

66TH 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 chauffer – 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 : By Order of the Board of Directors
 Netivali Baug,
 Kalyan - 421 306

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

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

Om Prakash Adukia
 Director

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	<u>3203.83</u>	<u>2222.81</u>

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 & 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

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 Directors u/s 303
9. Register of Directors' Shareholdings u/s 307.
10. Register of Investments & Loans u/s 372 A

Shailesh A. Kachalia

CP: 3888

Company Secretary

Place: Mumbai

Date : 8th August, 2012

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, 2012.

1. Forms 23 AC & 23ACA Balance Sheet and Profit & Loss Account for the year ended 31.03.2011 filed u/s 220(1).
2. Form 66 Compliance Certificate under Rule 3(2) of Companies (Compliance Certificate) Rules, 2001.
3. Form 20B Annual Return made upto 30.09.2011 (AGM) filed U/S 159(1).
4. Form 2 Return of Allotment

Shailesh A. Kachalia

CP: 3888

Company Secretary

Place: Mumbai

Date : 8th August, 2012

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of Hardcastle & Waud Mfg. Co. Ltd as at 31st March 2012 and also the Profit & Loss Account and the Cash Flow Statement annexed hereto for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the aforesaid Annexure we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches;
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of our review of the confirmations made available to us from the companies in which the directors of the Company are directors and the information and explanations given to us, none of the directors of the Company is prima facie as at 31st March 2012 disqualified from being appointed as director of the Company under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date;
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Khare & Co.

Chartered Accountants

(FRN :105100 W)

Y. P. Shukla

Proprietor

Membership no 16203

Place: Mumbai

Date: 11th August, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT TO THE MEMBERS OF HARDCASTLE & WAUD MFG CO. LTD ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

We state that: -

- i) a) The Company has maintained proper records showing particulars including quantitative details and situation of fixed assets acquired subsequent to 1st January 1973. Records prior to that date are reported to be destroyed by fire;
- b) As explained to us, the aforesaid fixed assets have been physically verified by the Management at the end of the year and it has been reported to us that the discrepancies noticed on such verification have been properly accounted for;
- c) The Company has disposed off its Freehold Land at Kalyan during the year. However it has not disposed off a substantial part of its fixed assets during the year;

- ii) a) It is reported that the inventory has been physically verified by the management at the end of the year;
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) The Company has maintained proper records of inventory and as explained to us, the discrepancies noticed on physical verification of the inventory were not material;
- iii) a) The Company has granted unsecured loans aggregating to ₹ 92.45 lacs during the year to a company covered in the register maintained under section 301 of the Companies Act, 1956;
- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company;
- c) The Company has taken unsecured loans aggregating to ₹ 56.00 lacs during the year from a company covered in the register maintained under Section 301 of the Companies Act, 1956;
- d) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company;
- e) The payments of the principal amounts and interest thereon are regular;
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. In our opinion, there is no continuing failure to correct major weaknesses in the internal control system;
- v) a) According to the information and explanations given to us, all transactions during the year that needed to be entered in the register maintained U/s 301 of the Companies Act, 1956 have been so entered;
- b) According to the information and explanations given to us, these transactions have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available;
- vi) The Company has not accepted any deposits from the public;
- vii) The Company has not appointed independent internal auditors during the year. However, in our opinion the internal audit system is commensurate with the size and nature of its business;
- viii) The Company is not required to maintain cost records in respect of the goods manufactured during the year;
- ix) a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other statutory dues have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date of becoming payable;
- b) Disputed Statutory dues aggregating to ₹ 40.77 lacs that have not been deposited on account of disputes and matters pending before appropriate authorities are as under:-

Nature of Dues	Forum where dispute is Pending	Amount Involved ₹ Lacs
Central Excise	Commissioner of Central Excise (Appeals), Mumbai	10.42
Central Excise	CESTAT, Mumbai	1.13
Sales Tax	Deputy Comm of ST (Appeals-I), Mumbai	2.42
Sales Tax	Sales Tax Officer Mumbai	20.17
Sales Tax	Sales Tax Tribunal, Kolkata	3.55
Sales Tax	Deputy Comm of ST (Appeals-CT-I), Chennai	3.08

- x) The Company has no accumulated losses and has not incurred cash loss during the financial year under report or the immediately preceding financial year;
- xi) There are no borrowings from Banks/financial institutions;
- xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans on the basis of security by way of pledge of shares, debentures or other securities;
- xiii) The Company is not a nidhi/ mutual benefit fund/society;
- xiv) According to the information and explanations given to us, proper records have been maintained by the Company of dealing and trading in shares, securities and other investments etc. and timely entries have been made therein. The securities are held by the Company in its own name;
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions;
- xvi) According to the information and explanations given to us, no term loans were obtained by the Company during the year;
- xvii) In our opinion, according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment;
- xviii) According to the information and explanations given to us, the Company has allotted 67500 Equity shares of ₹ 10 each to the holder of 0% Unsecured Compulsorily Convertible Debentures during the year at a premium of ₹ 1101.11 per share;
- xix) According to the information and explanations given to us, the Company has not issued any debentures during the year and hence the question of creating security or charge therefor does not arise;
- xx) During the year under report, no public issue has been made by the Company. However the Company has allotted 67500 Equity shares of ₹ 10 each to the holder of 0% Unsecured Compulsorily Convertible Debentures during the year at a premium of ₹ 1101.11 per share;
- xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Khare & Co.
Chartered Accountants
(FRN :105100 W)

