

# 66<sup>TH</sup> Annual Report 2011 - 2012



**HARDCASTLE  
& WAUD  
MANUFACTURING  
COMPANY LIMITED**

**BOARD OF DIRECTORS**

Banwari Lal Jatia, Chairman & Managing Director  
Narendra Sardarsingh Karnavat  
Hasmukh Gandhi  
Tushar Gopalkrishna Agarwal  
Om Prakash Adukia

**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, GIDC, 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 66th 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, 2012 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, 2012 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. Narendra Sardarsingh Karnavat 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 thought fit, to pass the following resolution as a special 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. Banwari Lal Jatia as Chairman and Managing Director of the Company for a term of three years with effect from 26th May, 2012.

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 ₹ 2,00,000 (Rupees Two Lacs) in the grade of 2,00,000 – 15,000 – 2,30,000.
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 :
  - a) Contribution to provident fund, superannuation fund or annuity fund to the extent these are not taxable under the Income Tax Act, 1961.
  - b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
  - c) 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 hospitalization, 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 month's 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;
- 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. Banwari Lal 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. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in regard to the special business is annexed.
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, 2012 to 28th September, 2012 (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.

Registered Office :  
Netivali Baug,  
Kalyan - 421 306

By Order of the Board of Directors

**Om Prakash Adukia**  
Director

Date: 11th August, 2012

**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 11th August, 2012 decided to re-appoint Mr. Banwari Lal Jatia as Chairman and Managing Director (CMD) for a further period of 3 years effective 26th May, 2012 at remuneration approved by a resolution passed by the Board's Remuneration Committee subject to approval of Members.

Mr. Banwari Lal Jatia (a promoter of the Company) is a commerce and law graduate with over 43 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 members' approval.

Except Mr. Banwari Lal Jatia, none of the directors is interested in the resolution.

The Statement as required under clause 1(B) of Section II Part II of Schedule XIII of the Companies Act, 1956 with respect to the aforesaid item No. 4 is as follows :

**I. General Information :**

- |   |                  |
|---|------------------|
| (1) Nature of Industry  | Trading Company  |
| (2) Date of expected date of commencement of commercial production  | Existing Company |
| (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not applicable   |
| (4) Financial performance based on given indicators :   |                  |

	For 3 months ended 30.6.2012 (Unaudited)	Financial Year 2011-12 (Audited)	Financial Year 2010-11 (Audited)
Net Sales/ Income from operations	72.19	202.30	492.15
Other Income	28.62	2045.66	242.04
Total Expenditure (Including loss on Sale of Investments, etc.)	86.00	2208.41	548.89
Finance Costs	0.71	0.89	2.99
Depreciation	5.67	23.41	59.47
Profit/ (loss) before Tax	8.43	15.25	122.84
Tax expense	0.67	(965.78)	(2.80)
Net Profit	7.76	981.03	125.64

(5) Export performance and net foreign exchange earnings : Nil

(6) Foreign investments or collaborations, if any Nil

**II. Information about the appointee :**

- |   |   |
|---|---|
| (1) Background details  | Mr. Banwari Lal Jatia is a commerce and law graduate with over 43 years experience in various industries.   |
| (2) Past remuneration   | Was appointed as MD by members in the grade of ₹ 125000-15000-185000 p.m. for 5 years w.e.f. 26.5.2007 and a commission not exceeding 1% of the Net Profits with other perquisites and benefits.  |
| (3) Recognition or awards   | -   |
| (4) Job profile and his suitability   | Overall charge of running the affairs of the Company subject to the superintendence and control of the Board of Directors and performing such other duties and services as may be entrusted to him by the Board. He has managed the affairs of the Company successfully for the past several years and is thus eminently suited for the office. |
| (5) Remuneration proposed   | A monthly salary of ₹ 2,00,000-15,000-2,80,000 for 3 years w.e.f. 26.05.2012 and a commission of 1% of net profits with other perquisites and benefits.   |
| (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates, the relevant details would be w.r.t. the country of his origin) | The proposed remuneration is comparable with the remuneration drawn by peers.   |
| (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any   | Mr. Banwari Lal Jatia is a Promoter of the Company controlling 70.81% shares out of the equity capital of the Company. He has no relationship with the managerial personnel of the Company  |



**III. Other information :**

- |   |     |
|---|-----|
| (1) Reasons of loss or inadequate profits                             | N/A |
| (2) Steps taken or proposed to be taken for improvement               | N/A |
| (3) Expected increase in productivity and profits in measurable terms | N/A |

Interest under section 302(7) of the Companies Act, 1956.

