Meetings attended</b>
Mr. S. C. Saran	3
Mr. Shiamak Marshall	4
Mr. Jehangir H. C. Jehangir	2
Mr. Richard Koszarek	1
Ms. Devaki Saran	1

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of

**HINDUSTAN HARDY SPICER LIMITED.**

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Hindustan Hardy Spicer Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, 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.

### **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) section 143(3) of the Act, we give in the "Annexure A" a statement on the matters specified on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - (e) On the basis of written representation received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as 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".
- (g) 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) There are no litigations pending against the company which impacts 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.

**For Daga & Chaturmutha**

Chartered Accountants

Firm Registration No. 101987W

**Anand Daga**

Partner

Date: 7th May, 2018

**Membership No. 048684**

## **ANNEXURE TO AUDITORS REPORT**

### **ANNEXUREA : REFERRED TO IN MY REPORT 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 Record's 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, sales tax/value added tax, service tax,customs duty, excise duty, goods &services tax, cess and other materials statutory dues with the appropriate authorities. It is informed that there are no such dues as at 31st March 2018 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, service tax, excise duty and customs duty at 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 my 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 Ind AS 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 during the year.
- (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

Date: 7th May, 2018

**Membership No. 048684**

**ANNEXURE B : REFERRED TO IN MY REPORT 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 SPICER LIMITED (“the Company”) as of 31st March , 2018 in conjunction with our audit of the Ind-AS 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 safe guarding 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 31st March, 2018, 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

Date: 7th May, 2018

**Membership No. 048684**



**BALANCE SHEET AS AT 31ST MARCH, 2018**

(Rs in Lakh)

	Particulars	Note No	As At	As At	As At
			31.03.2018	31.03.2017	01.04.2016
<b>I.</b>	<b>ASSETS</b>				
	<b>Non-current assets</b>				
	Property, Plant and Equipment	2	391.72	367.46	590.11
	Capital work-in-progress	2	25.54	67.65	29.25
	Intangible assets	2	5.09	7.50	3.45
	<b>Financial Assets</b>				
	Investments	3	-	0.55	0.55
	Trade receivables	8	3.96	38.99	11.26
	Other financial assets	4	17.59	17.59	16.96
	<b>Income Tax assets (net)</b>		79.31	79.30	78.61
	<b>Deferred tax assets</b>	5	25.98	19.19	17.48
	<b>Other non-current assets</b>	6	210.78	379.29	453.66
	<b>Sub total - Non-current assets</b>		<b>759.96</b>	<b>977.51</b>	<b>1,201.33</b>
	<b>Current assets</b>				
	<b>Inventories</b>	7	408.72	354.01	500.75
	<b>Financial Assets</b>				
	Trade receivables	8	1,210.32	901.72	1,120.95
	Cash and cash equivalents	9	14.66	20.85	3.39
	Bank balances other than cash and cash equivalents	10	12.74	14.51	12.11
	Others (Interest Receivable)		1.32	1.32	1.23
	<b>Other current assets</b>	11	51.54	50.52	78.10
	<b>Sub total - Current assets</b>		<b>1,699.30</b>	<b>1,342.93</b>	<b>1,716.53</b>
	<b>TOTAL - ASSETS</b>		<b>2,459.26</b>	<b>2,320.44</b>	<b>2,917.85</b>
<b>II.</b>	<b>EQUITY AND LIABILITIES</b>				
	<b>EQUITY</b>				
	Equity Share Capital	12	149.85	149.85	149.85
	Other Equity		665.90	584.96	681.95
	<b>Sub total - Equity attributable to owners</b>		<b>815.74</b>	<b>734.81</b>	<b>831.80</b>
	<b>LIABILITIES</b>				
	<b>Non-current liabilities</b>				
	<b>Financial Liabilities</b>				
	Borrowings	13	4.87	49.82	51.57
	Trade payable	16	-	-	-
	Other financial liabilities	14	-	-	-
	<b>Deferred Tax Liability</b>	18	28.75	41.71	53.36
	<b>Sub total - Non-current liabilities</b>		<b>33.61</b>	<b>91.54</b>	<b>104.93</b>
	<b>Current liabilities</b>				
	<b>Financial Liabilities</b>				
	Borrowings	13	398.75	472.00	569.62
	Trade payables	16	831.01	718.88	1,085.34
	Other financial liabilities	14	10.85	11.66	11.87
	<b>Other current liabilities</b>	17	269.11	219.03	217.63
	<b>Provisions</b>	15	84.36	72.52	84.50
	<b>Current Tax Liabilities (Net)</b>		15.83	-	12.18
	<b>Sub total - Current liabilities</b>		<b>1,609.90</b>	<b>1,494.10</b>	<b>1,981.13</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>2,459.26</b>	<b>2,320.44</b>	<b>2,917.85</b>

See accompanying notes 1 to 43 to the financial statements.

In terms of our report attached

**For Daga & Chaturmutha**  
Chartered Accountants

**Anand Daga**  
Partner

Mumbai, May 07, 2018

For & on behalf of the Board of Directors

**Chairman**

S.C. Saran (DIN-00032194)

**Executive Director & CEO**

Ravindra Kale (DIN-03115130)

**Executive Director & CFO**

Devaki Saran (DIN-06504653)

May 07, 2018

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs in Lakh)

Particulars	Note No	As At 31.03.2018	As At 31.03.2017
<b>Income</b>			
Revenue from operations	19	3,833.54	3,930.14
Other income	20	105.06	30.17
<b>Total Income</b>		<b>3,938.61</b>	<b>3,960.31</b>
<b>Expenses</b>			
Cost of raw materials consumed	21	1,986.77	1,916.28
Changes in inventories of finished goods, work-in-progress	22	(28.17)	49.55
Excise duty		42.11	245.41
Employee benefits expense	23	926.29	814.30
Depreciation and amortisation expense	2	67.04	88.95
Finance costs	24	48.57	86.70
Other expenses	25	803.54	842.34
<b>Total expenses</b>		<b>3,846.15</b>	<b>4,043.52</b>
Profit / (Loss) before tax		92.45	(83.22)
<b>Tax expense:</b>			
For the current year		-	-
Current tax		20.72	-
Deferred tax		(19.76)	(4.97)
		<b>0.96</b>	<b>(4.97)</b>
<b>Profit / (Loss) for the year from continuing operations</b>		<b>91.49</b>	<b>(78.24)</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		(15.27)	(27.13)
Tax relating to the above		4.72	8.38
<b>Other comprehensive income for the year, net of tax</b>		<b>(10.55)</b>	<b>(18.75)</b>
<b>Total comprehensive income/ (Loss) for the year</b>		<b>80.93</b>	<b>(96.99)</b>
<b>Earnings per share {in ₹} {of ₹10 each} :</b>	26		
Basic		6.11	(5.22)
Diluted		6.11	(5.22)

See accompanying notes 1 to 43 to the financial statements.