Y. P. Shukla
Proprietor

Place: Mumbai
Date: 11th August, 2012

Membership no 16203

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note	As at 31st March, 2012		As at 31st March, 2011	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	6,794,740		6,119,740	
Reserves & Surplus	2	<u>452,950,515</u>	459,745,255	<u>279,922,017</u>	286,041,757
Non-Current Liabilities					
Other Long-Term Liabilities	3	1,338,293		134,173	
Long-Term Provisions	4	<u>123,727</u>	1,462,020	<u>269,326</u>	403,499
Current Liabilities					
Short-Term Borrowings	5	1,620,000		3,293,385	
Trade Payables	6	-		3,281,957	
Other Current Liabilities	7	686,691		76,693,936	
Short-Term Provisions	8	<u>438,326</u>	2,745,017	<u>143,840</u>	83,413,118
Total			<u>463,952,292</u>		<u>369,858,374</u>
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	9	43,590,362		45,746,997	
Intangible Assets		200,000		200,000	
Non-Current Investments	10	75,098,830		103,804,830	
Deferred Tax Assets (Net)	11	99,418,000		953,000	
Long-Term Loans and Advances	12	<u>1,780,712</u>	220,087,904	<u>1,694,820</u>	152,399,647
Current Assets					
Current Investments	13	31,266,338		20,200,455	
Inventories	14	15,640		72,474	
Trade Receivables	15	183,992,346		2,023,786	
Cash & Cash Balances	16	26,114,947		27,302,803	
Short-Term Loans and Advances	17	<u>2,475,117</u>	243,864,388	<u>167,859,209</u>	217,458,727
Total			<u>463,952,292</u>		<u>369,858,374</u>
OTHER NOTES	26				

As per our report of date attached
For KHARE & CO.
Chartered Accountants

Y. P. SHUKLA
Proprietor
Mumbai, Dated : 11th August, 2012

For and on behalf of the Board
BANWARI LAL JATIA
Chairman & Managing Director

OM PRAKASH ADUKIA
Director
Mumbai, Dated : 11th August, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note	2011 - 2012		2010 - 2011	
		₹	₹	₹	₹
INCOME					
Revenue from Operations	18	20,230,393		50,529,560	
Less : Excise Duty		-	20,230,393	1,314,233	49,215,327
Other Income	19		204,566,354		24,203,638
Total Revenue			224,796,747		73,418,965
EXPENDITURE					
Cost of Materials consumed	20		-		2,059,161
Purchase of Stock-in-Trade	21		14,773,772		15,107,684
Change in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	22		56,834		13,381,635
Employee Benefits Expense	23		1,763,410		5,703,754
Finance Costs	24		88,717		299,178
Depreciation, Amortisation & Impairment Expense	9		2,341,321		5,947,164
Other Expenses	25		205,287,185		18,909,735
Total Expenses			224,311,239		61,408,311
Profit for the Year			485,508		12,010,654
Add : Prior Year Adjustments (Net)			1,038,981		274,089
Profit Before Tax			1,524,489		12,284,743
Tax Expenses					
Current Tax (including Wealth Tax)			1,887,000		1,682,000
Deferred Tax Charge/(Credit)			(98,465,000)		68,000
Provision for Earlier Year			(96,578,000)		(2,029,422)
Net Profit After Tax			98,102,489		12,564,165
Earnings per equity share of face value of ₹ 10 each					
Basic			144.38		20.53
Diluted			144.38		18.49
(See Note No.26.12)					
OTHER NOTES	26				

As per our report of date attached
For KHARE & CO.
Chartered Accountants

Y. P. SHUKLA
Proprietor
Mumbai, Dated : 11th August, 2012

For and on behalf of the Board
BANWARI LAL JATIA
Chairman & Managing Director

OM PRAKASH ADUKIA
Director
Mumbai, Dated : 11th August, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Current Year ₹	Previous Year ₹
A CASH FLOW FROM OPERATING ACTIVITIES :	•	
Net Profit for the Year as per Profit and Loss Account	485,508	12,010,654
Adjusted for :		
Provisions, no longer required, written back	(145,599)	(174,065)
Provision for Leave Encashment	38,477	(325,048)
Bad Debts & Advances Written Off	-	3,798
(Profit)/Loss on sale of Investments	196,385,216	(168,539)
(Profit)/Loss on sale of fixed assets	(189,706,777)	(4,243,234)
Depreciation & Amortisation	2,341,321	5,947,164
Interest/Dividend (Net)	(2,105,520)	(6,867,257)
Operating Profit before Working Capital Changes	<u>7,292,626</u>	<u>6,183,473</u>
Adjusted for :		
Trade & Other Receivables	(181,191,037)	5,969,964
Inventories	56,834	15,435,818
Trade Payables & Current Liabilities	(3,085,081)	(4,336,905)
Cash Generated from Operations	<u>(176,926,658)</u>	<u>23,252,350</u>
Interest paid	(44,997)	(202,853)
Direct taxes	(904,145)	1,949,995
Income Pertaining to Earlier Years	1,038,981	274,089
Net Cash Flow from Operating Activities	<u>(176,836,819)</u>	<u>25,273,581</u>
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1,159,002)	(101,682)
Sale/Transfer of Fixed Assets	190,681,093	10,264,192
Purchase of Investments	(31,266,338)	(208,147,798)
Sale of Investments	(147,478,761)	211,708,351
Interest received	941,332	1,279,274
Dividend received	1,209,185	5,790,836
Net Cash Flow from Investing Activities	<u>12,927,509</u>	<u>20,793,173</u>
C CASH FLOW FROM FINANCING ACTIVITIES :		
Borrowings	(1,673,386)	(7,868,707)
Loans & Advances	164,394,840	(80,634,034)
Net Cash Flow from Financing Activities	<u>162,721,454</u>	<u>(88,502,741)</u>
Net Change in Cash and Cash Equivalents (A+B+C)	<u>(1,187,856)</u>	<u>(42,435,987)</u>
Opening Balance of Cash and Cash Equivalents	27,302,803	69,738,790
Closing Balance of Cash and Cash Equivalents	26,114,947	27,302,803

Note : Figures in brackets represent cash outflows.

