



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

70th Annual Report 2015-2016

BOARD OF DIRECTORS

Banwari Lal Jatia, *Managing Director*
Narendra Sardarsingh Karnavat (upto 6.11.2015)
Hasmukh Balkrishna Gandhi
Tushar Gopalkrishna Agarwal (upto 6.11.2015)
Om Prakash Adukia
Dharmendra Agarwal (upto 30.05.2016)
Sunil Trivedi (w.e.f. 30.05.2016)
Smita Jatia
Rekha Pacharia (w.e.f. 30.05.2016)

AUDITORS

Messrs GMJ & Co.

REGISTERED OFFICE

Mall Office, 2nd Floor, Metro Junction Mall of
West Pioneer Properties (I) Pvt Ltd, Netivali, Kalyan (E) 421306

HEAD OFFICE

Brabourne Stadium, 87, Veer Nariman Road,
Mumbai 400 020.

WORKS

1904, GIDC, Sarigam 396 155, Dist. Valsad (Gujarat)

REGISTRARS & SHARE TRANSFER AGENT

Link Intime India Private Limited
Pannalal Silk Mills Compound, C-13, Lal Bahadur Shastri Marg,
Subhash Nagar, Bhandup (West), Mumbai 400078

NOTICE

Notice is hereby given that the Seventieth Annual General Meeting (AGM) of members of the Company will be held at the Registered Office of the Company at Mall Office, 2nd Floor, Metro Junction Mall of West Pioneer Properties (I) Pvt Ltd, Netivali, Kalyan (E) 421306 on Friday, the 30th September, 2016 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs Smita Jatia (DIN: 03165703), who retires by rotation and being eligible, offers herself for re-appointment.
3. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to provisions of Section 139(1) and 142(1) of the Companies Act, 2013 the appointment of Statutory Auditors of the Company M/s GMJ & Co., Chartered Accountants (Firm Registration No.103429W), be and is hereby ratified for the financial year 2016-2017 at such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to provisions of Sections 149, 150 and 152 and Schedule IV, and other applicable provisions of the Companies Act, 2013 read with applicable rules and regulations the appointment of Mr Sunil Trivedi (DIN – 00387797) as an Independent Director of the Company be and is hereby approved for a term of five years w.e.f 30.5.2016."
5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to provisions of Sections 149, 150 and 152 and Schedule IV, and other applicable provisions of the Companies Act, 2013 read with applicable rules and regulations the appointment of Ms Rekha Pacharia (DIN – 07415573) as an Independent Director of the Company be and is hereby approved for a term of five years w.e.f 30.5.2016."
6. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:
"RESOLVED THAT pursuant to Sections 196, 197 and 203 and Schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') read with applicable rules and regulations approval of the Company be and is hereby accorded to the re-appointment of Mr Banwari Lal Jatia (DIN – 00016823) as Managing Director of the Company for a period of three years with effect from April 01, 2017 subject to the following terms and conditions:-
 1. The Managing Director shall, subject to superintendence and control of the Company's Board of Directors (hereinafter referred to as 'the Board') 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;
 2. Remuneration – A monthly salary of Rs 3,00,000 (Rupees Three Lacs) in the grade of Rs 3,00,000 – 25,000 – 3,50,000.
 3. The appointee shall also be eligible to the following perquisites which shall not be included in the computation of the remuneration specified in the preceding clause;
 - a) Contribution to provident fund, superannuation fund and/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.
 4. 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 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 Act or as may be agreed between the Board 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 any committee thereof."
7. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:
- "RESOLVED THAT** pursuant to the provisions of Sections 88 and 94 of the Companies Act, 2013 read with applicable rules made thereunder, approval of members be and is hereby accorded to shift and maintain the Registers and Index of Members at the office of Link Intime India Private Limited the Registrars and Transfer Agent of the Company (RTA) situated at Pannalal Silk Mills Compound, C-13, Lal Bahadur Shastri Marg, Subhash Nagar, Bhandup (West), Mumbai 400078 for the time being or at such other places where the RTA may shift from time to time.
- "RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the aforesaid resolution."
8. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
- "RESOLVED THAT** pursuant to Section 20 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder, consent of members of the Company be and is hereby accorded to charging by the Company from members the following amounts for delivery of a document through any one of the modes prescribed under the Act as may be requested by the member:
- i) Actual Charges at applicable rates at the relevant time; and
 - ii) Rs 100 (or such other amount as may be determined by the Board of Directors of the Company from time to time) for each document as administrative expenses."
- "RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Directors and or the Key Managerial Personnel of the Company be and are hereby severally authorized to do all acts, deeds, matters and things as may be deemed necessary, proper or desirable and to settle any question, difficulty, doubt etc that may arise in respect of the matter aforesaid."