*In terms of our report attached*

**For Daga & Chaturmutha**  
Chartered Accountants

**Anand Daga**  
Partner

Mumbai, May 07, 2018

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Devaki Saran (DIN-06504653)

May 07, 2018

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

(Rs in Lakh)

		Year ended 31.03.2018		Year ended 31.03.2017
<b>A.</b>	<b>Cash flow from operating activities</b>			
	Net Profit / (Loss) before tax	<b>92.45</b>		<b>(83.22)</b>
	<b>Adjustments for :</b>			
	Depreciation and amortisation	67.04	88.95	
	Profit on sale of Property, Plant & Equipment	(1.43)	-	
	Interest and Finance Charges	48.57	86.70	
	Investments written-off	0.55	-	
	Interest income	(4.22)	(6.69)	168.96
	<b>Operating profit before working capital changes</b>	<b>202.96</b>		<b>85.74</b>
	<b>Adjustment for :</b>			
	Decrease / (Increase) Trade receivables	(273.57)	191.50	
	Decrease / (Increase) Financial and Non-Financial assets	153.98	71.10	
	Decrease / (Increase) Inventories	(54.71)	146.74	
	Increase / (Decrease) Trade payables	112.13	(366.46)	
	Increase / (Decrease) Financial and Non-Financial liabilities and provisions	61.10	(10.78)	<b>32.10</b>
	Cash generated from / (used in) operations	<b>201.90</b>		<b>117.84</b>
	Direct taxes paid	(0.17)		(12.18)
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>201.72</b>		<b>105.66</b>
<b>B.</b>	<b>Cash flow from investing activities</b>			
	Purchase of Property, Plant & Equipment	(47.29)	(78.86)	
	Proceeds from Sale of Property, Plant & Equipment/Capital Subsidy received	1.94	170.11	
	Interest income	4.22	6.60	97.86
	<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(41.13)</b>		<b>97.86</b>

<b>C.</b>	<b>Cash flow from financing activities</b>				
	Repayment of borrowings	(118.21)		(99.36)	
	Interest and Finance Charges	(48.57)	(166.77)	(86.70)	(186.06)
	<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(166.77)</b>		<b>(186.06)</b>
	<b>Net increase / (decrease) in cash &amp; cash equivalent (A+B+C)</b>		<b>(6.18)</b>		<b>17.46</b>
	Cash and cash equivalent at the end of the period		14.66		20.85
	Cash and cash equivalent at the beginning of the period		20.85		3.39
			<b>(6.18)</b>		<b>17.46</b>
	<b>Components of cash and cash equivalents</b>				
	Cash on hand		0.45		0.67
	With banks -				
	In current account		14.21		20.17
	In deposit account		-		-
	<b>Cash and bank balance as per note 9</b>		<b>14.66</b>		<b>20.85</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

**Anand Daga**  
Partner

**Mumbai, May 07, 2018**

*For & on behalf of the Board of Directors*  
**Chairman**

S.C. Saran (DIN-00032194)

**Executive Director & CEO**  
Ravindra Kale (DIN-03115130)

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

**May 07, 2018**

**Statement of Changes in Equity for the year ended 31st March, 2018**

<b>A.</b>	<b>Equity Share Capital</b>	<b>₹</b>
	Balance as at 1 April, 2016	149.85
	Changes in equity share capital during the year	-
	Balance as at 31 March, 2017	149.85
	Changes in equity share capital during the year	-
	<b>Balance as at 31 March, 2018</b>	<b>149.85</b>

<b>B.</b>	<b>Other Equity</b>	<b>Reserves &amp; Surplus - (₹ in Lakhs)</b>					<b>Total Equity</b>
	<b>Particulars</b>	<b>Capital Reserve</b>	<b>Share Forfeiture Reserve</b>	<b>Investment Allowance Reserve</b>	<b>General Reserve</b>	<b>Retained Earnings</b>	
	<b>Balance as at 1st April 2016</b>	15.00	0.08	24.36	401.73	240.78	681.95
	Investment Allowance Reserve transferred to General Reserve	-	-	(24.36)	24.36	-	-
	Profit / (Loss) for the year	-	-	-	-	(78.24)	(78.24)
	Other Comprehensive Loss for the year	-	-	-	-	(18.75)	(18.75)
	<b>Balance as at 31st March 2017</b>	15.00	0.08	-	426.09	143.80	584.96
	Profit / (Loss) for the year	-	-	-	-	91.49	91.49
	Other Comprehensive Loss for the year	-	-	-	-	(10.55)	(10.55)
	<b>Balance as at 31st March 2018</b>	<b>15.00</b>	<b>0.08</b>	<b>-</b>	<b>426.09</b>	<b>224.73</b>	<b>665.90</b>

Remeasurement loss (net) on defined benefit plans Rs. 10,55,471/- (March 31, 2017 Rs. 18,74,576/-) is recognised as part of Retained Earnings.

See accompanying notes 1 to 43 to the financial statements.

*In terms of our report attached*

**For Daga & Chaturmutha**  
Chartered Accountants

**Anand Daga**  
Partner

**Mumbai, May 07, 2018**

*For & on behalf of the Board of Directors*  
**Chairman**

S.C. Saran (DIN-00032194)

**Executive Director & CEO**

Ravindra Kale (DIN-03115130)

**Executive Director & CFO**

Devaki Saran (DIN-06504653)

**May 07, 2018**

## Notes to Financial Statements for the year ended March 31, 2018

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

#### 1. Corporate Information:

Hindustan Hardy Spicer Ltd. 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 and other applications. The registered office of the Company is located at Nashik, Maharashtra, India.

#### 2. Statement of compliance:

The financial statements have been prepared in accordance with Ind AS's notified under the Companies ( Indian Accounting Standards ) Rules, 2015, as amended.

#### 3. Basis of Preparation:

The financial statements for the year ended March 31, 2018 are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2016. Accordingly, the Company has prepared an Opening Ind AS Balance Sheet as on April 1, 2016 and comparative figures for the year ended March 31, 2017 are also in compliance with Ind AS. The Statement of Profit and Loss for the financial year ending March 31, 2017 has also been restated as per Ind AS.