Correctly extracted from Audited Accounts of the Company.

For KHARE & CO.

Chartered Accountants

Y. P. SHUKLA

Proprietor

Mumbai, Dated : 11th August, 2012

On behalf of the Board

BANWARI LAL JATIA

Chairman & Managing Director

OM PRAKASH ADUKIA

Director

Mumbai, Dated : 11th August, 2012

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31st March, 2012		As at 31st March, 2011	
	₹	₹	₹	₹
1 SHARE CAPITAL				
Authorised :				
50,00,000 Equity Shares of ₹ 10 each		<u>50,000,000</u>		<u>50,000,000</u>
Issued, Subscribed and Paid Up :				
6,79,474 (previous year 6,11,974) Equity Shares of ₹ 10 each, fully paid		<u>6,794,740</u>		<u>6,119,740</u>
1.1 Details of Shareholders holding more than 5% shares :				
Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	% held	No. of Shares	% held
Winmore Leasing & Holdings Ltd	298946	44.00%	298946	44.00%
Shri Ambika Trading Co. Pvt. Ltd	78705	11.58%	78705	11.58%
Saubhagya Impex Pvt. Ltd	50051	7.37%	50051	7.37%
India Discovery Fund Ltd	67500	9.93%	-	-
1.2 Reconciliation of number of Equity Shares outstanding :				
		As at 31st March, 2012		As at 31st March, 2011
		No. of Shares		No. of Shares
Equity Shares at beginning of the year		611,974		611,974
Add : Shares allotted on conversion of Debentures		67,500		-
Equity Shares at end of the year		<u>679,474</u>		<u>611,974</u>
2 RESERVES AND SURPLUS				
Share Premium Account				
As per last Balance Sheet		4,527,831		4,527,831
Add : On fresh issue of shares		<u>74,325,000</u>		<u>-</u>
		78,852,831		4,527,831
General Reserve				
As per last Balance Sheet		42,781,476		37,781,476
Add : Transfer from Surplus Provision for Doubtful Debts		<u>10,000,000</u>		<u>5,000,000</u>
		52,781,476		42,781,476
Revaluation Reserve				
As per last Balance Sheet		200,000		200,000
Surplus Provision for Doubtful Debts				
As per last Balance Sheet		10,131,658		10,144,844
Add : Surplus for the year		601,009		-
Less : Deficit for the year		-		13,186
Less : Transfer to General Reserve		<u>10,000,000</u>		<u>-</u>
		732,667		10,131,658
Surplus as per Profit & Loss Account				
As per last Balance Sheet		222,281,052		214,716,887
Add : Profit for the year		98,102,489		12,564,165
Less : Transfer to General Reserve		-		5,000,000
		<u>320,383,541</u>		<u>222,281,052</u>
		<u>452,950,515</u>		<u>279,922,017</u>
3 OTHER LONG TERM LIABILITIES				
State Cheques		<u>1,338,293</u>		<u>134,173</u>
4 LONG-TERM PROVISIONS				
Other Provisions as per last Balance Sheet		<u>123,727</u>		<u>269,326</u>
5 SHORT TERM BORROWINGS				
Other Deposits (Unsecured)		<u>1,620,000</u>		<u>3,293,385</u>
6 TRADE PAYABLES				
Sundry Creditors		-		<u>3,281,957</u>
7 OTHER CURRENT LIABILITIES				
Current maturities of long term borrowings		-		75,000,000
Interest accrued but not due on borrowings		-		44,248
Other Payables		686,691		1,649,688
		<u>686,691</u>		<u>76,693,936</u>
8 SHORT-TERM PROVISIONS				
Provision for Leave Encashment		182,317		143,840
Provision for Income Tax (Net of Tax paid)		<u>256,009</u>		<u>-</u>
		<u>438,326</u>		<u>143,840</u>

