

# 51<sup>ST</sup> ANNUAL REPORT 1996-97

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**HARDCASTLE  
& WAUD  
MANUFACTURING  
COMPANY LIMITED**



# HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

## BOARD OF DIRECTORS

B. L. JATIA, *Chairman & Managing Director*  
 O. P. ADUKIA, *Executive Director*  
 N. M. BHANDARI  
 R. O. SOMANI (Expired on 24-6-97)  
 S. C. KOTHARI  
 N. S. KARNAVAT  
 A. JATIA

## COMPANY SECRETARY

P. F. FERNANDES

## BANKERS

THE UNITED WESTERN BANK LIMITED  
 BANK OF INDIA  
 UTI BANK LTD

## AUDITORS

MESSRS KHARE & CO.

## LEGAL ADVISORS

KANGA & COMPANY  
 ADVOCATES, SOLICITORS & NOTARY

## REGISTERED OFFICE

NETIVALI BAUG, KALYAN-421 306  
 DIST THANE (MAHARASHTRA)

## HEAD OFFICE

BRABOURNE STADIUM,  
 87, VEER NARIMAN ROAD,  
 MUMBAI - 400 020.

## WORKS

NETIVALI BAUG, KALYAN-421 306  
 DIST THANE (MAHARASHTRA)

PLOT NO. 1914 GIDC  
 SARIGAM, DIST VALSAD (GUJARAT)

## REGISTRAR & TRANSFER AGENTS

SHAREPRO SERVICES,  
 912, RAHEJA CENTRE,  
 FREE PRESS JOURNAL ROAD,  
 NARIMAN POINT,  
 MUMBAI - 400 021.

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**FIFTY - FIRST ANNUAL REPORT 1996-97****NOTICE**

Notice is hereby given that the 51st Annual General Meeting of Hardcastle & Waud Mfg Co. Limited will be held at Geeta Hall, Opp. Krishna Talkies, Shivaji Chowk, Kalyan - 421 306 on Monday, the 29th September, 1997 at 11:00 a.m. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors.
2. To declare dividend for the year ended 31st March, 1997.
3. To appoint a Director in place of Mr N. M. Bhandari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS :**

5. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution :

"RESOLVED THAT in partial modification of the Resolution No. 7 passed at the 47th Annual General Meeting held on 14th August, 1993 as amended from time to time, the company hereby approves an increased monthly remuneration of Rs 30,000 ( Rupees Thirty Thousand ) payable to Mr O. P. Adukia, Executive Director, with effect from 1st April, 1997 with other terms and conditions remaining unchanged. "

6. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution :

'RESOLVED THAT Mr O. P. Adukia be and is hereby re-appointed as Executive Director of the Company for a period of five years with effect from 1st February, 1998 Subject to necessary approval(s) / sanction(s), on the following terms and conditions :

1. The Executive Director shall subject to the superintendence and control of the Board of Directors and the Managing director, be in overall charge of the Company's activities and, in particular, attend to all matters concerning production planning, manufacture, finance, marketing and administration and shall perform such other duties and services and exercise such other powers as shall, from time to time, be entrusted to him by the Board of Directors and / or Managing Director.
2. Remuneration of Rs 30,000 (Rupees Thirty Thousand ) per month.
3. Residential Accomodation (subject to deduction of 10% of his salary as rent ) or House Rent Allowance in lieu thereof.
4. Actual medical expenses including hospitalisation, nursing home charges, surgical charges, and travelling expenses incurred for himself and family and / or premium for obtaining / renewal of health insurance policy subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
5. Personal accident insurance premium not exceeding Rs 4,000 per annum.
6. Leave travel assistance to cover air or first class airconditioned railway fare for himself and family once in a year to and from any place in India.
7. Membership fees of two clubs, excluding admission and life membership fees.
8. Participation in Provident Fund Scheme in force from time to time as per Company's rules for its executive staff.
9. Gratuity computed at one-half month's remuneration for each completed year of service.
10. Leave as per Company's rules applicable to its executive staff.
11. Car and telephone for use for Company's business. Use of car and telephone for personal purposes shall be billed by the Company.
12. The Board of Directors shall be at liberty to alter and / or vary the terms at any time so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereof, as may be agreed between the directors and Mr O. P. Adukia.

"FURTHER RESOLVED THAT Mr O. P. Adukia while holding office as Executive Director shall not be subject to retirement by rotation."



## HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed on 29th September 1997 for the purpose of payment of dividend.
3. Dividend, if declared, will be payable to those members whose names appear in the Register of Members of the Company on 29th September 1997 or to their mandatees registered with the Registrar and Transfer Agents of the Company before that date.
4. With a view to safeguard against fraudulent encashment of dividend warrants, members are requested to provide their bank account number, name of the bank and branch to the Registrar and Transfer Agents of the Company not later than 29th September 1997 to enable them to incorporate the said details in the dividend warrants.
5. Those members who have so far not encashed their dividend warrants for the financial year ended 31st March 1994 may approach the Company immediately for revalidation of the warrants. Unclaimed amount as on the close of 16th November 1997 shall be transferred to the General Revenue Account of the Central Government.
6. Members are requested to intimate to the Registrar and Transfer Agents of the Company before 29th September 1997 about changes, if any, in their registered addresses.
7. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in regard to the Special Business is annexed.

#### Registered Office :

Netivali Baug, Kalyan - 421306  
Dist Thane, Maharashtra  
Place : Mumbai  
Date : 25th July, 1997.

#### By Order of the Board of Directors

**P. F. Fernandes**  
Company Secretary

### ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956

#### Item No. 5

At the 47th Annual General Meeting held on 14th August, 1993 the members had approved the appointment of Mr O. P. Adukia as Executive Director of the Company. Simultaneously, members had authorised and empowered the Board of Directors of the Company to make variations in the terms and conditions of his appointment as it deemed fit. The terms of remuneration and perquisites payable to Mr O. P. Adukia were revised effective 1st April, 1994 and 1st April 1995 at the 48th and 49th Annual General Meetings held on 29th September 1994 and 29th September 1995 respectively. The Board has further revised the remuneration with effect from 1st April, 1997.

Since the Government of India vide its Circular No.2/94 dated 10th February, 1994 stipulates that specific approval of members should be obtained to the terms and conditions of appointment and remuneration of Company's managerial personnel the resolution as set out under item No.5 of this notice is put forth for your approval.

Except Mr O. P. Adukia, none of the directors is interested in the said resolution.

The increase in the remuneration as detailed in the resolution may be regarded as an abstract of terms of remuneration and Memorandum of Interest under section 302 of the Companies Act 1956.

#### Item No.6

The Board of Directors at its meeting held on 25th July, 1997 has approved the reappointment of Mr O. P. Adukia, Executive Director effective 1st February 1998 for a further period of 5 years, subject to the approval of members. Mr O. P. Adukia, a commerce graduate, has 40 years of experience in the field of business management. The Board of Directors is of the opinion that to ensure continuity in the conduct of the business of the Company, it would be in its interest to continue to avail of his services.

Except Mr O. P. Adukia, none of the directors is interested in the resolution.

The explanatory statement read with the proposed resolution may be treated as an abstract of the terms of appointment and Memorandum of Interest under section 302(7) of the Companies Act 1956.

#### Registered Office :

Netivali Baug, Kalyan - 421306  
Dist Thane, Maharashtra  
Place : Mumbai  
Date : 25th July, 1997.

#### By Order of the Board of Directors

**P. F. Fernandes**  
Company Secretary

**FIFTY - FIRST ANNUAL REPORT 1996-97****DIRECTORS' REPORT**

Your Directors are pleased to present the 51st Annual Report of the Company, together with the audited Statements of Accounts for the year ended 31st March, 1997.

**1. FINANCIAL RESULTS AND APPROPRIATIONS**

	Year ended 31st March, 1997 (Rs. Lacs)	Year ended 31st March, 1996 (Rs Lacs)
Profit before interest and depreciation	420.06	347.52
Less : Interest	316.49	206.75
Depreciation	56.43	50.65
	372.92	257.40
Add : Prior year Adjustments	(3.41)	11.68
Profit brought forward	23.36	31.56
	19.95	43.24
Amount available to be appropriated as under :	67.09	133.36
Transfer to General Reserve	20.00	90.00
Dividend	20.00	20.00
Dividend Tax	2.00	-
Carried Forward	25.09	23.36
	67.09	133.36

**2. DIVIDEND**

The Directors recommend for approval of the members dividend at 10% on the equity capital.

**3. OPERATIONS**

The industry has passed through an unusual phase due to abnormally high rates of interest and overall increase in the cost of production. The effect was most felt by the medium sector industry.

The Company's sales during the year increased by about 18% to Rs 4554 lacs from the previous year's Rs 3853 lacs. However, profit after tax has gone down to Rs 44 lacs against last year's Rs 102 lacs.

As reported last year, the workers of the Company's Sarigam factory went on an illegal strike with effect from 3rd July, 1996. As all efforts to make them call off their agitation failed, the management was compelled to declare a lock out with effect from 10th August, 1996. However, arrangements were made to augment the production of epoxide resins (powder coating) at the Company's Kalyan factory to avoid loss of market.