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

#### 4. 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. 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 derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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 derecognized.
- (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 recognised as at 1 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 Materials / 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, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads.

**(d) Financial Instruments:**

The presentation of financial instruments 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 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 Export sales are accounted on the basis of date of bill of lading / delivery terms . Warranty claims are accounted for on the basis of settlement of the same.

The Government of India introduced the Goods and Service tax (GST) with effect from 1st July 2017. 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. Sales of earlier period included excise duty which now is subsumed in GST. The twelve months period ended on 31st March, 2017 and the current period sales upto 30th June 2017 includes excise duty.

Revenue disclosed is inclusive of excise duty and net of sales tax / value added tax / GST, discounts and sales returns, as applicable.

**(iv) Rendering of services:**

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

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

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. Earlier in IGAAP Actuarial gain/loss were recognized under Employee benefit expenses.

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 Encashment 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 recognised outside profit or loss are recognised 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 fulfillment 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 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 31.03.2018										
	Gross block					Depreciation and Amortisation					Net Block
	As at 01.04.2017	Additions	Deductions/ Adjustment	As at 31.03.2018	As at 01.04.2017	Additions	Deductions / Transfer	As at 31.03.2018	As at 31.03.2018	As at 31.03.2018	
(A) Tangible assets											
Buildings	101.57	-	-	101.57	4.06	4.06	-	8.12	8.12	93.45	
Plant and machinery	282.41	80.10	-	362.51	70.54	45.87	-	116.42	116.42	246.10	
Electrical installations & Air											
Conditioners	12.84	-	-	12.84	0.96	0.96	-	1.91	1.91	10.92	
Furniture and fixtures	18.37	0.45	-	18.82	3.76	3.10	-	6.86	6.86	11.97	
Office & Other equipments	3.26	1.92	-	5.18	0.69	0.78	-	1.48	1.48	3.70	
Computers	18.01	5.90	-	23.91	3.91	5.93	-	9.83	9.83	14.08	
Vehicles	17.81	-	0.51	17.30	2.90	2.90	-	5.80	5.80	11.50	
<b>Total Tangible assets</b>	<b>454.27</b>	<b>88.37</b>	<b>0.51</b>	<b>542.13</b>	<b>86.81</b>	<b>63.60</b>	-	<b>150.41</b>	<b>150.41</b>	<b>391.72</b>	
(B) Capital Work In Progress	67.65	-	-	25.54	-	-	-	-	-	25.54	
Total Capital Work In Progress	<b>67.65</b>	-	-	<b>25.54</b>	-	-	-	-	-	<b>25.54</b>	
(C) Computer software	9.63	1.04	-	10.66	2.13	3.44	-	5.57	5.57	5.09	
Total Intangible assets	<b>9.63</b>	<b>1.04</b>	-	<b>10.66</b>	<b>2.13</b>	<b>3.44</b>	-	<b>5.57</b>	<b>5.57</b>	<b>5.09</b>	
<b>Total (A+B+C)</b>	<b>531.55</b>	<b>89.40</b>	<b>0.51</b>	<b>578.33</b>	<b>88.95</b>	<b>67.04</b>	-	<b>155.99</b>	<b>155.99</b>	<b>422.34</b>	

Particulars	As at 31.03.2017										
	Gross block					Depreciation and Amortisation					Net Block
	Deemed- cost as at 01.04.2016	Additions	Deductions/ Adjustment	As at 31.03.2017	As at 01.04.2016	Additions	Deductions/ Transfer	As at 31.03.2017	As at 31.03.2017	As at 31.03.2017	
(A) Tangible assets											
Buildings	101.57	-	-	101.57	-	4.06	-	4.06	4.06	97.51	
Plant and machinery	428.02	24.51	170.11	282.41	-	70.54	-	70.54	70.54	211.87	
Electrical installations & Air Con- ditioners	12.44	0.40	-	12.84	-	0.96	-	0.96	0.96	11.88	
Furniture and fixtures	18.19	0.18	-	18.37	-	3.76	-	3.76	3.76	14.62	
Office & Other equipments	1.83	1.43	-	3.26	-	0.69	-	0.69	0.69	2.57	
Computers	10.24	7.77	-	18.01	-	3.91	-	3.91	3.91	14.10	
Vehicles	17.81	-	-	17.81	-	2.90	-	2.90	2.90	14.91	
<b>Total Tangible assets</b>	<b>590.11</b>	<b>34.28</b>	<b>170.11</b>	<b>454.27</b>	-	<b>86.81</b>	-	<b>86.81</b>	<b>86.81</b>	<b>367.46</b>	
(B) Capital Work In Progress	29.25	-	-	67.65	-	-	-	-	-	67.65	
Total Capital Work In Progress	<b>29.25</b>	-	-	<b>67.65</b>	-	-	-	-	-	<b>67.65</b>	
(C) Computer software	3.45	6.18	-	9.63	-	2.13	-	2.13	2.13	7.50	
Total Intangible assets	<b>3.45</b>	<b>6.18</b>	-	<b>9.63</b>	-	<b>2.13</b>	-	<b>2.13</b>	<b>2.13</b>	<b>7.50</b>	
<b>Total (A+B+C)</b>	<b>622.81</b>	<b>40.46</b>	<b>170.11</b>	<b>531.55</b>	-	<b>88.95</b>	-	<b>88.95</b>	<b>88.95</b>	<b>442.61</b>	

**4A Deemed cost as on 01.04.2016**

	Particular	As at 01.04.2016		
		Gross Block	Accumulated Depreciation	Net Block considered as deemed cost
<b>(A)</b>	<b>Tangible assets</b>			
	Buildings	238.83	137.27	101.57
	Plant and machinery	1,579.43	1,151.41	428.02
	Electrical installations & Air Conditioners	41.47	29.03	12.44
	Furniture and fixtures	55.04	36.84	18.19
	Office & Other equipments	11.60	9.77	1.83
	Computers	45.09	34.85	10.24
	Vehicles	34.85	17.04	17.81
	<b>Total Tangible assets</b>	<b>2,006.30</b>	<b>1,416.20</b>	<b>590.11</b>
<b>(B)</b>	Capital Work in Progress	29.25	-	29.25
	<b>Total Capital Work in Progress</b>	<b>29.25</b>	<b>-</b>	<b>29.25</b>
<b>(C)</b>	Computer Software	13.18	9.73	3.45
	<b>Total Intangible assets</b>	<b>13.18</b>	<b>9.73</b>	<b>3.45</b>
	<b>Total assets ( A+B+C )</b>	<b>2,048.74</b>	<b>1,425.93</b>	<b>622.81</b>