9 FIXED ASSETS											(Amounts ₹)	
	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
	As at 01.04.2011	Additions	Deductions / Adjustments	As at 31.03.2012	As at 01.04.2011	For the year	Deductions / Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011		
TANGIBLE ASSETS :												
Lease - Hold Land	1,135,690	-	-	1,135,690	82,193	14,492	-	96,685	1,039,005	1,053,497		
Buildings	13,006,829	-	-	13,006,829	2,715,211	409,046	-	3,124,257	9,882,572	10,291,618		
Plant & Machinery	9,028,673	-	522,136	8,506,537	7,586,564	5,892	144,616	7,447,840	1,058,697	1,442,109		
Electrical Installation	2,596,128	-	-	2,596,128	958,825	111,705	-	1,070,530	1,525,598	1,637,303		
Water Equipments	39,030	-	-	39,030	10,450	1,854	-	12,304	26,726	28,580		
Laboratory Equipments	460,451	-	-	460,451	455,451	-	-	455,451	5,000	5,000		
Furniture & Fixtures	8,226,555	-	-	8,226,555	5,339,000	211,170	-	5,550,170	2,676,385	2,887,555		
Office Equipments	3,081,479	76,546	61,800	3,096,225	1,845,904	89,268	7,584	1,927,588	1,168,637	1,235,575		
Office Computers	6,881,046	-	-	6,881,046	6,465,193	62,950	-	6,528,143	352,903	415,853		
Motor Vehicles	3,312,670	-	1,070,198	2,242,472	1,140,610	395,352	609,010	926,952	1,315,520	2,172,060		
Sub-Total	47,768,551	76,546	1,654,134	46,190,963	26,599,401	1,301,729	761,210	27,139,920	19,051,043	21,169,150		
ASSETS GIVEN ON LEASE :												
Free - Hold Land	81,392	-	81,392	-	-	-	-	-	-	81,392		
Buildings	24,353,070	-	-	24,353,070	1,748,030	396,955	-	2,144,985	22,208,085	22,605,040		
Motor Vehicles	2,946,825	1,082,456	-	4,029,281	1,055,410	642,637	-	1,698,047	2,331,234	1,891,415		
Sub-Total	27,381,287	1,082,456	81,392	28,382,351	2,803,440	1,039,592	-	3,843,032	24,539,319	24,577,847		
Total (A)	75,149,838	1,159,002	1,735,526	74,573,314	29,402,841	2,341,321	761,210	30,982,952	43,590,362	45,746,997		
INTANGIBLE ASSETS :												
Trade Marks	4,000,000	-	-	4,000,000	3,800,000	-	-	3,800,000	200,000	200,000		
Total (B)	4,000,000	-	-	4,000,000	3,800,000	-	-	3,800,000	200,000	200,000		
Total (A+B)	79,149,838	1,159,002	1,735,526	78,573,314	33,202,841	2,341,321	761,210	34,782,952	43,790,362	45,946,997		
Previous Year	89,909,153	101,682	10,860,997	79,149,838	32,095,716	5,947,164	4,840,039	33,202,841	45,946,997			

9.1 Buildings include ₹ 750 (Previous Year 750) being value of fully paid shares in Co - operative housing societies.

9.2 Trade marks (original cost NIL) were valued at ₹ 1350 lacs by an independent chartered accountants firm on 30.04.2001 and are shown net of ₹ 1310 lacs since sold.

9.3 Depreciation as on 1.4.2011 includes Provision for Impairment of Assets amounting to ₹ 21,85,745

As at 31st March, 2012 As at 31st March, 2011
₹ ₹ ₹ ₹

10 NON-CURRENT INVESTMENTS
Long Term Investments (At Cost) :
In Government Securities - Unquoted

National Savings Certificates

Deposited with Sales Tax, Excise Authorities, etc

10,600

In Equity Shares - Unquoted, fully paid up

10,69,448 of Hawcoplast Investments & Trading Ltd, of ₹ 10 each

11,362,857

11,362,857

99,000 (Previous year 4,74,000) of Global Trendz Ltd, of ₹ 100 each

18,705,273

47,405,273

150 of Deve Paints Ltd, of ₹ 10 each

2,400

2,400

100 of Bakelite Hylem Ltd, of ₹ 10 each

2,800

2,800

150 of Swastik Rubber Products Ltd, of ₹ 10 each

500

30,073,830 500 58,773,830

In 8% Non-cumulative Preference Shares of Associate Company - Unquoted, fully paid up

