

61st
Annual Report
2006 - 2007



**HARDCASTLE
& WAUD
MANUFACTURING
COMPANY LIMITED**

**BOARD OF DIRECTORS**

B.L. Jatia, Chairman & Managing Director
N.S. Karnavat
Haemukh Gandhi
Tushar G. Agarwal

BANKERS

Ing Vysya 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

1904, G I D C, Sarigam - 396 155, Dist Valsad (Gujarat)

REGISTRARS & TRANSFER AGENT

Sharepro Services (India) Pvt.Ltd, 912 Raheja Centre, Free Press Journal Road
Nariman Point, Mumbai - 400 021

NOTICE

Notice is hereby given that the 61st 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 Friday, the 28th September, 2007 at 10 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2007 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 Tushar Agarwal who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

Special Business

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

"RESOLVED THAT subject to the relevant provisions of the Companies Act, 1956 and or any other applicable law (hereinafter for brevity's sake referred to as the Companies Act) the Company hereby accords its approval to the following terms and conditions of the reappointment of Mr B L Jatia as Chairman and Managing Director of the Company for a term of five years with effect from 26th May, 2007.

1. The Chairman & Managing Director 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 - A monthly salary of Rs 1,25,000 (Rupees One Lac Twentyfive Thousand) in the grade of Rs 1,25,000 - 15000 - 1,85,000.
3. Commission not exceeding 1% of the net profits of the Company in a year calculated as per the provisions of the Companies Act and subject to any ceiling provided therein.
4. The appointee shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified in the preceding clause:
 - 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.

5. **Others :**

A. 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 five month's salary over a period of five 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;
- 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.

B. The appointee shall be entitled to reimbursement of expenses actually and properly incurred in the course of legitimate business of the company.

"FURTHER RESOLVED THAT the Board of Directors shall be at liberty to alter and/or vary the terms and conditions of the said appointment at any time but so as not to exceed the limits set out in the Companies Act or as may be agreed between the Board of 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 nor be entitled to any sitting fee for attending any meeting of the Board or committee thereof."

**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. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September, 2007 to 28th September, 2007 (both days inclusive).
4. Members who have not collected their new share certificates so far are advised to do so by surrendering their old 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.
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
Date: 31st July, 2007

By Order of the Board of Directors

O.P. Adukia
President

Annexure to the Notice

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

Item No.4

The Board of Directors at its meeting held on 16th May, 2007 decided to re-appoint Mr B L Jatia as Chairman and Managing Director (CMD) for a further period of 5 years effective 26th May, 2007 at remuneration approved by a resolution passed by the Board's Remuneration Committee subject to approval of the Members.

Mr B L Jatia (a promoter of the Company) is a commerce and law graduate with over 38 years experience in various industries. Considering his long and vast experience and the fact of his having managed the affairs of the Company successfully for the past several years, the Directors are of the opinion that it would be in the interest of the Company to reappoint him as CMD and therefore commend the resolution as set out in the Notice convening the meeting for approval.

Except Mr B L Jatia, none of the directors is interested in the resolution.

This 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
Date: 31st July, 2007

By Order of the Board of Directors

O.P. Adukia
President

DIRECTORS' REPORT

Your Directors present the 61st Annual Report of the Company, together with the audited Statements of Accounts for the year ended 31st March, 2007.

1. FINANCIAL RESULTS AND APPROPRIATIONS

	Year ended 31 st March, 2007 (Rs Lacs)	Year ended 31 st March, 2006 (Rs Lacs)
Profit/(Loss) before Interest, Depreciation and Exceptional Items	(10.38)	1300.23
Interest	12.48	16.88
Depreciation	34.95	43.60
Exceptional Items	17.76	176.30
Prior year Adjustments	7.45	(5.90)
Profit/(Loss) Before Taxation	(32.60)	1069.35
Provision for Taxation	0.56	88.30
Deferred Tax	(3.16)	32.62
Fringe Benefit Tax	5.60	7.80
Net Profit/(Loss) after Taxation	(35.60)	940.63
Balance b/f from Previous Year	1156.55	215.92
Carried forward	1120.95	1156.55

Due to absence of profit, no dividend payout is being recommended.