Rs in Lakh)

	Non Current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>3 Investments</b>						
Investments in Equity Instruments						
50 Equity Shares of Rs. 100 each Fully paid, in Dinette Exclusive Club Private Limited	-	0.05	0.05	-	-	-
2000 Equity Shares of Rs. 25 each fully paid, in Janlaxmi Co-operative Bank Limited	-	0.50	0.50	-	-	-
<b>Total</b>	<b>-</b>	<b>0.55</b>	<b>0.55</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4 Other Financial Assets</b>						
Deposits	17.59	17.59	16.96	-	-	-
<b>Total</b>	<b>17.59</b>	<b>17.59</b>	<b>16.96</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5 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	21.72	19.19	17.48	-	-	-
-Other Expenses	4.25	-	-	-	-	-
<b>Total</b>	<b>25.98</b>	<b>19.19</b>	<b>17.48</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6 Other Non- Current Assets</b>						
Balance with Government Authorities	142.33	299.91	412.14	-	-	-
Gratuity Fund Balance (LIC)	63.17	74.01	36.07	-	-	-
Pre-payments Land Lease	5.28	5.37	5.46	-	-	-
<b>Total</b>	<b>210.78</b>	<b>379.29</b>	<b>453.66</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>7 Inventories</b>						
(At cost, less provision for slow and non moving inventory and net realisable value whichever is lower )						
Raw materials	-	-	-	179.39	137.36	207.32
Finished goods	-	-	-	22.15	50.41	24.31
Stores and spares parts	-	-	-	25.74	41.22	68.46
Work in Progress	-	-	-	181.45	125.01	200.66
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408.72</b>	<b>354.01</b>	<b>500.75</b>
<b>8 Trade Receivables</b>						
Unsecured, considered good	3.96	38.99	11.26	1,210.32	901.72	1,120.95
Unsecured, considered doubtful	-	-	-	-	-	-
	3.96	38.99	11.26	1,210.32	901.72	1,120.95
Less:- Provision for Doubtful receivables	-	-	-	-	-	-
<b>Total</b>	<b>3.96</b>	<b>38.99</b>	<b>11.26</b>	<b>1,210.32</b>	<b>901.72</b>	<b>1,120.95</b>



(Rs in Lakh)

	Non Current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>9 Cash and Cash Equivalents</b>						
Balances with banks				14.21	20.17	2.67
In current accounts	-	-	-	0.45	0.67	0.72
Cash on hand	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.66</b>	<b>20.85</b>	<b>3.39</b>
<b>10 Bank balances other than Cash and Cash Equivalents</b>						
Earmarked Balances with Bank *	-	-	-	10.79	11.60	11.81
Margin with Bank	-	-	-	1.95	2.91	0.30
*These balances include unpaid dividend liabilities of the company.						
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.74</b>	<b>14.51</b>	<b>12.11</b>
<b>11 Other Current Assets</b>						
Balance with Government Authorities	-	-	-	15.35	26.35	23.47
Prepaid Expenses	-	-	-	8.16	10.68	19.12
Advances to Suppliers	-	-	-	5.89	7.07	15.15
Others	-	-	-	22.13	6.41	20.36
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.54</b>	<b>50.52</b>	<b>78.10</b>

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>12 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	50,00,000	500.00
<b>Issued, Subscribed and fully paid-up</b>						
Equity shares of ₹10 each fully paid-up	14,98,450	149.85	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	14,98,450	149.85
<b>At the end of the year</b>	<b>14,98,450</b>	<b>149.85</b>	<b>14,98,450</b>	<b>149.85</b>	<b>14,98,450</b>	<b>149.85</b>

**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	No. of shares	% Holding
XLO India Limited	5,99,993	40.04%	5,99,993	40.04%	5,99,993	40.04%
Spicer Gelenkwellenmbau GMBH	3,90,000	26.03%	3,90,000	26.03%	3,90,000	26.03%

(Rs in Lakh)

	Non Current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>13 Borrowings</b>						
<b>Secured</b>						
Term Loan - SBI	-	-	42.05	-	-	18.03
Term Loans - Axis Bank	-	42.52	-	31.95	18.19	-
Vehicle Loan - ICICI Bank	4.87	7.30	9.51	2.44	2.21	2.01
Working Capital Loan from SBI	-	-	-	-	-	549.58
Working Capital Loans from Axis Bank	-	-	-	364.37	451.60	-
<b>Total</b>	<b>4.87</b>	<b>49.82</b>	<b>51.57</b>	<b>398.75</b>	<b>472.00</b>	<b>569.62</b>
a) Term Loans from Axis Bank comprises of two loans which are against new machinery purchased by the company. EMI for one loan is Rs. 1,74,000/- plus monthly interest and for the other loan it is Rs. 1,96,000/- plus 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>14 Other Financial Liabilities</b>						
Unclaimed Dividend	-	-	-	10.79	11.60	11.81
Deposit	-	-	-	0.06	0.06	0.06
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.85</b>	<b>11.66</b>	<b>11.87</b>
<b>15 Provisions</b>						
Provision for Compensated Absences	-	-	-	84.36	70.64	74.78
Other Provisions	-	-	-	-	1.88	9.72
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84.36</b>	<b>72.52</b>	<b>84.50</b>
<b>16 Trade Payables</b>						
Trade Payables	-	-	-	831.01	718.88	1,085.34
Due to micro and small enterprises (To the extent identified with available information)	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>831.01</b>	<b>718.88</b>	<b>1,085.34</b>
<b>17 Other Current Liabilities</b>						
Advance from customers and others	-	-	-	13.28	1.17	0.29
Acceptances of Hundis from Suppliers	-	-	-	178.11	146.48	134.40
Others	-	-	-	77.73	71.38	82.94
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>269.11</b>	<b>219.03</b>	<b>217.63</b>
<b>18 Deferred Tax Liability</b>						
-Difference between book balance and tax balance of fixed assets	28.75	40.58	52.17	-	-	-
-Expenditure deferred in the books but allowable for tax purposes	-	1.14	1.19	-	-	-
<b>Total</b>	<b>28.75</b>	<b>41.71</b>	<b>53.36</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Rs in Lakh)