45,00,000 of Anand Veena Twisters Pvt. Ltd of ₹ 10 each

45,025,000

45,025,000

75,098,830

103,809,430

Aggregate amount of unquoted investments - Cost

75,098,830

103,809,430

Aggregate provision for diminution in value of investments

4,600

11 DEFERRED TAX ASSETS (NET)
Deferred Tax Assets

Disallowances under the Income Tax Act, 1961

105,033,000

6,020,000

Deferred Tax Liabilities

Related to Fixed Assets

5,615,000

5,067,000

99,418,000

953,000

	As at 31st March, 2012		As at 31st March, 2011	
	₹	₹	₹	₹
12 LONG-TERM LOANS AND ADVANCES				
(Unsecured and Considered Good unless otherwise stated)				
Security Deposits		1,493,534		1,465,234
Advances to Employees		287,178		229,586
Advances recoverable in cash or in kind				
Considered Doubtful	110,000		110,000	
Less : Provision for doubtful advances	110,000	-	110,000	-
		<u>1,780,712</u>		<u>1,694,820</u>
13 CURRENT INVESTMENTS				
In Equity Shares - Unquoted, fully paid up				
25,000 (Previous year Nil) of Hawco Lubricants Ltd, of ₹ 10 each	250,640		-	
Nil (Previous year 4999) Equity Shares of Suvidhi Buildcon Pvt. Ltd, of ₹ 10 each	-		50,145	
Nil (Previous year 5000) Equity Shares of Suvidhi Properties Pvt. Ltd, of ₹ 10 each	-		50,155	
Nil (Previous year 5000) Equity Shares of Anant Land Developers Pvt. Ltd, of ₹ 10 each	-		50,155	
1 (Previous year Nil) of Bungee Fashions Private Ltd, of ₹ 100 each	110	250,750	-	150,455
In 0% Debentures of ₹ 10,000 each - Unquoted, fully paid up				
Nil (Previous year 1000) of Suvidhi Buildcon Pvt. Ltd	-		10,025,000	
Nil (Previous year 1000) of Suvidhi Properties Pvt. Ltd	-		10,025,000	20,050,000
In Mutual Fund units of ₹ 10 each - Quoted, fully paid up				
(At Cost or Market Value being Net Asset Value, whichever is lower)				
13,18,006 (Previous Year Nil) of HDFC Cash Management Fund-Treasury Advantage Plan Wholesale Growth		31,015,588		-
		<u>31,266,338</u>		<u>20,200,455</u>
Aggregate amount of unquoted investments - Cost		31,266,338		20,200,455
14 INVENTORIES				
Finished Goods (At lower of cost or market value.)		15,640		64,964
Stock-in-Trade (At Cost)		-		7,510
		<u>15,640</u>		<u>72,474</u>
15 TRADE RECEIVABLES				
Unsecured				
Outstanding for a period exceeding six months from due date				
Considered Good			6,000	
Considered Doubtful				
Other Debts (see Note 26.20)	608,724	608,724	1,209,733	1,215,733
Considered Good				
Total Trade Receivables		<u>183,992,346</u>		<u>2,017,786</u>
Less : Provision for Doubtful Debts		184,601,070		3,233,519
		<u>608,724</u>		<u>1,209,733</u>
		<u>183,992,346</u>		<u>2,023,786</u>
16 CASH AND BANK BALANCES				
Cash on Hand		37,721		25,285
On Accounts with Banks		26,054,891		1,020,392
Cheques on Hand		22,335		63,411
Fixed Deposits with Banks		-		26,193,715
(kept as margin Nil (Previous Year ₹ 8,150))				
		<u>26,114,947</u>		<u>27,302,803</u>
17 SHORT TERM LOANS AND ADVANCES				
(Unsecured, Considered Good)				
Prepaid Expenses		121,888		191,657
Share Application Money		-		75,000,000
Loans & Advances to Related Parties		-		89,394,840
Loans & Advances to Employees		357,408		185,910
Advance Income Tax (Net of provision for taxation)		-		726,846
Advances recoverable in cash or in kind		1,995,821		2,359,956
		<u>2,475,117</u>		<u>167,859,209</u>
18 REVENUE FROM OPERATIONS				
Sale of Products				
Metal Working & Maint. Products etc.	20,030,375		50,208,193	
Sealants	-		22,287	
Synthetic Resins	83,356		299,080	
Others	116,662	20,230,393	-	50,529,560
Less : Excise Duty Recovered				1,314,233
		<u>20,230,393</u>		<u>49,215,327</u>



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

	As at 31st March, 2012 Current Year		As at 31st March, 2011 Previous Year	
	₹	₹	₹	₹
19 OTHER INCOME				
Interest Income				
Dividend Income from Current Investments (Non-Trade)		941,332		1,279,274
Net Gain/(Loss) on Sale of Current Investments		1,209,185		5,790,836
Other Non-Operating Income				168,539
Profit on Sale/Discard of Fixed Assets				
Rent Received				
Provisions, no longer required, written back	189,706,777		4,243,234	
Sundry Income	8,878,500		7,766,355	
	145,599		174,065	
	<u>3,684,961</u>	<u>202,415,837</u>	<u>4,781,335</u>	<u>16,964,989</u>
20 COST OF MATERIALS CONSUMED				
Consumption of Raw Materials				707,904
Consumption of Packing Materials				1,245,305
Consumption of Stores, Spares, etc.				105,952
				<u>2,059,161</u>
21 PURCHASE OF STOCK-IN-TRADE				
Purchases & Other Expenses				
Job Work Charges Paid				
		14,773,772		14,760,528
				347,156
		<u>14,773,772</u>		<u>15,107,684</u>
22 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE				
Inventories at Close				
Finished Goods				
Work-in-Progress				
Stock-in-Trade		15,640		64,964
Inventories at Commencement				
Finished Goods				7,510
Work-in-Progress		15,640		72,474
Stock-in-Trade				
		64,964		2,988,886
		7,510		34,453
		<u>72,474</u>		<u>10,430,770</u>
		<u>56,834</u>		<u>13,454,109</u>
23 EMPLOYEE BENEFITS EXPENSE				
Salaries, Wages, Bonus, & Allowances		1,567,608		4,602,010
Contribution to Provident & Other Funds		59,515		218,342
Contribution to Gratuity Fund		94,636		748,844
Employee Welfare Expenses		41,651		134,558
		<u>1,763,410</u>		<u>5,703,754</u>
24 FINANCE COST				
Interest Expense on Overdrafts				70,090
Other Borrowing Costs				132,763
Bank Charges				96,325
		44,997		299,178
		43,720		
		<u>88,717</u>		
25 OTHER EXPENSES				
Power, Fuel and Water				
Rent				
Rates & Taxes		7,390		31,620
Insurance		1,530,112		1,625,592
Repairs & Maintenance		176,640		879,269
Buildings		136,419		271,194
Others				
Freight & Forwarding, etc.	274,346		583,626	
Rebates and Discounts	<u>222,036</u>	496,382	<u>317,022</u>	900,648
Directors' Sitting Fees		32,635		789,788
Increase/(Decrease) of excise duty on Inventory		1,597,018		5,317,008
Business Convention & Publicity		36,000		30,000
Travelling & Conveyance Expenses				(427,719)
Vehicle Running & Maintenance		7,400		187,161
Communication Expenses		1,033,066		2,393,542
Electricity Expenses		154,723		860,706
Payment to Auditors		388,468		592,109
Legal & Professional Expenses		1,282,450		1,297,554
Miscellaneous Expenses		134,214		136,802
Foreign Exchange Fluctuation Loss/(Gain)		565,637		2,171,823
Bad Debts/irrecoverable Advances Written Off		1,283,239		1,928,564
Net Loss on Sale of Investments		40,176		(79,724)
From Current Investments				3,798
From Long - Term Investments				
	168,009,751			
	<u>28,375,465</u>	<u>196,385,216</u>		
		<u>205,287,185</u>		<u>18,909,735</u>

