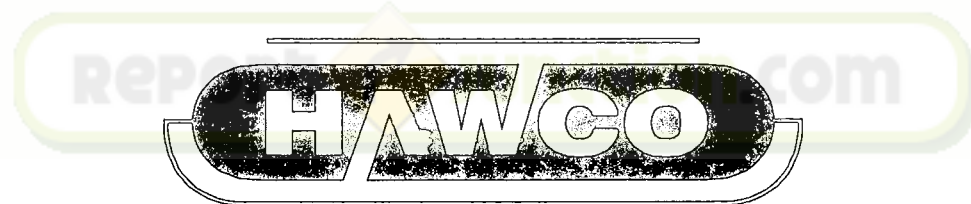


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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			



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
 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 - SECOND ANNUAL REPORT 1997-98

NOTICE

Notice is hereby given that the 52nd Annual General Meeting of Hardcastle & Waud Mfg Co. Limited will be held at Geeta Hall, Opp. Krishna Talkies, Shivaji Chowk, Kalayan -421 306 on Wednesday, the 30th September, 1998 at 11 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors.
2. To appoint a Director in place of Mr N.S. Karnavat who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 :

4. To consider and if thought fit to pass with or without modifications, the following resolution as a special resolution :

"RESOLVED that pursuant to Section 370 and other applicable provisions, if any, of the Companies Act 1956, the Board of Directors of the Company be and is hereby authorised to make any loan to and/or give guarantee and/or provide any security in connection with a loan made by any other person to, or to any other person by, any body corporate on such terms and conditions as the Board may think fit, notwithstanding that the aggregate of such loans, guarantees and/or securities may exceed such percentage of the aggregate of the subscribed capital of the Company and its free reserves as may be prescribed by Rules made by the Central Government or otherwise from time to time provided that the aggregate of the loans made to all bodies corporate shall not exceed without the prior approval of the Central Government such percentage of the aggregate of the subscribed capital of the Company and its free reserves as may be prescribed by Rules made by the Central Government or otherwise from time to time."

5. To consider and, if thought fit, to pass the following resolution as an ordinary resolution :

"RESOLVED THAT subject to the relevant provisions of the Companies Act, 1956 or any other law applicable from time to time (hereinafter for brevity's sake described as 'the Companies Act') Mr B.L. Jatia be and is hereby re-appointed as Managing Director of the Company for a period of five years w.e.f. 26th May 1999 on the following terms and conditions :

1. The appointee shall, subject to the superintendence and control of the Board of Directors, be in overall charge of the Company's activities 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.
2. Remuneration
 - i) A monthly salary of Rs 40,000 (Rupees Forty Thousand) in the grade of Rs 40000-50000-60000.
 - ii) Commission not exceeding 1% of the net profit of the Company in a year calculated as per the provisions of the Companies Act, and subject to any ceiling provided therein.
3. The Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified in para 2 hereof :
 - i) Contribution to provident fund, superannuation fund or annuity fund to the extent these are not taxable under the Income Tax Act, 1961;
 - ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
 - iii) Encashment of leave at the end of the tenure.

4. Others :

The appointee shall also be entitled to the following benefits :-

- i) Furnished accommodation (subject to payment of 10% of his monthly salary as rent) or House Rent Allowance equal to 50% of the monthly salary in lieu thereof (expenditure incurred by the Company on gas, electricity, water and furnishing shall be subject to a ceiling of 10% of his salary);
- ii) Actual medical expenses including hospitalisation, nursing home charges, surgical charges and travelling expenses incurred for himself and family and premium for obtaining/renewal of health insurance policy subject to a ceiling of one month's salary in a year or three months' salary over a period of three years;
- iii) Personal Accident Insurance premium in accordance with Company's policies and practices;
- iv) Fees of clubs subject to a maximum of two clubs excluding admission and life membership fees;
- v) Annual leave with full pay and other benefits for a period of one month during every year which may be accumulated for a maximum of three months;
- vi) Other leave as per Company's rules applicable to its executive staff;
- vii) Leave Travel Assistance to cover air or first class air-conditioned railway fare for himself and family once in a year to and from any place;



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

- viii) Provision of a company-maintained chauffeur driven car;
- ix) Provision of telephone facilities at residence on Company's account;
- x) Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.