Notes:

1. A statement pursuant to Section 102 (1) of the Companies Act, 2013 (the Act) relating to the Special Business to be transacted at the meeting is annexed hereto.
2. A person entitled to attend and vote at the meeting is entitled to appoint one or more proxy to attend and vote instead of himself / herself and a proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10 per cent of the total share capital of the Company carrying voting rights.
Proxies, in order to be effective, must be delivered/ 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 29th September, 2016 and 30th September, 2016.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Company has appointed Link Intime India Private Limited, Pannalal Silk Mills Compound, C-13, Lal Bahadur Shastri Marg, Subhash Nagar, Bhandup (West), Mumbai 400078 (new RTA) as its Registrars and Share Transfer Agent. Also the website address of the Company has changed from www.hawcoindia.com to www.hawcoindia.in. Members may please make note of the same.

6. Members, who are holding shares in physical form are requested to address all correspondence concerning registration of transfers, transmissions, sub-division, consolidation of shares or any other share related matters to the new RTA.
7. Rule 3 of the Companies (Management & Administration) Rules, 2014 mandates that the Register of Members of a company should include details pertaining to e-mail address, Permanent Account Number or CIN, Unique Identification Number, if any; Father's/Mother's/Spouse's name, occupation, status and nationality; and in case the member is a minor, name of the guardian and the date of birth of the minor, and name and address of the nominee. All members are requested to update their details as aforesaid with their respective depository participant (DP's) or the new RTA of the Company.
8. Members are requested to notify any change of address and to get their respective bank account details updated with their respective DP's or the new RTA directly.
9. Members may, pursuant to Section 72 of the Act read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, file nomination in the prescribed Form SH-13 with their respective DP's or the new RTA.
10. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to the DP's with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's new RTA.
11. The notice of AGM is being sent to those members / beneficial owners whose name(s) appear in the register of members / list of beneficiaries as on Friday, the 5th August, 2016 received from the depositories.
12. A person, whose name is recorded in the register of members or in the register of beneficial owners as on the cut-off date i.e. 23.09.2016 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper, as the case may be.
13. VOTING THROUGH ELECTRONIC MEANS:

- I. Members can exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means. The facility of casting votes by members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. Facility for voting through ballot paper shall also be available at the AGM. Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot papers. There shall be no voting by show of hands at the AGM.
- III. Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Tuesday, 27th September, 2016 (9.00 am) and ends on Thursday, 29th September, 2016 (5.00 p.m.). During this period, members, holding shares as on the cut-off date of 23.09.2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled for voting thereafter. Once vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.

- V. The process and manner for remote e-voting are as under:

- A. In case a member receives an email from NSDL:

- (i) Open PDF file sent to you in the e-mail. Kindly feed your Client ID or Folio No., as may be applicable, for your password. The PDF file contains your user ID and PIN for remote e-Voting. This PIN is an initial one and needs to be changed while doing first time login for security purpose.

You will not receive this PDF file if you are already registered with NSDL for remote e-voting in which case, you can use your existing PIN for casting the vote. If you have forgotten your PIN you can reset your PIN by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at toll free no.1800-222-990.

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder – Login
- (iv) Enter user ID and PIN(the initial PIN as noted in step (i) above). Click Login.
- (v) Password change menu appears. Change the PIN with new PIN of your choice. Note new PIN.
- (vi) Home page of remote e-Voting opens. Click on remote e-Voting: Active Voting Cycles.
- (vii) Select the "REVEN" (remote e-Voting Event Number) of Hardcastle & Waud Mfg. Co. Ltd. Cast Vote page opens.
- (viii) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (ix) Upon confirmation, the message "Vote cast successfully" will be displayed.

- B. Members receiving physical copy of the notice, the procedure to vote electronically is as under:

- (i) Initial password is provided in the following format at the bottom of the Attendance Slip of the AGM sent with the Annual Report:

REVEN (Remote e-Voting Event Number)	USER ID	PASSWORD/ PIN

- (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (ix) of note V. A above, to cast vote.