	Current Year ₹	Previous Year ₹
26.1 Value of Raw Materials consumed Chemicals	-	707,904
26.2 Trade Purchases		707,904
Imported	111,107	5,946,796
Indigenous	14,662,665	9,160,888
26.3 Value of Imports on CIF Basis	14,773,772	15,107,684
Trade Goods	67,849	3,882,913
26.4 Expenditure in Foreign Currency : Travelling Expenses	67,849	3,882,913
26.5 Value of raw materials, spare parts and components consumed during the financial year and percentage thereof :	507,422	782,345
Raw Materials :	507,422	782,345
Indigenous	-	-
Stores & Spares : Indigenous	-	707,904
26.6 Remittance in Foreign Currency	-	105,952
26.7 Export of goods calculated on FOB basis	-	-
26.8 Payment to Auditors :		
Audit Fees	85,124	83,270
Tax Audit Fees	16,000	16,000
Limited Review	33,090	32,060
Other services (certification fees)	-	5,472
TOTAL	134,214	136,802

26.9 Significant Accounting Policies
a) Fixed Assets

Stated at cost except Trade Marks which are valued based on valuation carried out by independent agencies.

b) Borrowing costs

Borrowing costs comprising of interest etc. relating to projects are capitalised upto the date of project completion. Other borrowing costs are charged to Profit & Loss Account in the year of their accrual.

c) Depreciation

Depreciation on fixed assets is provided on straight line method in accordance with Schedule XIV of the Companies Act, 1956. However, in case of Motor Vehicles & Office Computers, the rates are based on technical evaluation of the economic life of assets by the management which are 15% & 24% instead of 9.50% & 16.21% respectively specified in the said Schedule. In case of trade marks, the book value is written off over the residual period of the validity of the relevant registration certificate. An amount equal to the additional depreciation on account of revaluation is transferred to the Profit & Loss Account from the Revaluation Reserve. Value of Leasehold assets is amortised over the respective residual lease period.

d) Inventories

Inventories are valued at lower of cost or net realisable value. Cost of own manufactured goods comprises of materials, labour and other appropriate overheads including depreciation. Cervat on stocks is added to value of stocks. Values of stocks of raw materials, stores and packing materials are determined on first-in first-out basis.

e) Investments

Long term Investments are valued at cost. Provision for any permanent diminution in value of investments is made, if necessary. Current investments are stated at cost or market value, whichever is lower. However, investments under Portfolio Management Services are stated at cost.

f) Foreign Currency Transactions

All foreign currency transactions are accounted for at prevailing rates on the respective date of transactions. Liabilities remaining unsettled at the year-end are translated at year-end rates. Differences in transactions of assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the Profit and Loss Account.

g) Lease

Lease Rentals are charged/accounted for in Profit and Loss Account.

h) Revenue Recognition

Accounts are maintained on accrual basis. Revenue recognition is postponed to a later year when it is not possible to estimate it with reasonable accuracy. Deferred revenue expenditure is written off over six years.

i) Retirement Benefits

a) Short-term employee benefits (compensated absences) are recognised as expense at the undiscounted amount in the Profit & Loss Account of the year in which the related service is rendered based on actuarial valuations made at the end of the year.

b) Post employment employee benefits are recognised as expense in the Profit & Loss Account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques at the end of the year. Actuarial gains and losses in respect of post employment benefits are charged to the Profit & Loss Account.

- j) Taxation**
 - a) Provision for current taxes is made and retained in the accounts on the basis of estimated tax liability as per applicable provisions of the Income Tax Act, and considering assessment orders and decisions of appellate authorities.
 - b) Deferred Tax for timing difference between tax profits and book profits is accounted for, using tax rates and laws that have been enacted or substantiated as of the Balance Sheet date. Deferred Tax Assets are recognised to the extent there is reasonable certainty that these assets can be realised in the future.
- k) Impairment of Assets**

Factors giving rise to any indication of any impairment of the carrying amount of the Company's assets are appraised at each Balance Sheet date to determine and provide/revert an impairment loss following Accounting Standard - 28 for Impairment of Assets.
- l) Accounting of Derivatives**

Realised Income/Losses from dealings in derivative instruments are accounted for and the unrealised gains/losses are not considered till the derivative agreement is not completed. Such profits/losses are shown as exceptional items in the Profit and Loss Account.

26.10 To the best of knowledge of the Company, none of the creditors is a 'Small enterprise' within its meaning under clause (m) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006 and therefore principal amount, interest paid/payable or accrued is NIL.

26.11 CONTINGENT LIABILITIES AND COMMITMENTS

- a) Guarantees
- b) Claims not acknowledged as debts (Demands for Excise and Sales Tax under contest)

Future Profitability may be affected to the extent indicated if such liabilities crystallise.