	As at 31.03.2018	As at 31.03.2017
<b>19 Revenue from Operations</b>		
<b>a) Sale of Products (including excise duty)</b>	3,727.26	3,853.63
<b>Sub-Total (a)</b>	<b>3,727.26</b>	<b>3,853.63</b>
<b>b) Other Operating Revenues</b>		
Sales of Services	22.87	5.86
Sale of Scrap	29.10	42.39
Duty Drawback / MEIS	54.31	28.27
<b>Sub-Total (b)</b>	<b>106.28</b>	<b>76.52</b>
<b>Total (a+b)</b>	<b>3,833.54</b>	<b>3,930.14</b>
<b>Note :</b>		
Consequent to introduction of Goods & Services Tax ( GST ), w.e.f. July 1, 2017 - Central Excise has been subsumed into GST. In accordance with Ind AS, unlike Excise Duty - GST is not part of Revenue. Accordingly, the sales figures for FY 2016-17 and for the period of three months upto June 30, 2017 include Excise Duty. Sales from July 1, 2017 do not include GST. (Please also refer Note 32).		
<b>20 Other Income</b>		
Interest Income	4.22	6.69
Misc. Income	29.86	23.47
Profit on Sale of Assets	1.43	-
Foreign Exchange Gain	69.55	-
<b>Total</b>	<b>105.06</b>	<b>30.17</b>
<b>21 Cost of Raw Material Consumed</b>		
Opening stock	137.36	207.32
Add: purchases	2,028.80	1,846.32
Less: closing stock	179.39	137.36
<b>Total</b>	<b>1,986.77</b>	<b>1,916.28</b>
<b>22 Change in inventories of finished goods, work in progress</b>		
Closing stock		
Finished goods	22.15	50.41
Work-in-progress	181.45	125.01
<b>Total</b>	<b>203.60</b>	<b>175.43</b>
Opening stock		
Finished goods	50.41	24.31
Work-in-progress	125.01	200.66
<b>Total</b>	<b>175.43</b>	<b>224.98</b>
<b>Total</b>	<b>(28.17)</b>	<b>49.55</b>
<b>23 Employee Benefit Expenses</b>		
Salaries and wages	799.87	742.94
Contribution to provident and other funds	66.14	8.36
Staff welfare expenses	60.29	63.00
<b>Total</b>	<b>926.29</b>	<b>814.30</b>
<b>24 Finance Cost</b>		
Interest on Term Loans	5.28	8.40
Other borrowing cost	43.29	78.30
<b>Total</b>	<b>48.57</b>	<b>86.70</b>

(Rs in Lakh)

As at 31.03.2018 As at 31.03.2017

**25 Other Expenses**

Consumption of stores and spare parts	138.05	145.26
Power and fuel	133.48	146.06
Packing and forwarding expenses	205.22	195.65
Rent including Lease Rentals	1.76	1.94
Repairs to buildings	0.98	2.83
Repairs to Plant & Machinery	35.29	36.89
Other Repairs	5.45	3.32
Insurance	13.56	13.28
Rates and Taxes, excluding taxes on income	1.31	1.34
Travelling Expenses & Conveyance Charges	39.15	36.78
Commission on Sales	0.73	3.13
Discount on Sales	1.71	0.70
Debts/Advances written off	5.73	4.02
Provision for doubtful debts	-	-
Directors' Fees	0.84	0.92
Exchange Fluctuation Loss	-	28.96
Loss on Investments	0.55	-
Loading & Unloading	64.09	57.61
Payments to Auditor ( Refer Note below )	7.75	8.18
Miscellaneous expenses	147.90	155.48
<b>Total</b>	<b>803.54</b>	<b>842.34</b>

**Payment to Auditors:****As auditor:**

Audit Fee	4.50	3.48
Tax Audit Fee	1.50	1.58
Limited Review	1.50	1.56

**In other capacity:**

Income Tax matters	0.25	1.19
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**Reimbursement of expenses**

	-	0.37
<b>Total</b>	<b>7.75</b>	<b>8.18</b>

**26 Earnings per equity share (EPS) :**

(i) Profit/ (Loss) attributable to equity shareholders for basic and diluted EPS	91.49	(78.24)
(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	6.11	(5.22)
Diluted	6.11	(5.22)

**27 Contingent liabilities and commitments (to the extent not provided for)**

(a) Estimated amounts of contracts remaining to be executed on capital account but not provided for.	25.54	67.65
(b) For Income Tax ( Disputed at various higher authorities)	-	20.64
(c) For Labour related disputed matters	21.70	16.80

**28. Related party disclosure (Ind AS 24)**

**(a) List of Related Parties and relationships:**

<b>Party</b>	<b>Relationship</b>
1) Mr. S. C. Saran	Chairman
2) Ms. Devaki Saran	Executive Director & CFO
3) Mr. Ravindra Kale	Executive Director & CEO
4) XLO India Limited	Promoter Company
5) Dana India Pvt Ltd	Group company belonging to one of 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)

<b>Party</b>	<b>Nature of Transactions</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>
1) Mr. S. C. Saran	Technical fees	18.00	18.00
2) Ms. Devaki Saran	Remuneration	33.12	35.12
3) Mr. Ravindra Kale	Remuneration	41.27	43.07
4) XLO India Limited	Royalty	0.93	-
	Amount Payable	0.93	-
5) Dana India Pvt Ltd	Sales	78.90	21.55
	Amount Receivable	40.95	-

**29. Employee benefits:****(a) Defined Contribution Plans**

- (i) The company contributes 12% of salary for all eligible employees toward providend 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 31/03/2018	Funded Gratuity Plan 31/03/2017
I Change in defined benefit obligation during the year		
1 Present value of defined benefit obligation at the beginning of the year	380.55	364.97
2 Current service cost	15.65	14.47
3 Interest cost	26.98	28.47
4 Actuarial (gains) / losses	16.89	27.21
5 Benefits payments	(11.86)	(54.57)
6 Present value of defined benefit obligation at the end of the year	428.20	380.55
II Expense recognised in the statement of profit and loss		
1 Current service Cost	15.65	14.47
2 Interest cost	(5.45)	(7.53)
3 Total expenses recognised in the statement of profit and loss	10.19	6.94
III Re-measurements recognised in Other Comprehensive income (OCI)		
1 Actuarial (gain)/losses on Obligation for the period	16.89	27.21
2 Return on Plan assets (excluding interest income)	(1.62)	(0.08)
3 Total recognised in Other Comprehensive income	15.27	27.13
IV Net Asset / (Liability) recognised in the Balance Sheet		
1 Present value of defined benefit obligation	(428.20)	(380.55)
2 Fair value of plan assets	491.37	457.48
3 Funded status [surplus / (deficit)]	63.17	76.93
4 Net asset / (liability)	63.17	76.93

(Rs in Lakh)