- VI. In case of any queries, you may refer the FAQs and remote e-voting user manual for members available at the downloads section of www.evoting.nsdl.com or call on toll free no.:1800-222-990.
- VII. Any person, who acquires shares of the Company and becomes member of the Company after despatch of this notice and holding shares as of the cut-off date i.e. 23.09.2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or at evoting@linkintime.co.in.
14. Mr Shailesh Kachalia, (PCS - CP No.3888) has been appointed as the Scrutinizer to scrutinise the voting at the AGM and remote e-voting process in a fair and transparent manner.
15. Results shall be declared within three working days after the conclusion of the AGM. Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.hawcoindia.in and on the website of NSDL www.evotingindia.com and the same shall also be communicated to the Bombay Stock Exchange Limited, where shares of the Company are listed.
16. Details of directors seeking approval / appointment / re-appointment are furnished below:

Sr No	Particulars of Candidates				
1	Name	Mrs Smita Jatia (DIN: 03165703)	Mr Sunil Trivedi (DIN: 00387797)	Ms Rekha Pacheria (DIN: 07415573)	Mr Banwari Lal Jatia (DIN: 00016823)
2	Age	46 years	59 years	26 years	72 years
3	Qualifications	A commerce graduate from Sydenham College, Mumbai, Ms Jatia has also completed an 18 - week executive management program from Harvard Business School, Boston and has undergone a Marketing and Restaurant Leadership program at the Hamburger University, USA.	Under Graduate in Science	Bachelor in Science in Information Technology (B.Sc IT)	Holds B.Com and LLB degrees from the University of Mumbai.
4	Experience / nature of expertise in specific functional areas	Over two decades of experience in the retail sector	Has long relevant working experience of over 25 years	-	Over 47 years of experience in paper, textiles, chemicals, food processing, mining, healthcare, investments and finance and retail sectors.
5	Terms and conditions	Liable to retire by rotation.	As an Independent Director for a term of 5 years w.e.f 30.5.2016	As an Independent Director for a term of 5 years w.e.f 30.5.2016	As Managing Director for a period of three years w.e.f 1.4.2017; not liable to retire by rotation.
6	Date of first appointment on the Board	30.9.2014	30.5.2016	30.5.2016	26.5.1994
7	Shareholding in the Company	6,586 Equity	Nil	Nil	6,028 Equity
8	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Daughter-in-law of Mr Banwari Lal Jatia, a director of the Company	Not related to any any other Director or KMP of the Company	Not related to any any other Director or KMP of the Company	Father-in-law of Mrs Smita Jatia, a director of the Company
9	Number of Board Meetings attended during the year	3 (Three)	NA	NA	5 (Five)
10	Other listed entities in which directorships held	Westlife Development Limited	Nil	Nil	Westlife Development Limited
*11	Membership / Chairpersonship of Committees of other Boards of listed entities	Nil	Nil	Nil	Chairman of Stakeholders Relationship Committee of Westlife Development Limited

*Only memberships of Audit Committee and Stakeholders' Relationship Committee of listed companies considered.

17. Route Map showing directions to reach venue of the AGM appears at end of the Annual Report.

Registered Office

Mall Office, 2nd Floor, Metro Junction Mall of
West Pioneer Properties (I) Pvt Ltd,
Netivali, Kalyan (E) 421306

Dated: 11th August, 2016

By Order of the Board of Directors

Smita Achrekar
Company Secretary

Annexure to the Notice

Statement pursuant to Section 102 (1) of the Companies Act, 2013 ("the Act").

Item Nos. 4 & 5

Following the resignations of M/s N. S. Karnavat & Tushar Agarwal, independent directors of the Company w.e.f 6.11.2015, Mr Chandrakant Khaitan was appointed as an Additional Director in the category of independent directors w.e.f 6.11.2015, pursuant to Section 161 of the Act. However due to personal reasons Mr Chandrakant Khaitan and Mr Dharmendra Agarwal, both independent directors, had tendered their resignations effective 30.5.2016.

Mr Sunil Trivedi (DIN: 00387797) and Ms Rekha Pacheria (DIN: 07415573) were appointed as independent directors w.e.f 30.5.2016, the Nomination and Remuneration Committee of the Company having confirmed that both Mr Trivedi and Ms Pacheria qualify for such appointment.