As at 31st March, 2012 Current Year	As at 31st March, 2011 Previous Year
₹ 4,338,870	₹ 45,000 4,425,324

26.12 EARNING PER SHARE (EPS)

- A) Basic**
 - a) Net Profit after taxation (₹)
 - b) No. of Equity Shares of ₹ 10 each
 - c) Basic Earning Per share (₹)
- B) Diluted**
 - a) 0% Unsecured Compulsorily Convertible Debentures
 - b) No. of Equity Shares of ₹ 10 each on such conversion
 - c) Weighted No. of Equity Shares of ₹ 10 each
 - d) Total No. of Equity Shares after conversion
 - e) Net Profit after taxation (₹)
 - f) Diluted Earning Per share (₹)

98,102,489	12,564,165
679,474	611,974
144.38	20.53
-	7,500
-	67,500
679,474	67,500
98,102,489	679,474
144.38	12,564,165 18.49

**26.13 RELATED PARTY DISCLOSURES (As per Accounting Standard 18) :
(as identified by the management and relied by the auditors)**

- i) **Control : Mr Banwari Lal Jatia**
Mr Banwari Lal Jatia
 - ii) **Associated Companies :**
 - Hawcoplast Investments & Trading Limited
 - Global Trendz Limited
 - Hawco Lubricants Limited
 - Winmore Leasing & Holdings Limited
 - Concept Highland Business Private Limited
- Key Management Personnel :**
Mr Banwari Lal Jatia - Chairman & Managing Director

Transactions with Related Parties in the ordinary course of business :

- A) Transactions during the year :**
- a) Intercompany deposits given
 - b) Interest Received
 - c) Rent paid
 - d) Service Charges paid

	Current Year		Previous Year	
	₹	₹	₹	₹
Associated Companies	9,245,000	-	80,140,000	-
Key Management Personnel	717,169	-	549,000	-
	760,000	-	720,000	-
	515,100	-	-	-

B) Balance outstanding at the end of the year :

- a) Intercompany deposits
 - Global Trendz Limited
- b) Share Application Money
 - Global Trendz Limited
- c) Deposit for Premises
 - Concept Highland Business Private Limited

	Current Year		Previous Year	
	Balance outstanding at the end of the year	Maximum during the year	Balance outstanding at the end of the year	Maximum during the year
	-	89,395,000	89,395,000	89,395,000
	-	75,000,000	75,000,000	75,000,000
	-	720,000	720,000	720,000

	As at 31st March, 2012 Current Year ₹	As at 31st March, 2011 Previous Year ₹
26.14 LEASES :		
i) Non-cancellable operating leases taken for use of premises :		
Less than one year	195,000	972,000
One to Five years	Nil	Nil
More than Five years	Nil	Nil
Total minimum lease rental obligations	195,000	972,000
ii) Non-cancellable operating leases granted for use of premises & vehicles :		
Less than one year	4,358,000	5,432,000
One to Five years	Nil	Nil
More than Five years	Nil	Nil
Total minimum lease rental obligations	4,358,000	5,432,000
iii) Non-cancellable operating sub-leases granted for use of premises :	1,440,000	1,620,000
26.15 Defined Benefit : Gratuity Plan (Information as required under Accounting Standard - 15)		
Obligations at beginning of the year		
Interest Cost	1,170,659	1,344,285
Service Cost	93,653	110,904
Benefits Settled	117,074	109,512
Actuarial (Gain)/Loss	-	(1,089,052)
Obligations at end of the year	23,025	695,010
Change in Plan Assets	1,404,411	1,170,659
Fair Value of Plan Assets at beginning of the year		
Expected Return on Plan Assets	1,534,400	2,456,870
Contributions	139,116	166,582
Benefits Settled	15,029	-
Actuarial Gain/(Loss)	-	(1,089,052)
Fair Value of Plan Assets at end of the year	1,688,545	1,534,400
Reconciliation of Present Value of the Obligations and Fair Value of Plan Assets		
Fair Value of Plan Assets at end of the year	1,404,411	1,170,659
Present Value of defined benefit obligations at end of the year	(1,688,545)	(1,534,400)
Liability/(Asset) recognised in the Balance Sheet	(284,134)	(363,741)
Gratuity Cost for the year		
Service Cost	117,074	109,512
Interest Cost	93,653	110,904
Expected Return on Plan Assets	(139,116)	(166,582)
Actuarial (Gain)/Loss	23,025	695,010
Expense recognised in the Profit & Loss Account	94,636	748,844
Assumptions		
Interest Rate	8.00%	8.00%
Expected Return on Plan Assets	8.00%	8.00%
Expected Rate of Salary Increase	6.00%	5.50%
Attrition Rate	1.00%	1.00%
Retirement Age	58 years	58 years
26.16 SEGMENT INFORMATION (As per Accounting Standard 17) :		
Primary Segment reporting - Business Segments		
SEGMENT REVENUE		
Industrial Chemicals	222,646,230	66,006,251
Investments	1,209,185	6,133,440
Total	223,855,415	72,139,691
SEGMENT RESULT		
Industrial Chemicals	194,802,362	4,840,111
Investments	(195,177,189)	6,124,122
Total	(374,827)	10,964,233
Unallocated Corporate (Expenses)/Income	1,944,313	1,523,363
Operating Profit/(Loss)	1,569,486	12,487,596
Interest Expense	44,997	202,853
Income Tax (including Deferred Tax)	(96,578,000)	(279,422)
Net Profit	98,102,489	12,564,165
OTHER INFORMATION		
Total carrying amount of Segment Assets		
Industrial Chemicals	232,054,177	216,870,440
Investments	106,365,168	124,005,285
Total	338,419,345	340,875,725
Add : Unallocated Corporate Assets	26,114,947	28,029,649
Total Assets	364,534,292	368,905,374
Total carrying amount of Segment Liabilities		
Industrial Chemicals	4,207,038	83,816,617
Investments	-	-
Total	4,207,038	83,816,617