Particulars	Funded Gratuity Plan 31/03/2018	Funded Gratuity Plan 31/03/2017
V Actuarial assumptions:		
1 Discount rate	7.68%	7.09%
2 Expected rate of return on plan assets	7.68%	7.09%
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.	7.00% p.a.
VI Maturity profile of defined benefit obligation		
1 Within the next 12 months	53.02	29.97
2 Between 2 and 5 years	232.47	172.07
3 Between 6 and 10 years	274.08	293.25
4 More than 10 years	60.43	59.64
VII Sensitivity Analysis for significant assumption		
<b>Discount Rate</b>		
1% Increase	(16.95)	(17.09)
1% Decrease	18.29	18.50
<b>Salary escalation rate</b>		
1% Increase	18.06	18.34
1% Decrease	(17.05)	(17.26)
<b>Employee turnover rate</b>		
1% Increase	(0.36)	(0.09)
1% Decrease	0.38	0.09

### 30. First Time Adoption of Ind AS

As stated in Note 2, these financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 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 for the year ended March 31, 2018 are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Accordingly, the Company has prepared an Opening Ind AS Balance Sheet as on April 1, 2016 and comparative figures for the year ended March 31, 2017 are also in compliance with Ind AS. The Profit & Loss Account for financial year ending March 31, 2017 has also been restated as per Ind AS. This note explains the principal adjustments made by the Company in restating its IGAAP financial statements, including the balance sheet as at April 01, 2016, and the financial statements as at end for the year ended March 31, 2017 and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

**Exemptions Availed:**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following exemptions:

**Deemed cost for property, plant and equipment and intangible assets:**

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets as recognised as of April 01, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. As per Ind AS exemption the Company has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

**Disclosure as required by Ind AS 101 - First time adoption of Indian Accounting Standards****Reconciliation of Equity**

(Rs in Lakh)

Particulars	Notes	As at 31.03.2017			As at 01.04.2016		
		IGAAP	+/-	Ind AS	IGAAP	+/-	Ind AS
		₹	₹	₹	₹	₹	₹
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, Plant and Equipment	a	380.32	(12.86)	367.46	599.01	(8.91)	590.11
Capital work-in-progress		67.65	-	67.65	29.25	-	29.25
Other Intangible assets	a	-	7.50	7.50	-	3.45	3.45
<b>Financial Assets</b>							
Investments		0.55	-	0.55	0.55	-	0.55
Trade receivables	b	-	38.99	38.99	-	11.26	11.26
Other financial assets	c	-	17.59	17.59	-	16.96	16.96
<b>Income Tax assets (net)</b>	<b>d</b>	-	79.30	79.30	-	78.61	78.61
<b>Deferred tax assets/MAT</b>	<b>e</b>	-	19.19	19.19	-	17.48	17.48
Loan and Advances	f	396.79	(396.79)	-	507.81	(507.81)	-
<b>Other non-current assets</b>	<b>g</b>	-	379.29	379.29	-	453.66	453.66
<b>Sub - Total</b>		<u>845.31</u>	<u>132.20</u>	<u>977.51</u>	<u>1,136.62</u>	<u>64.71</u>	<u>1,201.33</u>
<b>Current assets</b>							
<b>Inventories</b>		354.01	-	354.01	500.75	-	500.75
<b>Financial Assets</b>							
Trade receivables	b	940.71	(38.99)	901.72	1,132.21	(11.26)	1,120.95
Cash and cash Equivalents	h	35.36	(14.51)	20.85	15.50	(12.11)	3.39
Bank balances other than Cash and cash Equivalents	h	-	14.51	14.51	-	12.11	12.11
Loan and Advances	j	125.86	(125.86)	-	115.30	(115.30)	-
Others Financial Assets	i	-	1.32	1.32	-	1.23	1.23
<b>Other current assets</b>	<b>j</b>	-	50.52	50.52	-	78.10	78.10
<b>Sub - Total</b>		<u>1,455.94</u>	<u>(113.01)</u>	<u>1,342.93</u>	<u>1,763.75</u>	<u>(47.23)</u>	<u>1,716.53</u>
<b>Total Assets</b>		<u>2,301.26</u>	<u>19.19</u>	<u>2,320.44</u>	<u>2,900.38</u>	<u>17.48</u>	<u>2,917.85</u>



**30. First Time Adoption of Ind AS (Contd.)**

(Rs in Lakh)

Particulars	Notes	As at 31.03.2017			As at 01.04.2016		
		IGAAP ₹	+/- ₹	Ind AS ₹	IGAAP ₹	+/- ₹	Ind AS ₹
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity Share Capital		149.85	-	149.85	149.85	-	149.85
Other Equity		584.96	-	584.96	681.95	-	681.95
<b>Total Equity</b>		<b>734.81</b>	<b>-</b>	<b>734.81</b>	<b>831.80</b>	<b>-</b>	<b>831.80</b>
<b>Non-current liabilities</b>							
<b>Financial Liabilities</b>							
Borrowings		49.82	-	49.82	51.57	-	51.57
Trade payable		-	-	-	-	-	-
Other financial liabilities		-	-	-	-	-	-
<b>Deferred Tax Liability</b>	<b>e</b>	22.53	19.19	41.71	35.88	17.48	53.36
<b>Sub - Total</b>		<b>72.35</b>	<b>19.19</b>	<b>91.54</b>	<b>87.45</b>	<b>17.48</b>	<b>104.93</b>
<b>Current liabilities</b>							
<b>Financial Liabilities</b>							
Borrowings	<b>k</b>	451.60	20.40	472.00	549.58	20.04	569.62
Trade payables		718.88	-	718.88	1,085.34	-	1,085.34
Other financial liabilities	<b>k</b>	-	11.66	11.66	-	11.87	11.87
<b>Other current liabilities</b>	<b>k</b>	251.10	(32.06)	219.03	249.54	(31.91)	217.63
<b>Provisions</b>		72.52	-	72.52	96.68	(12.18)	84.50
<b>Current Tax Liabilities (Net)</b>		-	-	-	-	12.18	12.18
<b>Sub - Total</b>		<b>1,494.10</b>	<b>0.00</b>	<b>1,494.10</b>	<b>1,981.13</b>	<b>(0.00)</b>	<b>1,981.13</b>
<b>Total Liabilities</b>		<b>2,301.26</b>	<b>19.19</b>	<b>2,320.44</b>	<b>2,900.38</b>	<b>17.48</b>	<b>2,917.85</b>

**Notes:**

**(a) Property, Plant & Equipment / Intangible assets:**

Land taken on Lease which was shown under Property in IGAAP has now been reclassified under Other Non-Current Assets. (Refer note 'g' below). Intangible Assets which were included in Property, Plant & Equipment earlier have now been shown separately.

**(b) Trade Receivables:**

The same are reclassified under Current & Non-current Assets.

**(c) Other Financial Assets:**

Deposits which were part of Non-current Loans & Advances have been reclassified under this head.

**(d) Income Tax Assets:**

Income Tax Assets which were part of Non-current Loans & Advances, have been reclassified under this head separately.

**(e) Deferred Tax:**

Under IGAAP, Deferred Tax Liability was shown after netting off with Deferred Tax Asset. Under Ind AS, both are shown separately.

**(f) Non-current Loans & Advances:**

These have now been reclassified under various heads.  
Deposits have been shown as Other Financial Assets as per 'c' above.  
Income Tax Assets have been shown separately as per 'd' above.  
Balances with Government Authorities have now been shown under Other Non-current Assets as per 'g' below.

**(g) Other Non-current Assets:**

As stated in 'a' - Land Lease pre-payments have now been shown here.  
As stated in 'f' - Balances with Government Authorities have now been shown under this head.  
Gratuity Fund Balance (with LIC) which was shown under Short Term Loans & Advances under IGAAP, has now been reclassified under this head.

**(h) Cash & Cash Equivalents:**

The same has now been reclassified under two heads i.e. Cash & Cash Equivalents and Bank balances other than Cash & Cash Equivalents.

**(i) Other Financial Assets (Interest Receivable):**

Under IGAAP, this was shown under Current Assets - Loans & Advances. Now under Ind AS, it is shown separately.

**(j) Current Loans & Advances:**

Current Loans & Advances as shown under IGAAP have been reclassified under various heads.  
Interest Receivable has been shown separately as per 'i'  
Gratuity Fund Balance (with LIC) is shown as Other Non-current Asset.  
Other remaining items under this head have now been shown as Other Current Assets.

**(k) Other Current Liabilities:**

Current maturities of long term debts, unclaimed dividends and deposits included under this head have now been reclassified in Ind AS.

Current maturities of long term debts have been shown under current borrowings.  
Unclaimed dividends & deposits have been shown as Other Financial Liabilities.

**30. First Time Adoption of Ind AS (Contd.)**

**Reconciliation of Total Comprehensive Income for the year ended Mar 2017**

(Rs in Lakh)

Particulars	Notes	IGAAP	Effect of transition to Ind AS	Ind AS
<b>Revenue</b>				
Revenue from operations	a	3,684.73	245.41	3,930.14
Other income		30.17	-	30.17
	<b>Total</b>	<b>3,714.90</b>	<b>245.41</b>	<b>3,960.31</b>
<b>Expenses</b>				
Cost of raw materials consumed		1,916.28	-	1,916.28
Changes in inventories of finished goods, work-in-progress		49.55	-	49.55
Excise duty on sales	a	-	245.41	245.41
Employee benefits expense	b	841.43	(27.13)	814.30
Depreciation and amortisation expense	c	89.03	(0.09)	88.95
Finance costs		86.70	-	86.70
Other expenses	c	842.26	0.09	842.34
	<b>Total</b>	<b>3,825.24</b>	<b>218.28</b>	<b>4,043.52</b>
<b>Profit / (Loss) before tax</b>		(110.34)	27.13	(83.22)
<b>Tax expense</b>				
Current Tax		-	-	-
Deferred Tax	b	(13.36)	8.38	(4.97)
<b>Profit / (Loss) for the year</b>		<b>(96.99)</b>	<b>18.75</b>	<b>(78.24)</b>
<b>Other Comprehensive Income</b>				
Re-measurement gains/ (losses) on defined benefit plans	b	-	(27.13)	(27.13)
Tax relating above	b	-	8.38	8.38
Other Comprehensive Income for the Year		-	(18.75)	(18.75)
<b>Total comprehensive Income/(Loss) for the year</b>		<b>(96.99)</b>	<b>0.00</b>	<b>(96.99)</b>

**(a) Revenue from Operations:**

Under IGAAP, revenue was presented net of excise duty. However, as per Schedule III to the Companies Act, 2013, revenue from operations is to be shown inclusive of excise duty. Accordingly, excise duty has been included in revenue from operations and shown separately as an expense.

**(b) Defined Benefit Liabilities:**

Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses) are shown as Other Comprehensive Income (net of tax).

**(c) Lease Premium:**

Under IGAAP, Leasehold Land was shown as property. Consequently, amortization of premium on Leasehold Land was included in depreciation. Under Ind AS, Leasehold Land is not a part of Property. The same is shown as Other Non-current Asset. Hence, annual premium on the same is now a part of Other Expenses.

**Reconciliation of Statement of Cashflow for the year ended March, 2017**

(Rs in Lakh)

Particulars	Notes	IGAAP	Effect of transition to Ind AS +/-	Ind AS
<b>Revenue</b>				
Net Cashflow from Operating Activities		108.07	(2.41)	105.66
Net Cashflow from Investing Activities		97.86	(0.00)	97.86
Net Cashflow from Financing Activities		(186.06)	(0.00)	(186.06)
<b>Net increase/(decrease) in Cash and Cash equivalents</b>		<b>19.86</b>	<b>(2.41)</b>	<b>17.46</b>
Cash and cash equivalents as at 31st March 2016		15.50	(12.11)	3.39
Cash and cash Equivalents as at 31st March 2017		35.36	(14.51)	20.85
		<b>19.86</b>	<b>(2.41)</b>	<b>17.46</b>

(Rs in Lakh)

	31.03.2018	%	31.03.2017	%
<b>31 (a) Raw materials consumed:</b>				
(i) Imported	12.34	0.62	14.72	0.77
(ii) Indigenous	1974.43	99.38	1901.56	99.23
<b>Total</b>	<b>1,986.77</b>	<b>100.00</b>	<b>1,916.28</b>	<b>100.00</b>
<b>(b) Spares consumed :</b>				
Indigenous	138.05	100.00	145.26	100.00
<b>Total</b>	<b>138.05</b>	<b>100.00</b>	<b>145.26</b>	<b>100.00</b>

(Rs in Lakh)

**32. Details of Sales excluding Excise Duty:**

	<b>31.03.2018</b>	<b>31.03.2017</b>
	<b>In ₹</b>	<b>In ₹</b>
Gross Sales including Excise Duty	3,727.26	3,853.63
Sale of Services	22.87	5.86
Sale of Scrap	29.10	42.39
Total Sales	3,779.23	3,901.88
Less : Excise Duty	42.11	245.41
<b>Sales excluding Excise Duty</b>	<b>3,737.12</b>	<b>3,656.47</b>