The Company has received notices from members along with deposit of requisite amounts under Section 160 of the Act proposing the candidature of Mr Trivedi and Ms Pacheria for the offices of Independent Director. The Company has also received declarations from both of them that they meet the criteria of independence as prescribed under the Act and the SEBI Listing Regulations.

In opinion of the Board Mr Trivedi and Ms Pacheria fulfill the conditions specified in the Act and the rules made thereunder. The Board considers that their association would be of immense benefit to the Company and it is desirable to continue to avail their services.

It is proposed that the appointment of both Mr Trivedi and Ms Pacheria as Independent Directors of the Company be approved for a term of five years w.e.f 30.5.2016.

Letters of appointments of Mr Trivedi and Ms Pacheria, setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

Requisite information of both appear at note no 16 of the accompanying notice.

The Board commends the resolutions as set out at item nos 4 & 5 for approval of members.

Mr Trivedi and Ms Pacheria are interested in the respective resolution with regard to their appointment. Also their relatives may be deemed to be interested to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other directors / key managerial personnel of the Company / their relatives are, in any way, concerned or interested financially or otherwise, in the resolutions.

Item No. 6

Mr Banwari Lal Jatia, Managing Director of the Company was appointed for a tenure of three years with effect from April 01, 2014 vide members' Special Resolution dated September 30, 2014. His tenure expires on March 31, 2017.

Since Mr Jatia has already completed 70 years of age and in view of provisions of Section 196 (3) of the Act and based on recommendation of the Nomination and Remuneration Committee, members' approval is being sought for re-appointment of Mr Jatia for a period of 3 years effective from 1st April 2017.

Considering Mr Jatia's vast experience in various facets of industry and business and his long association with the Company, the Board commends the resolution for members' approval.

Mr B. L. Jatia and Mrs Smita Jatia, director of the Company and their relatives may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the other directors / key managerial personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

Statement as required under Clause (B) of Section II Part II of Schedule V of the Act with respect to the aforesaid item No. 6 is as follows:

I. General Information:

- | | |
|--|-------------------------------|
| (1) Nature of Industry | Manufacturing / Trading |
| (2) Date of commencement of commercial production | Since more than 60 years ago. |
| (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 30.6.2016 (Unaudited) (Rs Lacs)	Financial Year 2015-16 (Audited) (Rs Lacs)	Financial Year 2014-15 (Audited) (Rs Lacs)
Net Sales/ Income from operations	64.52	506.53	365.86
Other Income	33.29	193.40	219.06
Total Expenditure (Including Loss on Sale of Investments, etc.)	91.78	500.82	451.92
Finance Costs	0.02	0.01	0.02
Depreciation	8.23	33.05	32.25

	For 3 months ended 30.6.2016 (Unaudited) (Rs Lacs)	Financial Year 2015-16 (Audited) (Rs Lacs)	Financial Year 2014-15 (Audited) (Rs Lacs)
Prior year Adjustments	-	(0.09)	11.70
Profit/ (Loss) before Tax	(2.22)	165.96	112.43
Tax Expense	(0.95)	1145.37	(17.87)
Net Profit / (Loss)	(1.27)	(979.41)	130.30

(5) 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 47 years' experience in various industries. |
| (2) Past Remuneration | Was last appointed as Managing Director in the grade of Rs 2,45,000-15,000-2,75,000 p.m. for 3 years w.e.f. 1.4.2014 and with other perquisites and benefits. |
| (3) Recognition or awards | - |
| (4) Job profile and his suitability | Overall charge of running affairs of the Company subject to superintendence and control of the Board of Directors and performing such other duties and services as entrusted to him by the Board from time to time.

He has managed the affairs of the Company successfully for the past 22 years and is thus eminently suited for the office. |
| (5) Remuneration proposed | Monthly salary in the grade of Rs 3,00,000 – 25,000 – 3,50,000 with other perquisites and benefits. |
| (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person. | 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 73.47% of its equity capital. He is father-in-law of Mrs Smita Jatia, a director of the Company.

He has no relationship with the managerial personnel of the Company. |

III. Other information:

- | | |
|---|--|
| (1) Reasons of loss or inadequate profits | General depressed economic conditions |
| (2) Steps taken or proposed to be taken for improvement | Reducing costs and exploring new avenues of income |
| (3) Expected increase in productivity and profits in measurable terms | Difficult to quantify |

The above information may be treated as written memorandum setting out the terms of re-appointment of Mr B. L. Jatia under Section 190 of the Act.

Item No. 7

In accordance with Section 94 of the Act read with applicable rules made thereunder the Registers and Index of Members has to be kept and maintained at the Registered Office of the Company unless a Special Resolution is passed in a general meeting of members authorizing to keep the same at any other place in which more than one-tenth of the total number of members resides.

The Board recommends keeping of Registers and Index of Members at the office of Link Intime India Private Limited, RTA situated at Pannalal Silk Mills Compound, C-13, Lal Bahadur Shastri Marg, Subhash Nagar, Bhandup (West), Mumbai 400078 and at such other places where the RTA may shift from time to time.

The Board commends the resolution as set out at item no.7 for approval of members.

None of the directors / key managerial personnel of the Company / their relatives are, except as shareholders of the Company, in any way, concerned or interested financially or otherwise, in this resolution.

Item No. 8

Pursuant to provisions of Section 20 (2) of the Act a document may be served by the Company on any member by sending it to him either by post or by registered post or by speed post or by courier or by delivering it at his office address. The said section also provides that a member may request the Company for delivery of any document through a particular mode for which the Company may charge fees from such member; however, such fees must be pre-determined by the Company in a general meeting.

It is therefore proposed to fix the amount of such fee which shall be payable by shareholders to the Company, for delivering of any document(s), if any, by a particular mode upon any such request.

The Board commends the resolution as set out at item no. 8 for approval of members.

None of the directors / key managerial personnel of the Company / their relatives are, except as shareholders of the Company, in any way, concerned or interested financially or otherwise, in this resolution.

Registered Office

Mall Office, 2nd Floor, Metro Junction Mall of
West Pioneer Properties (I) Pvt Ltd,
Netivali, Kalyan(E) 421306

Dated: 11th August, 2016

By Order of the Board of Directors

Smita Achrekar
Company Secretary

DIRECTORS REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure in placing before you their Seventieth Annual Report together with the Audited Financial Statements for the year ended March 31, 2016. The Management Discussion and Analysis is also included in this Report.

1. FINANCIAL RESULTS AND APPROPRIATIONS

	Year Ended March 31, 2016 (₹ Lacs)	Previous Year March 31, 2015 (₹ Lacs)
Profit/ (Loss) before Interest, Depreciation & Exceptional Items	199.11	133.00
Interest	0.01	0.02
Depreciation, etc.	33.05	32.25
Profit/(Loss) before Taxation and Past MAT entitlement lapsed Rs 42.89 Lacs (Prev. Year Nil)	166.05	100.73
Prior Year Adjustments	0.09	(11.70)
Provision for Taxation	60.32	4.90
Deferred Tax	1085.05	(22.77)
Net /Profit/(Loss) after Taxation	(979.41)	130.30
Balance b/f from Previous Year	0.10	3037.80
Total Available	(979.31)	3168.10-
Transferred to General Reserve	-	3168.00
Carried forward	(979.31)	0.10

In view of absence of divisible surplus no dividend is being recommended.

2. OPERATIONS:

The Company achieved a turnover of Rs 506.53 lacs this year as against Rs 365.86 lacs during the previous year. However, due to increase in other indirect business expenses as specified in the notes to the financial statements and reversal of deferred tax asset amount the Company has incurred after tax loss of Rs 979.41 lacs as against profit of Rs 130.30 lacs in the previous year.

The Company is hopeful for a better year ahead.

3. MANAGEMENT DISCUSSION AND ANALYSIS:

During the year, the Company's sales of products and services amounted to Rs 506.53 lacs as compared to Rs 365.86 lacs in the previous year, implying approximate growth of 38.45%.

The Company's current business activity consists of two segments, Industrial Chemicals and Investments. During the year under review, revenue from industrial segment was Rs 608.10 lacs in comparison to Rs 470.40 lacs in the previous year and revenue from investments segment was Rs 91.49 lacs in comparison to Rs 104.03 lacs in the previous year.

The activities at Company's factory were suspended due to lack of orders and business exigencies. The Company has during the current year given its manufacturing assets on lease.

The Company for time being is focusing on increase in revenue and reduction in costs. Efforts are also continuously being made in looking out for new opportunities for business.

The Company has in place internal financial control systems, commensurate with its size and the nature of its operations to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. The internal auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company. Based on the reports of the internal auditor, respective departments undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Information pertaining to financial performance forms part of Directors Report.

There were no material developments in Company's Human Resource Capital. Industrial relations continue to be stable.

4. DIRECTORS:

- a) At the 69th Annual General Meeting (AGM) held on 30.09.2015, Mr Om Prakash Adukia (DIN: 00017001) was re-appointed as adirector of the Company. Also Mr Dharmendra Agarwal (DIN: 06406889) was appointed as an Independent Director.
- b) Mr N. S. Karnavat (DIN: 00027130) and Mr Tushar Agarwal (DIN: 00043184), Independent Directors, resigned w.e.f 6.11.2015. On recommendations of the Nomination and Remuneration Committee of the Company (NRC), Mr Chandrakant Khaitan was appointed as

an additional director of the Company in the category of Independent Director w.e.f 6.11.2015. However, Mr Chandrakant Khaitan and Mr Dharmendra Agarwal, both independent directors, have since resigned as directors w.e.f 30.5.2016. Mr Sunil Trivedi (DIN: 00387797) and Ms Rekha Pacharia (DIN: 07415573) were appointed as additional directors of the Company w.e.f 30.5.2016, in the category of independent directors. Pursuant to Section 150 (2) of the Act the appointments of both Mr Trivedi and Ms Pacharia need to be approved by members.

The appointees possess requisite expertise and knowledge and are qualified for being Independent Directors of the Company. The Company has also received prescribed notices from members along with security deposits.

Approval of members is being sought for appointment of Mr Trivedi and Ms Pacharia for a term of five years w.e.f 30.5.2016.

Necessary declaration have been received from each independent director under Section 149(7) of the Act that he / she meets the criteria of independence laid down in Section 149 (6) of the Act.

- c) At the 68th AGM of members Mr Banwari Lal Jatia (DIN:00016823) was re-appointed as Managing Director of the Company for a period of three years w.e.f 01.04.2014. Since the tenure of Mr Jatia would expire on 31.3.2017 the Board at its meeting held on 11.8.2016, decided to seek members' approval for re-appointment of Mr Jatia as Managing Director of the Company for a further period of 3 years.
- d) Mrs Smita Jatia (DIN: 03165703) retires by rotation at the ensuing AGM but being eligible offers herself for re-appointment.
- e) Board Evaluation:
The Board has carried out an annual evaluation of its own performance, as also of the individual directors and its various committees. The performance of Non-Independent Directors and the Board as a whole was carried out by the Independent Directors at their separate meeting. Evaluation of performance of Independent Directors was carried out by the entire Board of Directors, excluding the director being evaluated. The directors expressed satisfaction with the evaluation process and the results.
- f) Meetings:
During the year 5 board meetings were convened and held.

5. COMMITTEES OF BOARD:

The Board of Directors has reconstituted its following committees:

i) Audit Committee:

Mr Sunil Trivedi (Chairman)
Ms Rekha Pacharia
Mr Om Prakash Adukia

During the year there were no instances where the Board had not accepted the recommendations of the Audit Committee. The Company has also put in place a vigil mechanism for directors and employees to report their concerns / grievances etc. to the Audit Committee which oversees the functioning of such mechanism.

ii) Nomination and Remuneration Committee:

Mr Sunil Trivedi (Chairman)
Ms Rekha Pacharia
Mr Om Prakash Adukia

The Company's policy on directors' and other appointment and remuneration, etc. is attached as 'Annexure I' to this report.

iii) Stakeholders' Relationship Committee:

Mr Om Prakash Adukia (Chairman)
Mr B L Jatia
Mr Sunil Trivedi

iv) Risk Management Committee:

Mr B L Jatia (Chairman)
Mr Om Prakash Adukia
Mr Sunil Trivedi

In the Boards' perception, there are no foreseeable risks which could threaten the exigencies of the Company.

Share Transfer Committee was also reconstituted for administrative convenience.

6. FRESH LISTING AGREEMENT:

The Company has executed a fresh listing agreement with the Bombay Stock Exchange Limited pursuant to SEBI Circular dated 13.10.2015 consequent to notification of the SEBI Listing Regulations.

7. CHANGE IN COMPANY'S REGISTRARS AND TRANSFER AGENT (RTA):

Pursuant to SEBI order WTM/RKA/MIRSD2/41/2016 dated 22.3.2016, Link Intime India Pvt Ltd were appointed as the Company's RTA in place

of Sharepro Services (India) Pvt Ltd w.e.f. 1.5.2016. Members are requested to note the change and address all correspondence and requests relating to transfer of shares etc to the new RTA whose contact details appear in Annexure - V to this report.

8. UNCLAIMED SHARE CERTIFICATES:

It may be recalled that in the year 2000, pursuant to a Scheme of Arrangement between the Company and Vesna Agencies Pvt Ltd (Hawcoplast Chemicals Ltd) (HCL) the Company had issued and allotted to each member of the Company on a proportionate basis 2 fully paid equity shares of Rs10 each of the Company in lieu of every 5 each equity shares held on the relevant date. For claiming the new share certificates, members so were required to surrender their old certificates. While majority of the members so surrendered their certificates, many members did not do so despite the Company regularly advising them to do so and collect the new certificates through its notices of AGMs.

The Company again sent three fresh reminders to each of such members on 20.11.2015, 29.12.2015 and 29.01.2016. Since the shares remaining unclaimed after the 3rd reminder are required to be maintained in electronic mode, the Company has opened a separate demat account with Rashi Equisearch Pvt Ltd, a registered depository participant, and 9778 such unclaimed shares have been transferred thereto on 27.5.2016 after dematerialization. Members who have not yet collected their share certificates can still do so through the Company's new Registrars and Transfer Agent, Link Intime India Pvt Ltd.

The voting rights on such unclaimed shares will remain frozen till the rightful owner(s) claim(s) the shares.

9. SHIFTING OF REGISTERED OFFICE OF THE COMPANY:

With effect from 13.7.2016 the registered office address of the Company has been changed to Mall Office, 2nd Floor, Metro Junction Mall of West Pioneer Properties (I) Pvt Ltd, Netivali, Kalyan (E) – 421306, Thane.

10. PROPOSED SHIFTING OF REGISTER OF MEMBERS:

Subject to approval of members at the ensuing AGM, the Board of Directors have decided to shift and maintain the Registers and Index of Members at the office of Link Intime India Private Limited, RTA situated at Pannalal Silk Mills Compound, C-13, Lal Bahadur Shastri Marg, Subhash Nagar, Bhandup (West), Mumbai 400078 for administrative convenience.

11. CHANGE IN WEBSITE ADDRESS OF THE COMPANY:

The website address of the Company has been changed from www.hawcoindia.com to www.hawcoindia.in. Members are requested to make note of the same.

12. AUDITORS:

M/s GMJ & Co., Chartered Accountants were appointed as Statutory Auditors of the Company at the AGM held on 30.9.2014 for a period of five years subject to ratification by members at every subsequent AGM. Ratification of the appointment is therefore being sought from members.

The Company has obtained a certificate from M/s GMJ & Co. to the effect that their re-appointment, if made, would be in accordance with the Act and the Rules framed thereunder.

13. AUDITORS' REPORT:

The Auditors' Report does not contain any reservation, qualification or adverse remark.

14. SECRETARIAL AUDIT:

A Secretarial Audit Report for the financial year ended 31st March, 2016 is annexed hereto as 'Annexure II'.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

15. LOANS / INVESTMENTS:

Details of loans and investments appear in the notes to the financial statements. No guarantees/securities were provided by the Company on behalf of other bodies corporate during the year.

16. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All contracts/arrangements/transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company did not enter into any contract/arrangement/transaction with related parties which could be considered to be material.

17. CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required by Section 134(3) (m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in 'Annexure III' to this report.

18. CORPORATE SOCIAL RESPONSIBILITY (CSR):

None of the three criteria specified in Section 135(1) of the Act relating to CSR is applicable to the Company.

19. SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES:

The Company has no subsidiary, joint venture or associate.

20. PARTICULARS OF EMPLOYEES:

a. Required particulars of employees under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as 'Annexure – IV' to this report.

b. There are no employees covered by Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

21. EXTRACT OF ANNUAL RETURN:

An extract of the Company's Annual Return in form MGT-9 is annexed hereto as 'Annexure V'.

22. CORPORATE GOVERNANCE:

A report on Corporate Governance as stipulated under Schedule V of the SEBI Listing Regulations has been attached to this Annual Report.