"FURTHER RESOLVED THAT the Board of Directors shall be at liberty to alter and/or vary the terms at any time but so as not to exceed the limits specified in the Companies Act, as may be agreed between the Directors and the appointee.

"FURTHER RESOLVED THAT Mr B.L. Jatia while holding office as Managing Director shall not be subject to retirement by rotation."

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 30th September, 1998.
3. Those members who have so far not encashed their dividend warrants for the financial year ended 31st March, 1995 may approach the Company immediately for revalidation of the warrants. Unclaimed amount as on the close of 16th November 1998 shall be transferred to the General Revenue Account of the Central Government.
4. Members are requested to intimate to the Registrar and Transfer Agents of the Company before 30th September, 1998 about changes, if any, in their registered addresses.
5. 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 - 421 306
 Dist Thane, Maharashtra
 30th July, 1998

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. 4**

The Company may have to occasionally utilise its surplus funds by giving advances, loans or deposits to other bodies corporate. Similarly, the Company may at times be required to give guarantees and/or provide security in connection with loan(s) made by any person to, or to any other person by any body corporate.

The making of loans or giving guarantees and/or providing securities to other bodies corporate from time to time may exceed the limits prescribed under the Companies Act, 1956 or the Rules made thereunder. The Special Resolution under item No. 4 of the Notice is to enable the Board of Directors to make such loans or provide such guarantees/security. Approvals from appropriate authorities will be obtained wherever necessary. The Board commends this resolution for approval by the members.

None of the Directors is interested in the resolution.

Item No. 5

The Board of Directors at its meeting held on 30th July, 1998 has approved the reappointment of Mr B.L. Jatia, Managing Director effective 26th May, 1999 for a further period of 5 years, subject to the approval of the members.

Mr B.L. Jatia is a commerce and law graduate with 30 years' experience in managing business in various industries. The Directors are of the opinion that his knowledge and experience will be of immense value to the Company and therefore commend the resolution as set out in the Notice convening the meeting for acceptance.

Except Mr B.L. Jatia and Mr A. Jatia being a relative of Mr B.L. Jatia, 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 - 421 306
 Dist Thane, Maharashtra
 30th July, 1998

By Order of the Board of Directors

P.F. Fernandes
Company Secretary

FIFTY - SECOND ANNUAL REPORT 1997-98

DIRECTORS' REPORT

Your Directors present the 52nd Annual Report of the Company, together with the audited Statements of Accounts for the year ended 31st March 1998.

1. **FINANCIAL RESULTS AND APPROPRIATIONS**

	Year ended 31st March, 1998 (Rs Lacs)	Year ended 31st March, 1997 (Rs Lacs)
Profit before interest and depreciation	<u>250.27</u>	<u>409.70</u>
Less : Interest	227.90	306.13
Depreciation	<u>59.77</u>	<u>56.43</u>
	287.67	362.56
Add : Prior year Adjustments	(19.78)	(3.41)
Profit brought forward	<u>25.09</u>	<u>23.36</u>
	5.31	19.95
Amount available to be appropriated as under	<u>(32.09)</u>	<u>67.09</u>
Transfer to/(from) General Reserve	(32.09)	20.00
Dividend	-	20.00
Dividend Tax	-	2.00
Carried Forward	-	25.09
	<u>(32.09)</u>	<u>67.09</u>

2. **OPERATIONS**

The industrial environment remained downbeat with the slowing down of the economy. Cut throat competition, severe liquidity crunch and erosion in margins have resulted in unsatisfactory working for the year.

The Company's sales during the year increased by about 4% to Rs 5176 lacs from the previous year's Rs 4955 lacs. However, profit before depreciation has gone down to Rs 22.37 lacs against last year's Rs 103.57 lacs.

The working of the pre-colour coating division was stable even though construction activity in general and industrial projects in particular remained sluggish.

3. **PUBLIC DEPOSITS**

Deposits amounting to Rs 7000 had matured but are unclaimed.