**33. Details of Domestic and Export Sales:**

Domestic	2,251.24	2,398.41
Export	1,485.88	1,258.06
<b>Total</b>	<b>3,737.12</b>	<b>3,656.47</b>

	<b>Foreign Currency</b>	<b>Amount</b>	<b>Foreign Currency</b>	<b>Amount</b>
<b>34 Disclosure of foreign currency exposure</b>				
Outstanding trade receivables	In USD	23,243.80	14.97	6,354.60
	In EURO	5,04,449.91	384.42	6,39,738.94
	In GBP	54,677.00	48.25	42,970.00

**31.03.2018      31.03.2017**

**35. CIF value of imports:**

Raw materials	10.17	10.78
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**36. Expenditure in foreign currency (accrual basis):**

Travel	10.13	8.16
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**37. Earnings in foreign exchange (accrual basis):**

F.O.B. value of exports	1,539.58	1,236.85
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**38. Segment Reporting:**

The Company is exclusively engaged in the business of designing and manufacturing of Propeller Shafts and other accessories required for automotive, industrial 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)

**39. Details of Leave Encachment Provision:**

<b>Particulars</b>	<b>As at 1st April</b>	<b>Additions</b>	<b>Utilisations</b>	<b>Reversal</b>	<b>As at 31st March</b>
<b>FY 2016-17</b>	74.78	17.46	21.60	-	70.64
<b>FY 2017-18</b>	<b>70.64</b>	<b>28.97</b>	<b>15.25</b>	-	<b>84.36</b>

(Rs in Lakh)

**40 Directors' Remuneration**

	<b>31.03.2018</b>	<b>31.03.2017</b>
a) Salaries	57.34	57.34
b) Contribution to Provident Fund and Other funds	5.76	5.76
c) Perquisites	1.20	1.20
d) Superannuation	7.20	7.20
e) Technical Fees	18.00	18.00
f) LTA & Incentives	2.89	6.69
	<b>92.39</b>	<b>96.19</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 31st March 2017 and 31st March 2018, 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.

- 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 Daga & Chaturmutha**  
Chartered Accountants

**Anand Daga**  
Partner

**Mumbai, May 07, 2018**

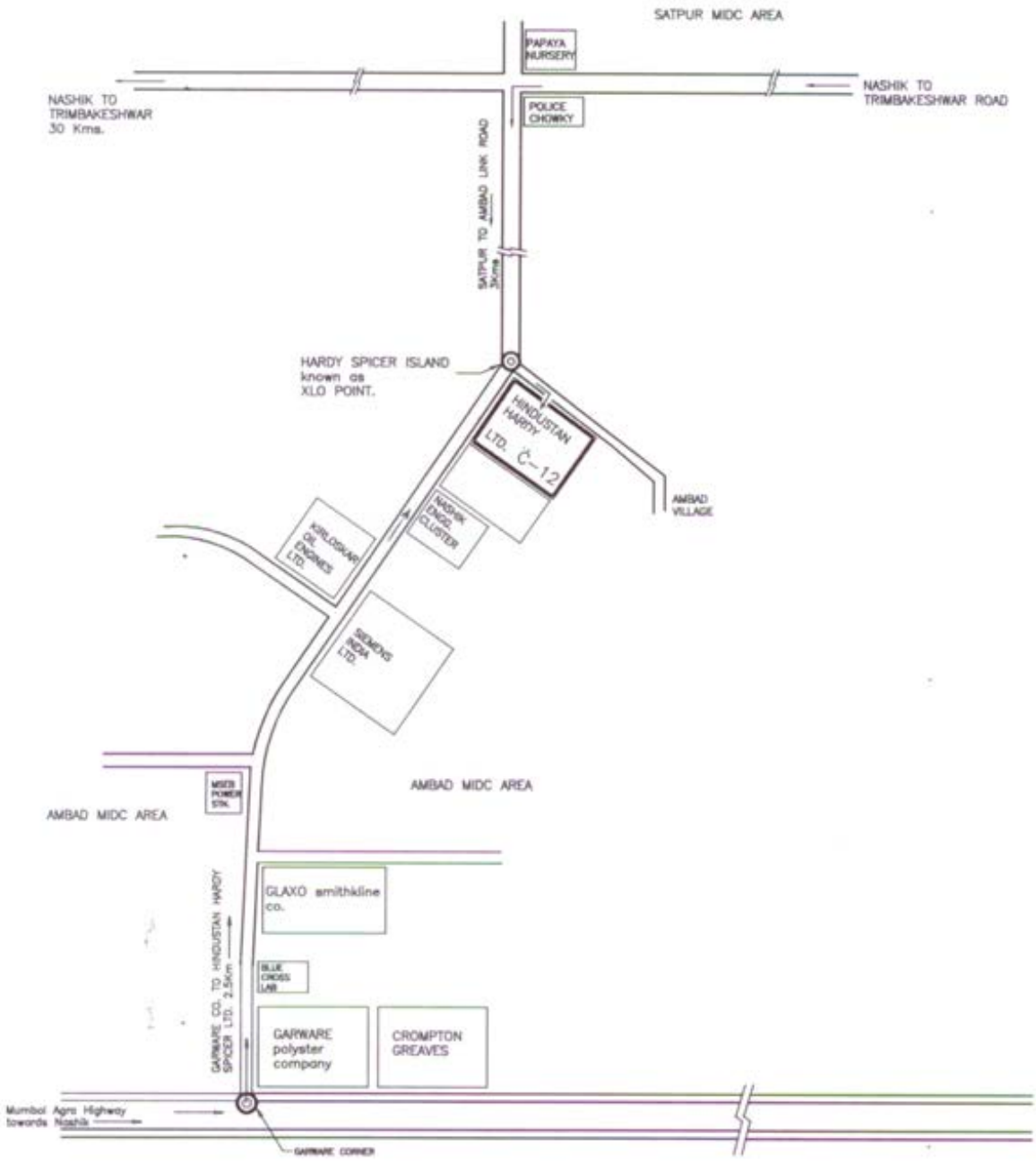
*For & on behalf of the Board of Directors*  
**Chairman**

S.C. Saran (DIN-00032194)

**Executive Director & CEO**  
Ravindra Kale (DIN-03115130)

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

**May 07, 2018**



ROAD MAP  
FOR HINDUSTAN HARDY LTD. C-12  
MIDC AMBAD, NASHIK.