	As at 31st March, 2012 Current Year ₹	As at 31st March, 2011 Previous Year ₹
Add : Total Net Worth	360,327,255	285,088,757
Total Liabilities	364,534,292	368,905,374
Capital Expenditure incurred during the year	1,159,002	101,682
Depreciation	2,341,321	5,947,164
Other Non Cash Expenditure		

NOTES :

- 1) Industrial Chemicals segment includes heat treatment products, maintenance products, sealants and synthetic resins. The investment segment relates primarily to the activity of investment.
 - 2) The operations of the Company are entirely in India and hence, there are no other reportable geographical segments.
- 26.17 As there is no diminution in value of investments as on 31st March 2012, in the opinion of the directors of the company, no provision therefor is required.
- 26.18 Loans and Advances include deposits of ₹ 1,10,000 (Previous Year ₹ 1,10,000) with Central Excise Dept and ₹ 16,86,222 (Previous Year ₹ 17,23,109) with Sales Tax Authorities in respect of contested demands raised against the Company. Part of these demands pending in adjudication and/or first appeals is included under Contingent Liabilities Not Provided For.
- 26.19 There are no shares in Unclaimed Suspense Account.
- 26.20 Other Debts shown under "Trade Receivables" include ₹ 18,00,00,000 recoverable towards sale of land.
- 26.21 Sales exclude Sales Tax/VAT amounting to ₹ 7,01,962 (Previous Year ₹ 39,94,317) collected from customers and paid to the concerned Government.
- 26.22 There are no amounts, due and outstanding, to be credited to Investor Education & Protection Fund as on the date of the Balance Sheet.
- 26.23 Promotor Group :
Mr Banwari Lal Jatia & his group consisting of Achal Exim Pvt. Ltd, Akshay Ayush Impex Pvt. Ltd, Acacia Impex Pvt. Ltd, Triple A Foods Pvt. Ltd, Anand Veena Twisters Pvt. Ltd, Concept Highland Business Pvt. Ltd, Hardcastle Petrofer Pvt. Ltd, Hardcastle Restaurants Pvt. Ltd, Hawcoplast Investments & Trading Ltd, Horizon Impex Pvt. Ltd, Houghton Hardcastle (India) Ltd, Saubhagya Impex Pvt. Ltd, Shri Ambika Trading Co. Pvt. Ltd, Subh Ashish Exim Pvt. Ltd, Vandeeep Trade Links Pvt. Ltd, Vishwas Investment & Trading Co. Pvt. Ltd, West Leisure Resorts Pvt. Ltd, Westlife Development Ltd, Westpoint Leisureparks Pvt. Ltd, Winmore Leasing & Holdings Ltd, Hawco Lubricants Ltd, Shri Anurag Jatia, Smt Lalita Devi Jatia, Smt Usha Devi Jatia, Shri Amit Jatia, Smt Smita Jatia, Shri Akshay Jatia, Shri Ayush Jatia, Smt Shalini Jatia, Miss Ridhika Jatia, Banwarilal Jatia – HUF, Amit Jatia – HUF and Anurag Jatia - HUF.
- 26.24 Items and figures for the previous year have been recast, regrouped and/or re-arranged wherever necessary to conform to the current year's presentation.

Signatories to Notes 1 to 26

As per our report of date attached
For KHARE & CO.
Chartered Accountants

Y. P. SHUKLA

Proprietor

Mumbai, Dated : 11th August, 2012

For and on behalf of the Board
BANWARI LAL JATIA
Chairman & Managing Director

OM PRAKASH ADUKIA

Director

Mumbai, Dated : 11th August, 2012

HARDCASTLE & WAUD MANUFACTURING COMPANY LTD
Registered Office: Netivali Baug, Kalyan – 421 306.

ATTENDANCE SLIP

Regd Folio No. _____ DP I.D. _____ Client I.D. _____

Name(s) of Shareholder/Joint Holder(s)

I hereby record my presence at the 66TH ANNUAL GENERAL MEETING of the Company held at registered office in Kalyan (East) on Friday, the 28th September, 2012.

Signature of the Shareholder or Proxy

NOTES:

1. Share/ Proxy holders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signatures on it.
2. Share/ Proxy holders who come to attend the meeting are requested to bring their copies of the Annual Report with them.

HARDCASTLE & WAUD MANUFACTURING COMPANY LTD
Registered Office: Netivali Baug, Kalyan – 421 306.

PROXY

Regd Folio No. _____ DP I.D. _____ Client I.D. _____

Name(s) of Shareholder/Joint Holder(s)

I/We being member(s) of Hardcastle & Waud Mfg Co. Ltd hereby appoint _____

_____ of _____ or failing him/her
_____ of _____ as my/our our

proxy to attend and vote on my/our behalf at the 66th Annual General Meeting of the Company to be held on Friday, the 28th September, 2012 at 10.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2012

15 Paise
Revenue
Stamp

SIGNATURE OF MEMBER(S) _____

Note : The Proxy must be returned so as to reach the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting.