

**55th  
ANNUAL REPORT  
2000-2001**



**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  
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

**HEAD OFFICE**

BRABOURNE STADIUM,  
87, VEER NAIRMAN ROAD,  
MUMBAI - 400 020

**WORKS**

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

**REGISTRARS & TRANSFER AGENT**

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



### NOTICE

Notice is hereby given that the 55<sup>th</sup> Annual General Meeting of Hardcastle & Waud Mfg Co. Ltd will be held at the registered office of the Company at Netivai Baug, Kalyan (East) - 421 306 on Saturday, the 29<sup>th</sup> September, 2001 at 11 a.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2001 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and the 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 and to fix their remuneration.

#### SPECIAL BUSINESS:

4. 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 relevant Resolution passed at the 51<sup>st</sup> Annual General Meeting held on 29<sup>th</sup> September, 1997 and amended from time to time, the company hereby approves an increased monthly remuneration of Rs 40,000 (Rupees forty thousand) payable to Mr O.P. Adukia, Executive Director, with effect from 1<sup>st</sup> April, 2001 with other terms and conditions remaining unchanged."
5. To consider and if thought fit to pass with or without modification, the following resolution as a special resolution:  
"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

(i) The following Article shall be inserted after Article 23:-

'23A (1) For the purpose of this Article:-

#### Definitions

'Beneficial Owner' means a person or persons whose name(s) is/are recorded as such with a depository;

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

#### Dematerialisation of Securities

- (2) Notwithstanding anything to the contrary contained in these articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

#### Options for Investors

- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities. If a person opts to hold his security with a depository, the Company shall intimate such depository details of such holdings.

#### Securities in Depositories to be in fungible form

- (4) All securities held by a depository shall be dematerialised and be in fungible form.

#### Rights of Depositories and Beneficial Owners

- (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.  
(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.  
(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

#### Service of Documents

- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

#### Transfer of Securities

- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and a transferee both of whom are entered as beneficial owners of records of a depository.

#### Allotment of Securities dealt with a Depository

- (8) Notwithstanding anything to the contrary in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate details thereof to the depository immediately on allotment of such securities.

#### Distinctive numbers of Securities held in a Depository

- (9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

#### Register and Index of Beneficial Owners

- (10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security-holders for the purposes of these Articles.



## HARDCASTLE &amp; WAUD MANUFACTURING COMPANY LIMITED

(ii) The following Heading and Article shall be inserted after Article 65:-

**'BUY-BACK OF SHARES & SECURITIES'**

65A. Notwithstanding anything to the contrary contained in these Articles and subject to the provisions of the Act or any other applicable law in force at the relevant time, the Board of Directors shall have power and is authorised to purchase any of the shares including equity shares or other securities of the Company and may make payments out of its capital, free reserves and/or the surplus in the profit and loss account, securities premium account or from such other sources including borrowings as may be permitted for such purchases.

For the purpose of this Article, securities shall include securities convertible into equity shares or having such underlying voting rights as may be notified by the Central Government from time to time."

**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. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to the items of Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 28<sup>th</sup> September, 2001 to Saturday 29<sup>th</sup> September, 2001 (both days inclusive).
4. As per the provisions of Section 205A of the Companies Act, 1956, as it stood prior to the amendment of the Companies Act, 1956, by the Companies (Amendment) Act, 1999, all unclaimed dividends upto the year ended 31<sup>st</sup> March, 1994, have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividends which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund. Once unclaimed dividend is so transferred no claim shall lie in respect thereof.
6. **Members who have not collected their new share certificates so far, are advised to do so by surrendering their old share certificates in the company either in person or by sending through post to the Registrars and Transfer Agent of the company, in their own interest.**

Registered Office:  
Netivali Baug, Kalyan - 421 306  
Dist Thane  
Maharashtra

Date: 14<sup>th</sup> August, 2001

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 - At the 51<sup>st</sup> Annual General meeting held on 29<sup>th</sup> September, 1997 members had approved the re-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 Board has at its meeting held on 28<sup>th</sup> April, 2001 revised the remuneration with effect from 1<sup>st</sup> April, 2001.

Since the Government of India vide its Circular No.2/94 dated 10<sup>th</sup> February, 1994 has stipulated 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.4 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. 5**

- (i) With the introduction of the Depositories Act, 1996, and the Depositories System, some of the provisions of the Companies Act, 1956 relating to the issue, holding and transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Company has joined the Depository System and it is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at item No. 5 to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the securities in such a system.
- (ii) Section 77A of the Companies Act, 1956 permits a company to purchase its own shares/or other specified securities provided its Articles of Association authorise it to do so. The said Articles are therefore proposed to be altered so as to include a new Article 65A empowering the Company to purchase its own equity shares and or securities.

The Board commends the Resolution for approval by the shareholders.

None of the Directors is interested in the resolution.

A copy of the Memorandum and Articles of Association of the Company, together with the proposed alteration is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except a Friday.

Registered Office:  
Netivali Baug, Kalyan - 421 306  
Dist Thane  
Maharashtra  
Date: 14<sup>th</sup> August, 2001

By Order of the Board of Directors

P.F. Fernandes  
Company Secretary

**DIRECTORS' REPORT**

Your Directors present the 55<sup>th</sup> Annual Report of the Company, together with the audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2001.

**1. FINANCIAL RESULTS AND APPROPRIATIONS**

	Year ended 31st March, 2001 (Rs Lacs)	Year ended 31st March, 2000 (Rs Lacs)
Profit before interest and depreciation	95.97	73.65
Less: Interest	58.57	136.39
Depreciation	46.81	50.22
	105.38	186.61
Add: Prior year Adjustments	10.11	6.88
Profit/(Loss) Before Taxation	0.70	(106.08)
Provision for Taxation	0.06	-
Net Profit/(Loss) after taxation	0.64	(106.08)
Transfer from General Reserve	-	92.19
Balance brought forward from previous year	-	13.89
Carried Forward	0.64	-

**2. OPERATIONS**

Believing earlier hopes of revival, the country's economy sunk deeper into a near-recession with almost all sectors reporting discouraging state of affairs. Competition from cheaper imports has posed a big challenge to the country's manufacturing sector. The general slow down in the world economy has affected India as well. In the environment of subdued market demand the company has managed to achieve a turn over of Rs 2671.60 lacs. The year's working has resulted in a marginal net profit of Rs 0.64 lac.

Prospects for the current year are as of now not encouraging unless the good rains kick-start rural demand, which might revive the markets.

**3. PUBLIC DEPOSITS**

No deposits were accepted during the year. There are no outstanding deposits.

**4. DIRECTORS**

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

**5. AUDITORS**

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

**6. 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.

**7. PARTICULARS OF EMPLOYEES**

No employee of the Company is covered under the provisions of Section 217 (2 A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956 your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- the accounting policies selected and applied are consistent and the judgements and estimates made 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;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

**9. DEMATERIALISATION OF SHARES**

The equity shares of your Company have been notified for compulsory trading in dematerialised form. Your Company has established connectivity with Central Depository Services (India) Ltd. Connectivity with National Securities Depositories Ltd is expected shortly. In view of the advantages offered by the Depository System, members are requested to avail of the facility of dematerialisation of the Company's shares held by them through either of the two Depositories.

The Company also provides the facility of simultaneous transfer and dematerialisation of equity shares.

**10.. EMPLOYEE RELATIONS**

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.

Mumbai,  
14<sup>th</sup> August, 2001

On Behalf of the Board

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 31<sup>st</sup> March, 2001.

**A. CONSERVATION OF ENERGY**

- a. The Company continued to adopt appropriate measures to derive maximum benefit of energy-saving equipment and energy-efficient technology for the production processes.

	2000-2001	1999-2000
b. <u>Power &amp; Fuel Consumption</u>		
i) Electricity		
(a) Purchased -		
Units(000s)	549	760
Total Amount (Lac Rs)	30.80	37.44
Average Rate(Rs per Unit)	5.61	4.93
(b) Own generation		
(i) Through Diesel Generator		
Units(000s)	NIL	NIL
Units per litre of diesel oil	NIL	NIL
Cost/Unit (Rs)	NIL	NIL
(ii) Through Steam Turbine/Generator	NIL	NIL
ii) Coal	NIL	NIL
iii) Furnace Oil		
Quantity (Kilolitres)	85	107
Total Amount (Lac Rs)	9.32	8.82
Average Rate (Rs per kilolitre)	10993	8243
iv) Others		
Quantity (Kilolitres)	1.26	5.46
Total Amount (Lac Rs)	0.64	2.43
Average Rate (Rs per kilolitre)	50698	44809

- 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 products/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 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

	2000-2001 Rs Lacs	1999-2000 Rs Lacs
a. Capital	6.47	-
b. Recurring	3.27	6.64
Total	9.74	6.64
c. Total R & D Expenditure as percentage of Turnover	0.36%	0.22%

Technology Absorption, Adaptation & Innovation  
Efforts made and benefits derived

The company has through technological tie-up with a foreign party been successful in pioneering pre-colour (powder) coating of metal coils in the country.

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
- b. Year of import : 1995
- c. Has the technology been fully absorbed : Yes
- d. If not fully absorbed areas where this has not taken place, reasons therefor and future plans of action : N.A

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange earned and utilised was Rs 5.12 lacs and Rs 128.99 lacs respectively.

On Behalf of the Board

Mumbai,  
14<sup>th</sup> August, 2001

B.L. JATIA  
CHAIRMAN & MANAGING DIRECTOR