

57th
Annual Report
2002 - 2003



**HARDCASTLE
& WAUD
MANUFACTURING
COMPANY LIMITED**



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

BOARD OF DIRECTORS

B.L. JATIA, Chairman & Managing Director
N.S. KARNAVAT
HASMUKH GANDHI
TUSHAR G. AGARWAL

BANKERS

THE UNITED WESTERN BANK LTD
BANK OF INDIA
UTI BANK LTD

AUDITORS

MESSRS KHARE & CO.

LEGAL ADVISORS

KANGA & COMPANY
ADVOCATES, SOLICITORS & NOTARIES

REGISTERED OFFICE

NETIVALI BAUG, KALYAN- 421 306

HEAD OFFICE

BRABOURNE STADIUM
87, VEER NARIMAN 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
NARIMAN POINT
MUMBAI – 400 021



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NOTICE

Notice is hereby given that the 57th Annual General Meeting of Hardcastle & Waud Mfg Co. Ltd will be held at the registered office of the Company at Netivali Baug, Kalyan (East) – 421 306 on Tuesday, the 30th September, 2003 at 11 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 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 Auditors and to fix their remuneration.

SPECIAL BUSINESS :

3. To appoint Mr Tushar G. Agarwal as a director of the company.

NOTES :

1. A Compliance Certificate obtained from a Secretary in wholetime practice under Rule 3(1) of the Companies (Compliance Certificate) Rules, 2001 required to be laid in the annual general meeting is attached to and forms part of the Directors' Report.
2. 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. Proxies, 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.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the item of Special Business is annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 29th September, 2003 to 30th September, 2003 (both days inclusive).
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 for shares

in the Company either in person or by sending through post to the Registrars & Transfer Agent of the Company, in their own interest.

By Order of the Board of Directors

Registered Office :

Netivali Baug,

Kalyan – 421 306

Date: 28th August, 2003

B. L. Jatia

Managing Director

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Items No. 3

Mr Tushar G. Agarwal was appointed as a director of the Company on 28th August, 2003 in the casual vacancy caused by the demise of Mr N M Bhandari, a director of the company, who passed away on 10.8.2003. He retires on the date of the forthcoming Annual General Meeting i.e. the date on which Mr Bhandari would have retired in the usual course.

Your Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member signifying an intention to propose Mr Tushar G. Agarwal as a candidate for the office of Director. Mr Tushar G. Agarwal is therefore, eligible for appointment to the office of Director at the ensuing annual general Meeting.

Mr Tushar G. Agarwal is a Chartered Accountant with extensive experience in the sphere of finance and banking and holds directorship in various companies. Your board considers that the Company would benefit from Mr Agarwal's experience.

No other director is interested in the resolution.

By Order of the Board of Directors

Registered Office :

Netivali Baug,

Kalyan – 421 306

Date: 28th August, 2003

B. L. Jatia

Managing Director



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

DIRECTORS' REPORT

Your Directors present the 57th Annual Report of the Company, together with the audited Statements of Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS AND APPROPRIATIONS

	Year ended 31 st March, 2003 (Rs Lacs)	Year ended 31 st March, 2002 (Rs Lacs)
Profit/(Loss) before interest and depreciation	172.01	(1282.03)
Interest	50.83	83.83
Depreciation	37.84	38.37
	<hr/>	<hr/>
Prior year Adjustments	88.67 10.30	122.20 3.05
Profit/(Loss) Before Taxation	93.64	(1401.18)
Provision for Taxation	7.40	—
Deferred Tax	323.75	581.20
	<hr/>	<hr/>
Net Profit/(Loss) after taxation	(237.51)	(819.98)
Transfer from General Reserve	237.51	819.34
Balance brought forward from previous year	—	0.64
	<hr/>	<hr/>
Carried forward	—	—

In view of absence of profit, no dividend payout is being recommended.

2. OPERATIONS

The working during the year has shown a welcome upturn with turnover logging a 40% increase. This is because of improvement in general economic climate despite a painful drought in large parts of the country during the year 2002. The rains during the current year so far have been widespread and plentiful raising hopes of an accelerated growth in the GDP. Industries are hoping to see demand for their goods and services grow. Already exports are encouraging even though the rupee has shown a remarkable strength vis-à-vis the U.S. Dollar and the foreign exchange reserves are at an all-time high. All in all there is a general feel-good factor and gives hope to your directors for fairly satisfactory working during the current year.

The company had made provision of Rs 1513.73 lacs in its accounts for the year 2001-02 mainly in respect of certain demands for sales tax for earlier years confirmed by first appellate authority. The company's appeals impugning the demands have been heard by the Tribunal and a decision is awaited.

3. SCHEME OF ARRANGEMENT

As reported last year, your company had made an application to the Bombay High Court for sanctioning a Scheme of Arrangement between the Company and a class of its shareholders holding less than 100 shares in physical form. The scheme was duly sanctioned by the Hon'ble Court by its order dated 5.9.2002. Out of a total of 9286 such shareholders as on the Record Date (viz 13.12.02) 8878 shareholders holding 1,88,026 shares did not exercise their option to continue as shareholders. In terms of the Scheme these shares were cancelled with effect from 28.1.2003 and a sum calculated at the rate of Rs 16.50 per equity share was paid to the members whose shares were so cancelled. As a result, the Company's paid up share capital and the share premium account stand reduced to Rs 61,19,740 and Rs 45,27,831 respectively. The Registrar of Companies has issued the requisite certificate of having duly registered the Court's order and a minute approved by the Court showing particulars of the altered share capital.

4. PUBLIC DEPOSITS

No deposits were accepted during the year.

5. DIRECTORS

Your directors regret to report about the passing away of Mr N M Bhandari, a director of the Company on 10.8.2003. The directors place on record their appreciation of the valuable services rendered by Mr Bhandari during his long association with the Company.

The directors appointed Mr Tushar G. Agarwal as a director with effect from 28th August, 2003 to fill the casual vacancy caused by the demise of Mr Bhandari. In accordance with the provisions of the Companies Act, 1956, he retires by rotation but being eligible, offers himself for reappointment.

Mr O P Adukia, Executive Director, demitted his office on the expiry of his tenure on 31.1.2003.

6. 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.

7. 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.

8. 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.

9. 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 loss 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.

10. SECRETARIAL COMPLIANCE REPORT

Copy of a certificate from a Secretary in whole-time practice certifying that the Company has complied with the provisions of the Companies Act, 1956 is annexed to this report.

11. EMPLOYEE RELATIONS

Relations with employees during the year were cordial.

12. ACKNOWLEDGEMENTS

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

On Behalf of the Board

Mumbai,
28th August, 2003

B. L. Jatia
Chairman & Managing Director



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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, 2003.

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.
- | | 2002-2003 | 2001-2002 |
|---|-----------|-----------|
| b. Power & Fuel Consumption | | |
| i) Electricity | | |
| (a) Purchased - | | |
| Units(000s) | 433 | 330 |
| Total Amount (Lac Rs) | 23.71 | 20.22 |
| Average Rate(Rs per Unit) | 5.47 | 6.12 |
| (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) | 103 | 71 |
| Total Amount (Lac Rs) | 12.78 | 7.05 |
| Average Rate (Rs per kilolitre) | 12350 | 9940 |
| iv) Others | | |
| Quantity (Kilolitres) | 1.05 | 1.47 |
| Total Amount (Lac Rs) | 0.52 | 0.70 |
| Average Rate (Rs per kilolitre) | 49276 | 47631 |
| 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)

- 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.
 - 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, diversification, optimisation of product costs, rendering of technical services to customers and adoption and absorption of technology.
 - Future Plan of Action
The existing R & D activities will continue to be strengthened so as to enable the company to compete in the market place.
 - Expenditure on R & D

	2002-2003	2001-2002
	Rs Lacs	Rs Lacs
a. Capital	0.14	1.67
b. Recurring	4.87	3.02
Total	5.01	4.69
c. Total R & D Expenditure as percentage of Turnover	0.17%	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.
 - No new technology was imported during the last five years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned and utilised was Rs 7.50 lacs and Rs 84.44 lacs respectively.

On Behalf of the Board

Mumbai,
28th August, 2003

B. L. Jatia
Chairman & Managing Director

SECRETARIAL COMPLIANCE REPORT

To

The Members

Hardcastle & Waud Mfg Co. Ltd

I have examined the registers, records, books and papers of Hardcastle & Waud Mfg Co. Ltd as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2003. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

- The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Maharashtra within the time prescribed under the Act and the rules made thereunder.
- The Company is not a private limited company.
- The Board of Directors duly met 10 times on 9.04.2002, 30.04.2002, 31.07.02, 12.08.02, 11.09.02, 31.10.02, 21.1.03, 27.1.03, 17.3.03 and 29.3.03 in respect of which meetings proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
- The Company closed its Register of Members from 27.09.2002 to 30.09.2002 and necessary compliance of section 154 of the Act has been made.
- The annual general meeting for the financial year ended on 31st March, 2002 was held on 30th September, 2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minute book maintained for the purpose.
- An extra ordinary meeting was held during the financial year after giving due notice to the Members of the company and the resolution passed thereat was duly recorded in the minutes book maintained for the purpose.
- The company has not advanced any loan to its directors and/or persons or firms or companies referred to in section 295 of the Act.
- The contracts entered into by the Company during the year did not attract Section 297 of the Act.
- The company has made necessary entries in the register maintained under section 301 of the Act.
- No approvals of the nature specified in Section 314 of the Act were required to be obtained by the Company.
- No duplicate share certificates were issued by the company.
- The Company :
 - has not made any allotment of securities during the said year. It has delivered all the certificates on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - has not declared and/or paid any dividend ;
 - has transferred the amounts in unpaid dividend account and application money due for refund which have remained unclaimed for a period of seven years to Investor Education and Protection Fund; and
 - has duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the company is duly constituted and the appointments of directors and a director to fill casual vacancy have been duly made.
- The appointments of Managing Director and Wholtime Director were made in compliance with the provisions



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

of Sections 269 read with Schedule XIII to the Act. The said appointments did not require approval of Central Government. However application for approval for continuance of payment of managerial remuneration has been made to the Central Government under Section 198(4) of the Companies Act, 1956.

16. The Company has not appointed any sole-selling agents.
17. The company has applied for and or obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar and or any other prescribed authorities under the various provisions of the Act including
 - (1) Approval u/s 198(4) of Central Govt for continuance of payment of Managerial Remuneration.
 - (2) Confirmation of Court u/s 101 for reduction in share capital and u/s 78 for reduction in Share Premium A/c pursuant to Scheme of Arrangement.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares/debentures/other securities during the financial year.
20. The company has not bought back any shares during the financial year ending 31st March, 2003.
21. The company has not issued/redeemed any preference shares/debentures during the year.
22. Since the Company did not declare any dividend, offered/ issued any rights/ bonus shares during the year, the question of keeping in abeyance, rights thereto pending registration of transfer of shares does not arise.
23. The company has not accepted any deposits or taken any loans during the year within the meaning of sections 58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975.
24. The amounts borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31.3.2003 are within the borrowing limits of the Company. These borrowings did not exceed the limits prescribed in Section 293(1)(d) of the Act.
25. The loans to/investments made in other bodies corporate are in compliance with the provisions of the Act and necessary entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny. However, the minute approved by the court showing the reduced capital of the company and duly registered by the Registrar of Companies is deemed under Section 103(5) to be substituted for the corresponding part of the Memorandum.
30. The company has not altered its Articles of Association during the year.
31. No prosecution has been initiated against or show cause notices received by the company under the Act.
32. The company has not received any security from its employees during the year under certification as per provisions of section 417(1) of the Act.
33. The company has deposited both employees' and employer's contribution to Provident Fund with the prescribed authority pursuant to Sec.418 of the Act.

Shailesh A. Kachalia
CP: 3888
Company Secretaries

Place: Mumbai
Date: 22nd August, 2003

ANNEXURE - A

Registers as maintained by the Company

1. Register of Charges u/s 143(1).
2. Register of Members u/s 150.
3. Index of Members u/s 151(1).
4. Minutes Book of General Meetings u/s 193(1)
5. Minutes Book of Board Meetings u/s 193(1)
6. Books of Accounts u/s 209(1) including Register of Fixed Assets
7. Register of Contracts u/s 301
8. Register of Appointment of Managing Director, etc. u/s 302(6).
9. Register of Directors u/s 303
10. Register of Directors' Shareholdings u/s 307.
11. Register of Investments & Loans u/s 372 A

Shailesh A. Kachalia

Place : Mumbai

C P : 3888

Date : 22nd August, 2003

Company Secretaries

ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2003.

1. Balance Sheet and Profit & Loss Account for the year ended 31.03.2002 filed u/s 220(1).
2. Annual Return made upto 30.09.2002 (AGM) filed u/s 159(1).
3. Form No. 23 u/s 192 (Special Resolution of EOGM under Sections 100 and 78 of the Act for reduction in capital and share premium account.)
4. Form No. 23 u/s 192 (resolution of Remuneration Committee of Board for modification of the terms of appointment of the Managing Director of the Company.)
5. Compliance Certificate under Rule 3(2) of Companies (Compliance Certificate) Rules, 2001.
6. Forms 1 (Statements of Accounts credited to Investor Education and Protection Fund) under the Investor Education & Protection Fund Rules; 2001.
7. Forms 32 u/s 303 (2) [Particulars of Changes among Directors, etc.]
8. Form 21 – Filing under Section 391(3) of Court Order dt 5.9.2002 sanctioning Scheme of Arrangement.
9. Form 21 – filing of certified copy of order and of a minute dated 28.2.2003 approved by the Court regarding reduction in issued, subscribed and paid up capital and Share Premium account.

Shailesh A. Kachalia

Place : Mumbai

C P : 3888

Date : 22nd August, 2003

Company Secretaries