2. OPERATIONS

The Gross Sales of the Company's products declined by about 4% from Rs 3370.43 lacs during 2005-06 to Rs 3234.07 lacs because of closure of the coil coating plant. The net loss after tax was Rs 35.59 lacs against the earlier year's profit of Rs 940.63. It may be recalled that during the last year a sum of Rs 1302.95 lacs (representing provision made earlier for sales tax demands) was written back.

The country's economy has generally been on an upswing and there is a widespread hope that business should expand due to increase in GDP and purchasing power of the consumers. However, the worrying part is inflation, increased cost of borrowings, increasing competitiveness of imported goods owing to cut in import duties and increase in value of Indian Rupee. High crude oil price is also a challenge specially for developing countries like India. Your directors are however making all out efforts to improve the working of the Company.

3. PUBLIC DEPOSITS

No deposits were accepted during the year.

4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr Tushar Agarwal retires by rotation at the ensuing Annual General meeting but being eligible, offers himself for reappointment.



HARDCASTLE & WAID MANUFACTURING COMPANY LIMITED

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 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 frauds and other irregularities;
- the annual accounts have been prepared on a going concern basis.

9. 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.

10. EMPLOYEE RELATIONS

Relations with employees during the year continued to be cordial.

11. ACKNOWLEDGEMENTS

The Board sincerely thanks all stakeholders for their continued support.

On Behalf of the Board

Mumbai,
31st July, 2007

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, 2007.

A. CONSERVATION OF ENERGY

- Appropriate measures to derive optimum benefit of energy-saving equipment and energy-efficient technology for the production processes are part of operational policy of the Company.

2006-2007 2005-2006

b. Power & Fuel Consumption

i) Electricity			
(a) Purchased -			
Units(000s)	179	305	
Total Amount (Lac Rs)	9.72	16.96	
Average Rate(Rs per Unit)	5.43	5.56	
(b) Own generation			
(i) Through Diesel Generator			
Units(000s)	5	6	
Units per litre of diesel oil	2.32	1.70	
Cost/Unit (Rs)	15.40	18.62	
(ii) Through Steam Turbine/Generator	NIL	NIL	
ii) Coal	NIL	NIL	
iii) Furnace Oil			
Quantity (Kilolitres)	81	88	
Total Amount (Lac Rs)	14.18	13.08	
Average Rate (Rs per kilolitre)	17456	14784	
iv) Others			
Quantity (Kilolitres)	1	6	
Total Amount (Lac Rs)	0.80	3.53	
Average Rate (Rs per kilolitre)	57508	56909	

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 aimed at developing new products/processes, 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

	2006-07	2005-06
	Rs Lacs	Rs Lacs
a. Capital	NIL	0.89
b. Recurring	6.84	4.69
Total	6.84	5.58
c. Total R & D Expenditure as percentage of Turnover	0.21%	0.17%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned and utilised was Rs 15.35 lacs and Rs 157.38 lacs respectively.

On Behalf of the Board

Mumbai,
31st July, 2007

B.L. Jatia
Chairman & Managing Director



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, 2007. 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:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. 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.
3. The Company is not a private limited company.
4. The Board of Directors duly met 7 times on 28.4.06, 30.6.06, 31.7.06, 31.7.06, 28.9.06, 31.10.06 and 31.1.07 in respect of which meetings proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 29.09.2006 to 30.09.2006 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31st March, 2006 was held on 30th September, 2006 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. 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.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. No approvals of the nature specified in Section 314 of the Act were required to be obtained by the Company.
12. The Board of Directors has duly approved through its duly constituted committee the issue of duplicate share certificates by the company.
13. The Company:
 - (i) 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;
 - (ii) has not declared and/or paid any dividend;
 - (iii) has no amounts lying in unpaid dividend account for transfer to the Investor Education and Protection Fund; and
 - (iv) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of directors have been duly made.
15. The appointment of Managing Director was made in compliance with the provisions of Sections 269 read with Schedule XIII to the Act. The said appointment did not require approval of Central Government. However approval for payment of managerial remuneration to the Managing Director from the Central Government under Section 198(4) of the Companies Act, 1956 has been duly obtained.
16. The Company has not appointed any sole-selling agents.
17. The Company has applied for 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 as detailed below -
 1. Approval to Appointment of Cost Auditor (Central Government approval is awaited).
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, 2007.
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 31.3.2007 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.
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.

Place: Mumbai
Date: 26th July, 2007

Shailesh A. Kachalia
CP: 3888
Company Secretary