 Registered Office : By Order of the Board of Directors  
 Netivali Baug,  
 Kalyan - 421 306

**Om Prakash Adukia**  
 Director

This Explanatory Statement read with the proposed resolution may be treated as an abstract of the terms of appointment and Memorandum of

**Date:** 11th August, 2012

**DIRECTORS' REPORT**

Your Directors present the 66th Annual Report of the Company, together with the audited Statements of Accounts for the year ended 31st March, 2012.

**1. FINANCIAL RESULTS AND APPROPRIATIONS :**

	Year ended 31st March, 2012 (₹ Lacs)	Year ended 31st March, 2011 (₹ Lacs)
Profit before Interest, Depreciation and Exceptional Items	28.71	181.61
Interest	0.45	2.03
Depreciation, etc.	23.41	59.47
Profit Before Taxation	4.85	120.11
Prior Year Adjustments	10.39	2.74
Provision for Taxation	18.87	(3.47)
Deferred Tax	(984.65)	0.68
Net Profit after Taxation	981.02	125.64
Transfer to General Reserve	-	50.00
Balance b/f from Previous Year	2222.81	2147.17
Carried forward	3203.83	2222.81

**2. OPERATIONS :**

Revenue from Operations witnessed a steep fall compared to last year, while the profit after tax was substantially higher at ₹ 981.02 lacs to that of ₹ 125.64 lacs recorded last year which was mainly attributed to income generated from sale of fixed assets.

The Indian economy is witnessing a strain after 2 years of sustained growth. The global financial melt down and debt crises in the euro zone, volatile crude oil prices, the weak Rupee, inflation and other factors contributing to the sluggish global growth have impacted the Indian economy which declined to 6.5% growth compared to growth of 8.4% in the preceding two financial years.

While the Government is taking monetary control measures to tame inflation, the country faces a major challenge to augment and sustain economic growth.

As reported last year, the Company had applied to the Bombay Stock Exchange for listing of 67,500 fully paid new equity shares on the Exchange pursuant to the conversion of 7,500 Zero% Convertible Debentures of ₹ 10,000 each issued earlier. The Directors are pleased to inform you that the said shares have since been listed on the Exchange.

**3. PUBLIC DEPOSITS :**

No deposits were accepted during the year.

**4. DIRECTORS :**

In accordance with the provisions of the Companies Act, 1956, Mr. Narendra Sardarsingh Karnavat retires by rotation at the ensuing Annual General Meeting 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. FOREIGN EXCHANGE EARNING & OUTGO :**

The Company expended ₹ 5.07 lacs in foreign currency, however, there was no foreign exchange earning.

There are no other particulars to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**7. PARTICULARS OF EMPLOYEES :**

There are no particulars to be disclosed under the provisions of Section 217(2A) 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 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,  
 11th August, 2012

**Banwari Lal Jatia**  
 Chairman & Managing Director



To

The Members

Hardcastle &amp; Waud Manufacturing Company Limited

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, 2012. 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 6 times on 08.05.2011, 13.05.2011, 21.07.2011, 05.08.2011, 09.11.2011 and 07.02.2012 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 29.09.2011 to 30.09.2011 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, 2011 was held on 30th September, 2011 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. No duplicate share certificates were issued by the Company.
13. The Company has :
  - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer/ transmission or for any other purpose in accordance with the provisions of the Act;
  - (ii) not declared and/or paid any dividend;
  - (iii) no amounts lying in unpaid dividend account for transfer to the Investor Education and Protection Fund; and
  - (iv) 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 the Central Government.

16. The Company has not appointed any sole-selling agents.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and or any other prescribed authorities under the various provisions of the Act.
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 issued 67,500 Equity Shares of ₹ 10 each during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year ending 31st March, 2012.
21. The Company has not 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 of the Act 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 31.3.2012 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.

Signature:

Shailesh A. Kachalia

CP: 3888

Company Secretary

Place : Mumbai

Date : 8th August, 2012