The lock out has been lifted with effect from 13th July, 1997 pursuant to a settlement with the workmen and operations are now normal.

The working of the pre-colour coating division has further stabilized. Efforts are being continued to enlarge the market. Operations during the current year are expected to be better.

**4. PUBLIC DEPOSITS**

Deposits amounting to Rs 13,000 have matured but are unclaimed.

**5. ISSUE OF CAPITAL**

At an Extra-Ordinary General Meeting held on 24th April, 1997 members had approved issue of 5,00,000 Equity Shares of Rs 10 each at a premium of Rs 25 per share on rights basis, in the ratio of one share for four shares held, aggregating to Rs 175 lacs for meeting long term working capital requirements of the Company. However the Directors have decided to drop the proposal for the present in view of representations from various shareholders and the present conditions of the financial markets.

**6. SUBSIDIARY COMPANY**

As required by the Companies Act, 1956, the Annual Report and Accounts of the Company's subsidiary (Excellant Asbestos Jointings Limited) for the year ended 31st March, 1997 are annexed.

**7. DIRECTORS**

Mr. R. O. Somani a director of the Company passed away on 24th June, 1997. The Board placed on record its appreciation of the sound guidance and advice received from him during his association with the Company.

Mr Jal N. Bhausa, an ex-director of the Company passed away on 11th April, 1997. He was Managing Director of the Company and carried out his responsibilities with devotion leading to growth of the Company. The Board records its deep sense of gratitude for the valuable services rendered by Jal Bhausa.

In accordance with the provisions of the Companies Act, 1956 Mr N. M. Bhandari retires by rotation but being eligible, offers himself for reappointment.

**8. AUDITORS**

Members are requested to appoint auditors to hold office from the conclusion of the 51st Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.



## HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

### DIRECTORS' REPORT ...(Contd.)

#### 9. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Details of energy conservation, technology absorption and foreign exchange earnings and outgo as required by Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure to this Report.

#### 10. PARTICULARS OF EMPLOYEES

Particulars of employees covered by Section 217 (2 A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are as under :

Name & Age	Designation	Total Remuneration Rs	Qualification & Experience	Date of Commencement of Employment	Previous Employment	Percentage of Equity Shares held
Mr. B. L. Jatia (53 Years)	Chairman & Managing Director	6,30,000	B. Com. LLB. 29 Years	26.05.1994	Houghton Hardcastle (India) Ltd-Managing Director	1.40
Mr. O. P. Adukia (60 Years)	Executive Director	3,00,000	B. Com. 41 Years	01.02.1993	Associated Stone Industries (Kotah) Ltd- President	-
Mr. O. M. Verma (48 Years)	Vice President (Projects)	3,08,307	MBA 28 Years	15.12.1995	Khalilabad Sugar Mills Ltd- Advisor	-
Mr. S.S. Kedia (58 Years)	Vice President (Coated Steel Products Div.)	3,09,150	M.S 34 Years	01.04.1994	Pudumjee Pulp & Paper Mills Ltd- Marketing Executive	-

- Notes : 1. Remuneration includes salary, company's contribution to provident fund, house rent allowance and monetary value of perquisites.  
2. The employments of the Managing Director and Executive Director are contractual.  
3. Mr B. L. Jatia is a relative of Mr A. Jatia, Director

#### 11. EMPLOYEE RELATIONS

Barring the strike and consequent lock out at the Sarigam factory, relations with employees during the year were cordial.

#### 12. ACKNOWLEDGEMENTS

The Board sincerely thanks the Government, Financial Institutions, Banks, Overseas Collaborators, valued customers and the employees for their active support.

On Behalf of the Board

Mumbai,  
25th July, 1997

**B. L. Jatia**  
CHAIRMAN & MANAGING DIRECTOR

### ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1997.

#### A. CONSERVATION OF ENERGY

- a. Being conscious of the need to conserve energy and contain costs, it is the management's constant effort to derive optimum benefit from the investments made in installing appropriate equipment.

#### b. Power & Fuel Consumption

	1996-97	1995-96
i) Electricity		
(a) Purchased-		
Units (000s)	1475	857
Total Amount (Lac Rs)	59.35	29.16
Average Rate (Rs Per Unit)	4.02	3.40
(b) Own Generation		
Through Diesel Generator		
Units (000s)	0.957	NIL
Units Per litre of diesel oil	0.30	NIL
Cost/Unit (Rs)	27.46	NIL
Through Steam Turbine/Generator	NIL	NIL



## FIFTY - FIRST ANNUAL REPORT 1996-97

## Annexure to the Director's Report (...Contd.)

1996-97

1995-96

## ii) Coal

Quantity (Tonnes)

NIL

NIL

Total Cost (Lac Rs)

NIL

NIL

Average Rate (Rs Per Tonne)

NIL

NIL

## iii) Furnace Oil

Quantity (Kilolitres)

200

175

Total Amount (Lac Rs)

12.85

9.38

Average Rate (Rs per Kilolitre)

6409

5360

## iv) Others

Quantity (Kilolitres)

3.57

3.36

Total Amount (Lac Rs)

1.70

1.48

Average Rate (Rs per Kilolitre)

47657

44048

## c. Consumption per unit of production

Since the Company has different product lines with several formulations, it is not feasible to compute this figure.

## B. TECHNOLOGY ABSORPTION

## Research &amp; Development (R &amp; D)

## 1. Specific areas in which R &amp; D is carried on by the Company:

The Company's R & D activities are targeted for new product/process development, product upgradation and cost reduction.

## 2. Benefits derived as result of R &amp; D.

The R & D activities have helped the Company in streamlining and improving its manufacturing processes and product quality, development of products for wider and newer applications, import substitution, diversification, optimisation of product costs, rendering of technical services to customers and adoption and absorption of technology.

## 3. Future Plan of Action

The existing R & D activities will be further strengthened so as to be able to compete in the emerging market realities in the wake of globalisation of the country's economy.

## 4. Expenditure on R &amp; D

1996-97

1995-96

Rs Lacs

Rs Lacs

a. Capital

0.48

46.15

b. Recurring

8.14

10.31

Total

8.62

56.46

c. Total R &amp; D Expenditure as percentage of Turnover

0.19%

1.46%

## Technology Absorption , Adaptation &amp; Innovation

## Efforts made and benefits derived :

The Company has through technological tie-ups with foreign parties been successful in pioneering the production of epoxide resins (powder coatings) and pre-colour (powder) coating of metal coils in the country. The use of epoxide resins is eco-friendly and reduces occupational (environment - related) hazards for the people working in various industries and occupations connected with surface coating. It helps curtail the losses caused by corrosion to national assets.

India has now the distinction of being member of the league of handful of countries who have the technology and capability of pre-colour coating of metal coils with powder coating.

## Imported technology

a. Technology imported

:

Pre-Colour Coating  
of Steels Coils, etcEpoxide Resins for  
Coil Coating

b. Year of import

:

1995

1995

c. Has the technology been  
fully absorbed

:

Yes

Yes

d. If not fully absorbed areas  
where this has not taken  
place, reasons therefor and  
future plans of action

:

N. A

N. A

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned and utilised was Rs 9.80 lacs and Rs 404.20 lacs respectively.

On Behalf of the Board

B.L. Jatla

CHAIRMAN &amp; MANAGING DIRECTOR

Mumbai,  
25 th July, 1997



## HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

### AUDITORS' REPORT

To,

The Members,

HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

We have examined the attached Balance Sheet of Hardcastle & Waud Manufacturing Company Limited as at 31st March, 1997 and the Profit & Loss Account annexed thereto for the year ended on that date wherein are incorporated the audited returns of Chennai, Calcutta, Mazgaon and Delhi branches not visited by us and Sarigam branch visited by us and report that :

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet and the Profit and Loss Account are in agreement with the books of accounts;
- (d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon and the directors' report annexed thereto and subject to item no.16 in the notes on accounts (Schedule 'N') regarding treatment of encashment of leave of employees on cash basis in preference to the Accounting Standard No.15 issued by ICAI, give the information required by law in the manner so required, and give a true and fair view of the state of the Company's affairs as at 31st March, 1997 and of the profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act and according to the information and explanations given to us during the course of the audit and on the basis of such checks, as were considered appropriate, we further state that :

1. The Company has maintained a register showing particulars including quantitative details and situation of land, buildings and other fixed assets acquired subsequently to 1st January, 1973. Records prior to 01.01.73 are reported to be destroyed by fire. The management reports that during the year, it had carried out physical verification of assets acquired after 1st January, 1973 and no material discrepancies have been noticed on such verification;
2. None of the fixed assets have been revalued during the year;
3. It is reported that the stocks of finished goods, stores, spare parts and raw and packing materials have been physically verified by the Management at the end of the year. In our opinion the frequency of the verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
5. The discrepancies noticed on physical verification of stocks were not material as compared to book records;
6. In our opinion, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year;
7. The Company has obtained unsecured loans from companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 or covered by the definition of 'companies under the same management' under section 370 (IB) of the said Act and the rates of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company;
8. The Company has granted unsecured loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or covered by the definition of 'companies under the same management' under section 370 (IB) of the said Act and the rates of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company;
9. The parties to whom loans and advances have been given by the Company are repaying the principal amounts wherever stipulated and interest thereon wherever applicable regularly;