4. **SUBSIDIARY COMPANY**

Excellant Asbestos Jointings Ltd was voluntarily wound-up with effect from 4th September, 1997 under relevant provisions of the Companies Act, 1956 due to adverse business conditions and severe competition from small scale sector.

5. **AUDITORS' REPORT**

The notes No. 15 & 16 in Schedule N to the Accounts referred to in the Auditors' Report are self-explanatory.

6. **DIRECTORS**

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

7. **AUDITORS**

Members are requested to appoint auditors to hold office from the conclusion of the 52nd Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

8. **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 appear in the Annexure to this Report.

9. **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 :



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

DIRECTORS' REPORT... (Contd)

Name & Age	Designation	Total Remuneration Rs	Qualifications & Experience	Date of Commencement of Employment	Previous Employment	Percentage of Equity Shares held
Mr B.L. Jatia (54 Years)	Chairman & Managing Director	7,98,748	B.Com. LLB 30 years	26.05.1994	Houghton Hardcastle (India) Ltd-Managing Director	0.76
Mr O.P. Adukia (61 years)	Executive Director	3,60,000	B.Com. 42 years	01.02.1993	Associated Stone Industries (Kotah) Ltd-President	-
Mr V.S. Bhakre (59 Years)	President (Powder Coating)	4,41,477	B.Sc.(Hons), B.Sc.(Tech) DBM 35 Years	13.05.1996	Hindustan Ciba-Geigy Ltd General Manager-Mktg	-
Mr O.M. Verma (49 years)	Vice President (Projects)	2,32,331	M.B.A. 29 years	15.12.1995	Khalilabad Sugar Mills Ltd Advisor	-
Mr S.S. Kedia (59 years)	Vice President (Coated Steel Products Div.)	3,72,300	M.S. 35 years	01.04.1994	Pudumjee Pulp & Paper Mills Ltd-Marketing Executive	-
Mr K.C. Jain (46 years)	General Manager	3,66,780	B.Sc.F.C.A. 22 years	01.03.1993	Associated Stone Industries (Kotah) Ltd General Manager (Commercial)	-

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.

4. Mr O.M. Verma was employed for part of the year.

10 EMPLOYEE RELATIONS

As reported last year, the industrial relations problem at the Company's Sarigam factory was sorted out during the year and operations at the plant have returned to normalcy. Relations with employees during the year were cordial.

11 ACKNOWLEDGEMENTS

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

On Behalf of the Board

Mumbai,
30 th July, 1998

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 1998.

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

	1997-98	1996-97
i) Electricity		
(a) Purchased-		
Units (000s)	1487	1475
Total Amount (Lac Rs)	63.07	59.35
Average Rate (Rs per Unit)	4.24	4.02
(b) Own generation		
(i) Through Diesel Generator		
Units (000s)	1.18	9.57
Units per litre of diesel oil	3.19	3.00
Cost/Unit (Rs)	3.96	2.75
(ii) Through Steam Turbine/Generator	NIL	NIL

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Annexure to the Directors' Report ...(Contd)

	1997-98	1996-97
ii) Coal		
Quantity (Tonnes)	NIL	NIL
Total Cost (Lac Rs)	NIL	NIL
Average Rate (Rs per tonne)	NIL	NIL
iii) Furnace Oil		
Quantity (Kilolitres)	165	200
Total Amount (Lac Rs)	10.54	12.85
Average Rate (Rs per kilolitre)	6373	6409
iv) Others		
Quantity (Kilolitres)	2.94	3.57
Total Amount (Lac Rs)	1.29	1.70
Average Rate (Rs per kilolitre)	43848	47657

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 & Development (R & D)****1. Specific areas in which R & 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 & 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 & D

	1997-98	1996-97
	Rs Lacs	Rs Lacs
a. Capital	1.12	0.48
b. Recurring	6.53	8.14
Total	7.65	8.62
c. Total R & D Expenditure as percentage of Turnover	0.15%	0.17%

Technology Absorption, Adaptation & 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 one of the 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 Steel Coils, etc.	Epoxide 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 4.20 lacs and Rs 617.70 lacs respectively.

On Behalf of the Board

Mumbai,
30 th July, 1998

B.L. Jatia
CHAIRMAN & MANAGING DIRECTOR