

63rd
Annual Report
2008 - 2009



**HARDCASTLE
& WAUD
MANUFACTURING
COMPANY LIMITED**



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

BOARD OF DIRECTORS

B.L. Jatia, Chairman & Managing Director
N.S. Karnavat
Hasmukh Gandhi
Tushar G. Agarwal
O. P. Adukia (w.e.f. 1.5.2009)

BANKERS

ING Vysya Bank Ltd

AUDITORS

Messrs Khare & Co.

LEGAL ADVISORS

Kainga & 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 63rd 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 Wednesday, the 30th September, 2009 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, 2009 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 N.S 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 an ordinary resolution:
"RESOLVED THAT Mr O P Adukia be and is hereby appointed as a Director of the Company."
5. To consider and if thought fit to pass the following resolution as an ordinary resolution:
"RESOLVED THAT sitting fees payable to the Directors for attending meetings of the Board and Committees thereof be and are hereby increased from Rs 500 to Rs 2000 each pursuant to Sections 309 and 310 of the Companies Act, 1956."

NOTES:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the items of special business is annexed hereto.
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 29th September, 2009 to 30th September, 2009 (both days inclusive).
4. Members who have not collected their new share certificates so far are advised to do so by surrendering their old certificates for shares in the Company either in person or by sending through post to the Registrars & Transfer Agent of the Company, in their own interest.

Registered Office:

Netivali Baug,
Kalyan - 421 306
Date: 31st July, 2009

By Order of the Board of Directors

B.L.Jatia
Managing Director

Annexure to the Notice

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

Item No.4

Mr O P Adukia was appointed as an Additional Director by the Board at its meeting held on 21.4.2009 wef 1.5.2009 under provisions of Section 260 of the Companies Act, 1956. He will hold office till the date of the ensuing Annual General Meeting, A notice has been received from a member signifying his intention to propose Mr O P Adukia's candidature for the office of Director.

Mr O P Adukia, an experienced Company Executive has been associated with the Company in various capacities since the year 1993 and possesses over 50 years' of experience in industrial and business management. The Board considers that it would be in the interest of the Company to avail Mr O P Adukia's services as a member of the Board and accordingly commends the resolution for your approval.

Except Mr O P Adukia, none of the directors is interested in the resolution.

Item No.5

The present sitting fee of Rs 500 being too inadequate, it is proposed to increase the said fee to Rs 2000 payable to each Director (except the Managing Director) for attending meetings of the Board/Committees thereof. The proposed new sitting fee is within the permissible limits under the Company law.

All the Directors except the Managing Director are interested in the resolution.

Registered Office:

Netivali Baug,
Kalyan - 421 306
Date: 31st July, 2009

By Order of the Board of Directors

B.L.Jatia
Managing Director

DIRECTORS' REPORT

Your Directors present the 63rd Annual Report of the Company, together with the audited Statements of Accounts for the year ended 31st March, 2009.

1. FINANCIAL RESULTS AND APPROPRIATIONS

	Year ended 31 st March, 2009 (Rs Lacs)	Year ended 31 st March, 2008 (Rs Lacs)
Profit before Interest, Depreciation and Exceptional Items	95.71	677.53
Interest	12.61	18.82
Depreciation	34.42	27.93
Exceptional Items	-	(505.07)
Prior year Adjustments	(10.29)	(10.58)
Profit Before Taxation	58.97	1146.43
Provision for Taxation	5.36	136.20
Deferred Tax	(8.18)	40.58
Fringe Benefit Tax	3.81	5.56
Net Profit after Taxation	57.98	964.09
Balance b/f from Previous Year	2085.04	1120.95
Carried forward	2143.02	2085.04

With a view to strengthen the financial position of the Company, no dividend payout is being recommended.

2. OPERATIONS

As a part of the continuing process of business re-engineering the Company discontinued its activity of manufacturing synthetic resins during the year.

This coupled with sale during the last year of the Company's Sealants & Maintenance Products business and the general slow-down in the economy has impacted the turnover of the Company during the year (Rs 1362.80 lacs against last year's Rs 3434.96 lacs).

However, the profit before depreciation and without considering income generated from sale of fixed assets at Rs 83.10 lacs compares favourably against last year's Rs 74.22 lacs.

As for outlook for the current year, it is difficult to make a forecast at this stage in view of the uncertain prospects of the economy even though there is a cautious sense of optimism in government and other agencies concerned.

The Company has invested Rs 208.40 lacs in the equity capital of Global Trendz Retail P.Ltd, which is engaged in the wholesale business of readymade garments. The said company became a subsidiary of your company for a brief period during the year, but has ceased to be so with effect from 29th January, 2009.

3. PUBLIC DEPOSITS

No deposits were accepted during the year.

4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr N S Kamavat retires by rotation at the ensuing Annual General Meeting but being eligible, offers himself for reappointment.

Mr O P Adukia was appointed as an Additional Director w.e.f 1.5.2009. He holds office till the date of the ensuing Annual General meeting. The Company

has received requisite notice together with deposit as provided under Section 257 of the Companies Act, 1956 from a shareholder proposing the appointment of Mr O P Adukia as a director.

5. AUDITORS

Members are requested to appoint auditors to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

6. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Details of energy conservation, technology absorption and foreign exchange earnings and outgo as required by Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 appear in the Annexure to this Report.

7. PARTICULARS OF EMPLOYEES

Particulars of employees covered by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are as under -

Name & Age	Designation	Total Remuneration Rs	Qualifications & Experience	Date of Commencement of Employment	Previous Employment	Percentage of Equity Shares held
Mr B.L. Jatia (65 Years)	Chairman & Managing Director	21,68,544	B.Com. LLB 41 Years	26.05.1994	Houghton Hardcastle (India) Ltd. Managing Director	

Notes: 1. Remuneration includes salary, company's contribution to provident fund, house rent allowance and monetary value of perquisites.

2. The employment of the Managing Director is contractual.

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,
31st July, 2009

B.L. Jatia
Chairman & Managing Director



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2009.

A. CONSERVATION OF ENERGY

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

2008-2009 2007-2008

b. Power & Fuel Consumption

i) Electricity

(a) Purchased

Units(000s)	66	157
Total Amount (Lac Rs)	4.36	8.50
Average Rate (Rs per Unit)	6.59	5.42

(b) Own generation

(i) Through Diesel Generator

Units(000s)	1	4
Units per litre of diesel oil	1.99	1.99
Cost/Unit (Rs)	18.11	17.29

(ii) Through Steam Turbine/Generator

	NIL	NIL
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ii) Coal

	NIL	NIL
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iii) Furnace Oil

Quantity (Kilolitres)	18	66
Total Amount (Lac Rs)	4.61	12.46

Average Rate (Rs per kilolitre)	24947	18924
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iv) Others

Quantity (Kilolitres)		1
Total Amount (Lac Rs)	0.34	0.95
Average Rate (Rs per kilolitre)	82324	77383

c. Consumption per unit of production

Since the Company has different product lines with several formulations, it is not feasible to compute this figure.

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

1. Specific areas in which R & D is carried on by the Company:

The Company's R & D activities are aimed at developing new products/processes, product upgradation and cost reduction.

2. Benefits derived as result of R & D

The R & D activities have helped the Company in streamlining and improving its manufacturing processes and product quality, development of products for wider and newer applications, diversification, optimisation of product costs, rendering of technical services to customers and adoption and absorption of technology.

3. Future Plan of Action

Under Review.

4. Expenditure on R & D

	2008-09 Rs Lacs	2007-08 Rs Lacs
a. Capital	NIL	NIL
b. Recurring	0.71	3.98
Total	0.71	3.98
c. Total R & D Expenditure as percentage of Turnover	0.05%	0.12%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned and utilised was Rs 44.29 lacs and Rs 233.69 lacs respectively.

On Behalf of the Board

Mumbai,
31st July, 2009

B.L. Jatia
Chairman & Managing Director



To
The Members
Hardcastle & Waud Mfg Co. Ltd

I have examined the registers, records, books and papers of Hardcastle & Waud Mfg Co. Ltd as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Maharashtra within the time prescribed under the Act and the rules made thereunder.
3. The Company is not a private limited company.
4. The Board of Directors duly met 7 times on 30.4.08, 30.6.08, 31.7.08, 8.9.08, 31.10.08, 14.11.08 and 22.1.09 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 29.09.2008 to 30.09.2008 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, 2008 was held on 30th September, 2008 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 3 14 of the Act were required to be obtained by the Company.
12. The Board of Directors has duly approved through its duly constituted committee the issue of duplicate share certificates by the company.
13. The Company:
 - (i) has not made any allotment of securities during the said year. It has delivered all the certificates on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) has not declared and/or paid any dividend;
 - (iii) has no amounts lying in unpaid dividend account for transfer to the Investor Education and Protection Fund; and
 - (iv) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of directors have been duly made.
15. The appointment of Managing Director was made in compliance with the provisions of Sections 269 read with Schedule XIII to the Act. The said appointment did not require approval of Central Government.
16. The Company has not appointed any sole-selling agents.
17. The Company has applied for necessary approvals of the Central

Government, Company Law Board, Regional Director, Registrar and or any other prescribed authorities under the various provisions of the Act as detailed below -

1. Approval to Appointment of Cost Auditor.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares/debentures/other securities during the financial year.
20. The company has not bought back any shares during the financial year ending 31st March, 2009.
21. The company has not issued/redeemed any preference shares/debentures during the year.
22. Since the Company did not declare any dividend, offered/issued any rights/bonus shares during the year, the question of keeping in abeyance, rights thereto pending registration of transfer of shares does not arise.
23. The Company has not accepted any deposits or taken any loans during the year within the meaning of sections 58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975.
24. The amounts borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31.3.2009 are within the borrowing limits of the Company. These borrowings did not exceed the limits prescribed in Section 293(1)(d) of the Act.
25. The loans to/investments made in other bodies corporate are in compliance with the provisions of the Act and necessary entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year.
31. No prosecution has been initiated against or show cause notices received by the Company under the Act.
32. The Company has not received any security from its employees during the year under certification as per provisions of section 417(1) of the Act.
33. The Company has deposited both employees' and employer's contribution to Provident Fund with the prescribed authority pursuant to Sec.418 of the Act.

Place: Mumbai
Date: 28th July, 2009

Shailesh A. Kachalia
CP: 3888
Company Secretary



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

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.

Place: Mumbai

Date: 28th July, 2009

Shailesh A. Kachalia

CP: 3888

Company Secretary

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, 2009.

1. Forms 23 AC & 23ACA - Balance Sheet and Profit & Loss Account for the year ended 31.03.2008 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 30.09.2008 (AGM) filed u/s 159(1).
4. Form 23 - Authority to the Board of Directors to acquire securities, making of loans, etc. u/s 372A.

Place: Mumbai

Date: 28th July, 2009

Shailesh A. Kachalia

CP: 3888

Company Secretary

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

1. We have examined the attached Balance Sheet of Hardcastle & Waud Mfg. Co. Ltd as at 31st March 2009 and also the Profit & Loss Account and the Cash Flow Statement annexed thereto 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 2009 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, 2009;
 - 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

Y.P. Shukla
Proprietor

Membership no 16203

Place: Mumbai

Date: 30th June, 2009

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 2009

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 no material discrepancies have been noticed on such verification;
- c) The Company 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 Rs. 155.00 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 Rs. 519.40 lacs during the year from two companies 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) In our opinion the internal audit system of the Company is commensurate with its size and the nature of its business;
- viii) We have broadly reviewed the books of accounts and other records maintained by the Company in respect of Synthetic Resins and Varnishes where pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete;
- 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, 2009 for a period of more than six months from the date of becoming payable;
- b) Disputed Statutory dues aggregating to Rs. 85.98 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 Rs. Lacs
Central Excise	Commissioner of Central Excise (Appeals), Mumbai	11.52
Central Excise	CESTAT, Mumbai	1.13
Sales Tax	Deputy Comm of ST (Appeals-I), Mumbai	2.67
Sales Tax	Sales Tax Officer Mumbai	67.92
Sales Tax	Sales Tax Tribunal, Kolkata	1.28
Sales Tax	Sales Tax Tribunal, Chennai	1.46

- 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) According to the information and explanations given to us, the Company has not made any default in repayment of dues to banks. There are no borrowings from financial institutions and through debentures;
- 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 not made any allotment of shares during the year;
- xix) According to the information and explanations given to us, the Company has not issued any debentures 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;
- 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**

**Place: Mumbai
Date: 30th June, 2009**

**Y.P. Shukla
Proprietor
Membership no 16203**

**HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED****BALANCE SHEET AS AT 31st MARCH, 2009**

	Schedule	As At 31st March, 2009		As At 31st March, 2008	
		RUPEES	RUPEES	RUPEES	RUPEES
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	A	6,119,740		6,119,740	
Reserves & Surplus	B	261,595,112	267,714,852	254,761,196	260,880,936
LOAN FUNDS					
Secured Loans	C	9,994,605		15,529,274	
Unsecured Loans	D	4,605,953	14,600,558	6,625,383	22,154,657
			282,315,410		283,035,593
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	E	87,636,560		82,575,366	
Less: Depreciation		29,284,376		29,351,094	
Net Block			58,352,184		53,224,272
INVESTMENTS					
	F		131,932,398		128,712,238
DEFERRED TAX ASSETS (NET)					
			6,863,000		6,045,000
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	G	18,919,087		16,183,707	
Sundry Debtors		13,150,038		23,970,373	
Cash & Bank Balances		14,716,935		61,468,217	
Loans & Advances		46,620,289		12,135,107	
		93,406,349		113,757,404	
LESS:					
CURRENT LIABILITIES & PROVISIONS					
Liabilities	H	7,545,277		17,286,303	
Provisions		693,244		1,417,018	
		8,238,521		18,703,321	
NET CURRENT ASSETS					
			85,167,828		95,054,083
			282,315,410		283,035,593

NOTES AS PER SCHEDULES 'L' AND 'M'

As per our report of date attached

For KHARE & CO.
Chartered AccountantsY. P. SHUKLA
Proprietor

Mumbai, dated : 30th June, 2009

B. L. JATIA
Chairman & Managing DirectorHASMUKH GANDHI
Director

Mumbai, dated : 30th June, 2009

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009**

	Schedule	Current Year		Previous Year	
		RUPEES	RUPEES	RUPEES	RUPEES
INCOME					
Sales		136,279,680		343,469,601	
Less : Cenvat		2,990,502	133,289,178	7,834,455	335,635,146
Other Income	I		21,797,032		75,964,104
			<u>155,086,210</u>		<u>411,599,250</u>
EXPENDITURE					
Decrease/(Increase) in Stocks	J		(6,804,519)		8,524,533
Manufacturing & Other Expenses, etc.	K		153,580,025		337,203,011
Depreciation		3,442,455		2,953,617	
Less : Depreciation on Trade Marks withdrawn from Revaluation Reserve		-	3,442,455	160,313	2,793,304
			<u>150,217,961</u>		<u>348,520,848</u>
PROFIT BEFORE TAXATION & EXCEPTIONAL ITEMS			<u>4,868,249</u>		<u>63,078,402</u>
EXCEPTIONAL ITEMS					
Consideration for Goodwill, Technical Knowhow & Copyrights				50,400,000	
Profit/(Loss) from derivative investments trading				106,737	50,506,737
					<u>106,737</u>
PROFIT FOR THE YEAR			<u>4,868,249</u>		<u>113,585,139</u>
Prior Year Adjustments (Net)			<u>1,029,088</u>		<u>1,058,256</u>
PROFIT BEFORE TAXATION			<u>5,897,337</u>		<u>114,643,395</u>
Provision for Taxation					
Current (including Rs 44,000 for Wealth Tax ; Previous year Rs 40,000)		428,000		13,620,000	
Provision for Earlier Year		108,573			
Fringe Benefit Tax		381,000		556,000	
Deferred Tax		(818,000)	99,573	4,058,000	18,234,000
					<u>18,234,000</u>
NET PROFIT AFTER TAXATION			<u>5,797,764</u>		<u>96,409,395</u>
Profit Brought Forward From Previous Year			<u>208,504,637</u>		<u>112,095,242</u>
Balance Carried to Balance Sheet			<u>214,302,401</u>		<u>208,504,637</u>
Basic and Diluted Earning Per share (See Note No. 2 of Schedule 'M')			9.47		157.54

NOTES AS PER SCHEDULES 'L' AND 'M'

As per our report of date attached

For KHARE & CO.
Chartered AccountantsB. L. JATIA
Chairman & Managing DirectorY. P. SHUKLA
ProprietorHASMUKH GANDHI,
Director

Mumbai, dated : 30th June, 2009

Mumbai, dated : 30th June, 2009



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009

	As At 31st March, 2009		As At 31st March, 2008	
	RUPEES	RUPEES	RUPEES	RUPEES
SCHEDULE 'A'				
SHARE CAPITAL				
AUTHORISED				
50,00,000 Equity Shares of Rs 10 each		50,000,000		50,000,000
ISSUED, SUBSCRIBED AND PAID-UP				
6,11,974 Equity Shares of Rs 10 each, fully paid (Of these 1,36,400 Equity Shares allotted as fully paid-up for consideration other than cash)		6,119,740		6,119,740
SCHEDULE 'B'				
RESERVES AND SURPLUS				
REVALUATION RESERVE				
As per Last Balance Sheet	200,000		1,510,313	
Less : Depreciation on Trade Marks transferred to Profit & Loss Account	-		160,313	
Less : Transferred to General Reserve	-	200,000	1,150,000	200,000
SHARE PREMIUM ACCOUNT				
As per Last Balance Sheet		4,527,831		4,527,831
GENERAL RESERVE				
As per Last Balance Sheet	32,781,476		31,631,476	
Add : Transferred from Revaluation Reserve	-	32,781,476	1,150,000	32,781,476
SURPLUS PROVISION FOR DOUBTFUL DEBTS				
As per Last Balance Sheet	8,747,252		2,406,966	
Add : Surplus for the year	1,036,152	9,783,404	6,340,286	8,747,252
PROFIT & LOSS ACCOUNT				
		214,302,401		208,504,637
		<u>261,595,112</u>		<u>254,761,196</u>
SCHEDULE 'C'				
SECURED LOANS				
FROM BANKS				
Cash Credit				
Secured by Hypothecation of Stocks and Book-Debts and first charge on Company's Sarigam Factory (Land, Buildings & Machinery)		9,994,605		15,529,274
SCHEDULE 'D'				
UNSECURED LOANS				
SHORT TERM LOANS AND ADVANCES				
From Others		4,605,953		6,625,383
		<u>4,605,953</u>		<u>6,625,383</u>
Schedule 'E'				
FIXED ASSETS				

	GROSSBLOCK				DEPRECIATION				FIGURES IN RUPEES NETBLOCK	
	As on 01.04.08	Additions During the Year	Sales/ Transfers During the Year	As On 31.03.09	Up to 31.03.08	For the Year	On Sales/ Transfers	As On 31.03.09	As On 31.03.09	As On 31.03.08
FREE HOLD LAND	81,392	-	-	81,392	-	-	-	-	81,392	81,392
LEASE HOLD LAND	1,135,690	-	-	1,135,690	38,717	14,492	-	53,209	1,082,481	1,096,973
BUILDINGS	33,163,560	6,357,508	-	39,521,068	2,526,218	763,508	-	3,289,726	36,231,342	30,637,342
PLANT & MACHINERY	15,253,290	293,964	2,982,773	12,564,481	7,301,116	504,017	1,806,513	5,998,620	6,565,861	7,952,174
WATER EQUIPMENTS	50,030	-	-	50,030	6,326	2,376	-	8,702	41,328	43,704
LABORATORY EQUIPMENTS	786,008	-	276,365	509,643	527,622	23,216	141,105	409,733	99,910	258,386
TOOLS	2,916	-	-	2,916	2,916	-	-	2,916	-	-
FURNITURE & FIXTURES	7,511,268	1,164,670	177,337	8,498,601	4,688,194	441,798	144,345	4,985,647	3,512,954	2,823,074
OFFICE EQUIPMENTS	12,821,044	282,985	560,462	12,543,567	8,516,791	911,989	475,909	8,952,871	3,590,696	4,304,253
MOTOR VEHICLES	7,770,168	2,643,257	1,684,253	8,729,172	1,943,194	781,059	941,301	1,782,952	6,946,220	5,826,974
TRADE MARKS	4,000,000	-	-	4,000,000	3,800,000	-	-	3,800,000	200,000	200,000
TOTAL	82,575,366	10,742,384	5,681,190	87,636,560	29,351,094	3,442,455	3,509,173	29,284,376	58,352,184	53,224,272
PREVIOUS YEAR	89,032,148	19,402,047	25,858,829	82,575,366	50,227,261	295,3617	23,829,784	29,351,094	53,224,272	

NOTE : 1) Buildings include Rs.1500 (previous year Rs.1250) being value of fully paid shares in Co - operative housing societies.

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



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009

	As At 31st March, 2009		As At 31st March, 2008	
	RUPEES	RUPEES	RUPEES	RUPEES
SCHEDULE 'F'				
INVESTMENTS (LONG TERM) (AT COST) (NON TRADE)				
IN GOVERNMENT SECURITIES (UNQUOTED)				
NATIONAL SAVINGS CERTIFICATES				
Deposited with Sales Tax, Excise Authorities, etc				
		10,600		10,600
IN GOVERNMENT SECURITIES (QUOTED)				
11.5%	Andhra Pradesh Loan 2009	2,800		2,800
IN EQUITY SHARES OF RS 10 EACH, FULLY PAID (QUOTED)				
1000	Equity Shares of Reliance Communication Ltd	690,710	690,710	
100	of Bakelite Hylem Ltd	2,800	2,800	
150	of Swastik Rubber Products Ltd	500	500	694,010
IN EQUITY SHARES (UNQUOTED)				
150	of Deve Paints Ltd, of Rs 10 each, fully paid	2,400	2,400	
10,69,448	of Hawcoplast Investments & Trading Ltd, of Rs 10 each, fully paid	11,362,857	11,362,857	
1,49,500	(Previous year 50500) of Global Trendz Retail Pvt. Ltd, of Rs 100 each, fully paid	14,950,125	5,050,125	
5000	(previous Year Nil) Equity Shares of Suvidhi Buildcon Pvt. Ltd	50,155	-	
5000	(Previous Year Nil) Equity Shares of Suvidhi Properties Pvt. Ltd	50,155	-	
5000	(Previous Year Nil) Equity Shares of Anant Land Developers Pvt. Ltd	50,155	-	
2,94,500	(Previous year Nil) of Global Trendz Retail Pvt. Ltd, of Rs 100 each Partly paid Rs 20 each	5,890,000		16,415,382
IN 8% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS 10 EACH, FULLY PAID (UNQUOTED)				
45,00,000	(Previous year 3500000) of Anand Veena Twisters Pvt. Ltd	45,025,000		35,000,000
IN DEBENTURES (0% INTEREST) OF RS 10,000 EACH, FULLY PAID (UNQUOTED)				
1000	(Previous Year Nil) of Suvidhi Buildcon Pvt. Ltd	10,025,000		
1000	(Previous Year Nil) of Suvidhi Properties Pvt. Ltd	10,025,000		
250	(previous Year Nil) of Anant Land Developers Pvt. Ltd	2,506,250	22,556,250	
INVESTMENTS (CURRENT) (AT COST) (NON TRADE)				
IN EQUITY SHARES OF RS 10 EACH, FULLY PAID (QUOTED)				
Nil	(Previous Year 3200) Equity Shares of Reliance Industries Ltd	-	8,354,460	
Nil	(Previous Year 3500) Equity Shares of Balkrishna Industries Ltd	-	2,430,373	
Nil	(Previous Year 12500) Equity Shares of Siyaram Silk Mills Industries Ltd	-	2,465,597	13,250,430
IN MUTUAL FUND UNITS OF RS 10 EACH, FULLY PAID				
(At Cost or Market Value being Net Asset Value, whichever is lower)				
748197	(Previous Year Nil) of Reliance Income Fund Retail Plan-Growth Plan	22,500,000		
554499	(Previous Year Nil) of GSTG - IDFC-SSIF-Short Term Growth	10,000,000		
Nil	(Previous Year 2045382) of LICMF Floating Rate Fund - STP - Growth Plan	-	26,445,327	
Nil	(Previous Year 820175) of Tata Floating Rate Fund Long Term - Growth	-	9,979,729	
Nil	(Previous Year 2752395) of Reliance Monthly Interval Fund-Series I-Inst. Growth Plan	-		
		32,500,000	30,000,000	66,425,056
		133,144,507		131,798,278
		1,212,109		3,086,040
		131,932,398		128,712,238
		696,810		13,947,240
		178,965		10,864,065
		131,235,588		114,764,998
Investments purchased and sold/redeemed during the year other than shown above :				
1,80,45,032	units of Rs 10 each of LICMF Floating Rate Fund - Short Term Plan - Growth Plan			
1,84,27,684	units of Rs 10 each of LIC MF Interval Fund series 1 -Quarterly Growth Plan			
3,66,561	units of Rs 10 each of HDFC CMF Saving Plan - Growth Plan			
33,00,666	units of Rs 10 each of HDFC CMF Saving Plan - Whole Sale Growth			
56,000	equity shares of Global Trendz Retail Pvt Ltd partly paid			



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009

	As At 31st March, 2009		As At 31st March, 2008	
	RUPEES	RUPEES	RUPEES	RUPEES
SCHEDULE 'G'				
CURRENT ASSETS, LOANS AND ADVANCES				
INVENTORIES				
(As certified by the Managing Director)				
Stores & Spare Parts, Etc.		144,840		397,904
Stock-in-Trade				
Raw Materials & Packing Materials		793,402		4,609,477
Work-in-Process		34,453		988,070
Finished Goods				
At Factory	1,519,859		1,697,636	
Outside Factory	766,244		531,026	
Trade Goods	<u>15,660,289</u>	<u>17,946,392</u>	<u>7,959,594</u>	<u>10,188,256</u>
		18,919,087		16,183,707
SUNDRY DEBTORS (UNSECURED)				
Debts Outstanding for a period exceeding six months				
Considered Good	5,172,039		5,602,417	
Considered Doubtful	<u>1,557,987</u>		<u>2,594,139</u>	
	6,730,026		8,196,556	
Other Debts				
Considered Good	<u>7,977,999</u>		<u>18,367,956</u>	
	14,708,025		26,564,512	
Less: Provision for Doubtful Debts	<u>1,557,987</u>	13,150,038	<u>2,594,139</u>	23,970,373
CASH & BANK BALANCES				
Cash on Hand	164,254		218,341	
With Scheduled Banks				
(Including Fixed Deposits of Rs 1,24,80,551 (Previous Year Rs 5,02,85,750)	13,041,679		56,123,907	
(Fixed Deposits kept with a Bank as margin Rs 80,551 (Previous Year Rs 2,85,750)				
Cheques on Hand	<u>1,511,002</u>	14,716,935	<u>5,125,969</u>	61,468,217
LOANS, DEPOSITS AND ADVANCES (UNSECURED)				
(Considered good, unless otherwise stated)				
Advances Recoverable in Cash or in Kind or for Value to be received				
Considered Good	41,296,622		3,742,621	
Considered Doubtful	<u>110,000</u>		<u>110,000</u>	
	41,406,622		3,852,621	
Less : Provision for Doubtful Advances	<u>110,000</u>		<u>110,000</u>	
	41,296,622		3,742,621	
Prepaid Expenses	276,324		294,492	
Advances to Employees	59,258		304,275	
Sundry Deposits	2,051,262		6,824,735	
Deposits with Central Excise Department	185,548		10,785	
Advance Income Tax (Including Tax Deducted at Source)	<u>2,751,275</u>	46,620,289	<u>958,199</u>	12,135,107
(Net of Provisions)		<u>93,406,349</u>		<u>113,757,404</u>
SCHEDULE 'H'				
CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors (Supplies)	2,681,087		5,313,816	
Sundry Creditors (Others)	4,546,163		11,723,399	
Contn on Goods in Stock at Factory	<u>318,027</u>	7,545,277	<u>249,088</u>	17,286,303
PROVISIONS				
Leave Encashment		423,918		1,147,692
Ascertained Liabilities				
As per last Balance Sheet	269,326		292,855	
Less : Written back		269,326	23,529	269,326
Provision for Doubtful Debts and Advances	2,704,139		9,044,425	
Less : deducted per Contra from				
Debtors	1,557,987		2,594,139	
Advances	110,000		110,000	
Excess Provision transferred to Reserves & Surplus	<u>1,036,152</u>		<u>6,340,286</u>	
		<u>8,238,521</u>		<u>18,703,321</u>



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SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	CURRENT YEAR RUPEES	PREVIOUS YEAR RUPEES
SCHEDULE 'I'		
OTHER INCOME		
Interest on long term Investments	460	1,662
Other Interest	2,936,431	1,450,546
Dividend Received on Long-Term Investments	1,645,559	
Dividend Received on Current Investments	99,250	20,964
Rent	5,520,000	3,798,000
Occupation Fees Received	-	965,000
Profit on sale of Current Investments (Net)	3,097,334	7,193,301
Provision for Ascertained Liabilities written back	-	23,529
Provision for Diminution in value of Investments written back	1,873,931	
Provision for Gratuity written back	322,178	140,450
Miscellaneous Income	6,301,889	3,921,738
Profit on sales of Fixed Assets (Net)	-	58,448,914
	21,797,032	75,964,104
SCHEDULE 'J'		
DECREASE/(INCREASE) IN STOCKS		
Stocks at Commencement		
Finished Goods	2,228,662	6,928,518
Work-in-Process	988,070	1,739,972
Trade Goods	7,959,594	11,032,369
	11,176,326	19,700,859
Stocks at Close		
Finished Goods	2,286,103	2,228,662
Work-in-Process	34,453	988,070
Trade Goods	15,660,289	7,959,594
	17,980,845	11,176,326
	(6,804,519)	8,524,533
SCHEDULE 'K'		
MANUFACTURING & OTHER EXPENSES, ETC.		
Consumption of Raw Materials	13,138,186	32,990,446
Consumption of Packing Materials	2,404,793	2,881,812
Trade Purchases	83,687,886	180,109,470
Consumption of Stores, Spares, etc.	9,238	139,458
Salaries, Wages, Ex-Gratia, Bonus, etc.		
Salaries, Wages, Bonus & Ex-Gratia	12,498,831	20,041,040
Contribution to Provident, Gratuity & other Funds	801,724	1,597,221
Employees' Welfare Expenses	319,241	2,065,405
	13,619,796	23,703,666
Power and Fuel	958,015	2,263,624
Water Charges	19,350	31,515
Repairs & Maintenance		
Machinery	115,111	238,501
Buildings	878,459	344,283
Others	592,442	753,676
	1,586,012	1,336,460
Rent	1,416,904	1,311,170
Occupation Fees	-	50,000
Rates & Taxes	108,270	104,714
Insurance	364,392	505,144
Freight & Forwarding, etc.	777,786	2,320,416
Vehicle Running & Maintenance	1,178,913	1,400,535
Sales Tax & VAT	6,484,365	15,472,586
Rebates and Discounts	11,198,007	43,963,094
Commission & Brokerage	213,655	870,336
Interest	1,261,419	1,881,616
Bank Charges	229,912	231,279
Directors' Fees	5,500	10,500
Director's Remuneration	2,168,544	689,797
Travelling & Conyance Expenses	3,861,110	5,948,616
Business Convention & Publicity	915,164	1,443,236
Telephone Expenses	993,084	1,486,097
Electricity Expenses	1,373,366	1,251,634
Gifts Expenses	-	9,508
Hospitality & Entertainment	16,742	44,120
Legal & Professional Expenses	1,620,799	2,908,472
Establishment Expenses	3,121,671	5,759,602
Research & Development Expenses	70,694	398,438
Bad Debts & Advances Written Off	519,090	2,604,210
Loss on Sale of Fixed Assets(Net)	257,362	
Provision for Diminution in value of Investments	-	3,081,440
	153,580,025	337,203,011



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

SCHEDULE OF NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE 'L'

GOODS MANUFACTURED/TRADED :

Values in Rs Lacs

	UNIT	CAPACITY PER ANNUM		PRODUCTION		PURCHASES		STOCK OF FINISHED GOODS		SALES			
		Licensed Qty	Installed Qty	Qty	Value	Qty	Value	OPENING Qty	OPENING Value	CLOSING Qty	CLOSING Value	Qty	Value
Heat Treatment Chemicals & Salts, Metal Working & Maintenance Products	t/kl	11,640	(11640)	17	809.64	664	809.64	45	77.35	71	149.78	655	1,144.68
Sealants	t	-	(600)	5	0.82	0	0.82	3	3.92	1	0.97	7	9.00
Insulating Varnishes	t	410	(302)	113	-	(501)	(471.07)	10	6.19	(3)	(3.92)	123	111.25
Synthetic Resins	t	700	2,000	129	-	-	-	16	14.42	4	3.42	141	95.52
Others		(700)	(2,000)	(385)	-	-	-	(25)	(21.57)	(16)	(14.42)	(394)	(218.70)
TOTAL							836.88		101.88		179.46		1,362.80
							(1,801.09)		(179.61)		(101.88)		(3,434.70)

NOTES:

1. Figures in brackets relate to previous year.
2. Quantities of Production and of Sales include Inter / Intra Divisional Transfers.
3. Quantities of sales include excesses, shortages, samples, captive consumption, etc.
4. Installed capacities have been certified by Managing Director and not verified by Auditors.

EARNINGS IN FOREIGN CURRENCY

	Current Year Rs Lacs	Previous Year Rs Lacs
F. O. B. Value of Exports	18.23	12.82
Reimbursement of Sales Promotion Expenses	26.06	10.01
	<u>44.29</u>	<u>22.83</u>

CONSUMPTION OF RAW MATERIALS

	Unit	Qty	Rs Lacs	Qty	Rs Lacs
Vegetable Oils	t	14	8.57	46	21.12
Solvents	kl	79	36.11	298	99.46
Polybasic Acids	t	18	8.59	99	47.39
Chemicals	t	58	37.02	86	59.94
Others			41.09		101.99
			<u>131.38</u>		<u>329.90</u>

VALUE OF RAW MATERIALS AND STORES & SPARE PARTS CONSUMED

	Rs Lacs	%	Rs Lacs	%
RAW MATERIALS				
Imported	9.53	7.25	36.39	11.03
Indigenous	121.85	92.75	293.51	88.97
	<u>131.38</u>	<u>100.00</u>	<u>329.90</u>	<u>100.00</u>
STORES & SPARE PARTS				
Indigenous	0.09	100.00	1.39	100.00
	<u>0.09</u>	<u>100.00</u>	<u>1.39</u>	<u>100.00</u>

C.I.F. VALUE OF IMPORTS

(Excluding value of imported items locally purchased)

Raw Materials	9.41	19.32
Capital Goods	0.58	1.24
Trade Goods	211.20	166.30
	<u>221.19</u>	<u>186.86</u>

EXPENDITURE IN FOREIGN CURRENCY

Travelling	11.95	7.74
Foreign Bank Charges on Imports/Exports	0.27	0.02
Marketing Expenses	0.28	-
	<u>12.50</u>	<u>7.76</u>

DIRECTOR'S REMUNERATION

Salary	12.60	5.05
Perquisites	7.58	1.24
Contribution to P F	1.51	0.51
	<u>21.69</u>	<u>6.90</u>

Fixed monthly remuneration has been paid to the Managing Director, for part of the year, within the limits laid down in Part II, Section II of Schedule XIII of the Companies Act, 1956. Due to insufficiency of profit for the purpose of Director's Remuneration under section 349 of the said Act, no commission has been paid to the Managing Director.

SCHEDULE 'M'

1) Significant Accounting Policies

- (i) **Fixed Assets** : Valued at cost except Trade Marks which are valued based on valuation carried out by independent agencies.
- (ii) **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.
- (iii) **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 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.

- (iv) **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. Cost 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.
- (v) **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.
- (vi) **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.
- (vii) **Lease** : Lease Rented are charged/accounted for in Profit and Loss Account.
- (viii) **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.
- (ix) **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 & losses in respect of post employment benefits are charged to the Profit & Loss Account.
- (x) **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, 1961 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 substantively enacted 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 future.
- (xi) **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.
- (xii) **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.

2) Computation of Basic Earning Per Share

	Current year	Previous year
a) Net Profit after taxation including Prior Years' Adjustments (Net) as per Profit & Loss Account (Rs)	57.98	964.09
b) No. of Equity Shares of Rs. 10 each	611,974	611,974
c) Basic and Diluted Earning Per share (Rs)	9.47	157.54

3) Deferred Tax Credit for the current year is Rs 8.18 lacs (Previous year debit Rs 40.58 lacs).

The break-up of deferred tax assets and liabilities is as under:

Nature of timing difference	Deferred Tax Assets/(Liabilities) as at 31st March, 2009 Rs lacs	Deferred Tax Assets/(Liabilities) as at 31st March, 2008 Rs lacs
	Deferred Tax Assets	
Items covered under section 43 B of I. Tax Act	1.29	3.20
Provision for Doubtful Debts & Advances	5.15	9.19
Provision for MAT u/s 115 JB	90.01	78.29
Provision for Leave Encashment	1.31	3.90
Provision for diminution in value of investments	3.75	10.49
Carried forward loss under I. Tax Act	10.84	—
Sub-total	112.34	105.07
Deferred Tax Liabilities		
Depreciation	(43.71)	(44.62)
Net Deferred Tax Assets/(Liabilities)	68.63	60.45

4) Related Party Disclosures (as identified by the management and relied by the auditors)
i) Control

Mr B. L. Jatia

ii) Associate Companies

Hawcoplast Investments & Trading Limited

Global Trendz Retail Private Limited

Winmore Leasing & Holdings Limited

iii) Key Management Personnel

Mr B. L. Jatia, Managing Director

Transactions with Related Parties in the ordinary course of business :

	CURRENT YEAR (RS LACS)			PREVIOUS YEAR (RS LACS)		
	Associated Companies	Key Management Personnel	Maximum during the year	Associated Companies	Key Management Personnel	Maximum during the year
i) Interest bearing Intercompany deposits given/(obtained) during the year	155.00			(828.00)		
ii) Interest paid/(Received) during the year	(0.70)			1.22		
iii) Outstanding including interest Receivable : Global Trendz Retail Pvt. Ltd Payable :	130.49		155.00			
iv) Purchases of goods	26.51					
v) Commission paid	0.35					
vi) Rent paid	3.35			5.35		
vii) Remuneration paid		21.69			6.90	
viii) Share Application Money Paid Global Trendz Retail Private Limited	86.95		86.95			
ix) Deposit for premises Winmore Leasing & Holdings Limited	7.20		55.00	55.00		55.00
x) Outstanding Credit	26.81					



HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

5) Segment Information for the year ended 31st March, 2009

Primary Segment reporting - Business Segments

	CURRENT YEAR (RS LACS)			PREVIOUS YEAR (RS LACS)		
	Industrial Chemicals	Investment Activities	Total	Industrial Chemicals	Investment Activities	Total
SEGMENT REVENUE						
External Sales	1,362.80	67.16	1,429.96	3,434.70	72.16	3,506.86
Inter-Segment Sales	-	-	-	-	-	-
Total Revenue	1,362.80	67.16	1,429.96	3,434.70	72.16	3,506.86
SEGMENT RESULT (58.40)	67.16	8.76	563.69	41.34	605.03	40.63
Unallocated Corporate (Expenses)/Income	-	-	33.46	-	-	18.81
Operating Profit/(Loss)	-	-	42.22	-	-	14.52
Interest Expense	-	-	12.61	-	-	182.34
Interest Income	-	-	29.36	-	-	459.03
Income Tax (including Deferred Tax/FBT)	-	-	0.99	-	-	505.06
Net Profit from Ordinary Activities	-	-	57.98	504.00	1.07	964.09
Extra Ordinary Income	-	-	-	-	-	-
Net Profit	-	-	57.98	-	-	57.98
OTHER INFORMATION						
Total carrying amount of Segment Assets	1,341.86	1,319.34	2,661.20	1,045.54	1,287.13	2,332.67
Add: Unallocated Corporate Assets	-	-	244.34	-	-	684.72
Total Assets	-	-	2,905.54	-	-	3,017.39
Total carrying amount of Segment Liabilities	228.39	-	228.39	408.58	-	408.58
Add: Unallocated Corporate Liabilities	-	-	2,677.15	-	-	2,608.81
Total Liabilities	-	-	2,905.54	-	-	3,017.39
Capital Expenditure incurred during the year	107.42	-	107.42	194.02	-	194.02
Depreciation for the year	34.42	-	34.42	27.93	-	27.93
Other Non Cash Expenditure	-	-	-	-	-	-

NOTES:

- Industrial Chemicals segment includes heat treatment products, maintenance products, sealants, synthetic resins and insulating varnishes. The Investment segment relates primarily to the activity of Investment.
- The operations of the company are entirely in India and hence, there are no other reportable geographical segments.
- The Company has entered into operating lease arrangements for use of premises. The future minimum lease rental obligations under non-cancellable operating leases in respect of such premises are Rs 14.17 lacs (Previous Year Rs 9.57 lacs). The Lease Rent Payable not later than one year is Rs 9.57 lacs (Previous Year Rs 8.06 lacs), payable later than one year but not later than five years is Rs 4.60 lacs (Previous Year Rs 1.45 lacs) and payable later than five years is Rs Nil (Previous Year Nil). An amount of Rs 14.40 lacs is expected to be received as future minimum sub-lease payments under non-cancellable sub-leases as on 31st March, 2009.
 - The Company has entered into operating lease arrangements granting use of its premises. The future minimum lease rentals receivable under non-cancellable operating leases in respect of such premises are Rs 41.60 lacs (Previous Year Rs 25.00 lacs). The lease rent Receivable not later than one year is Rs 38.60 lacs (Previous Year Rs 16.00 lacs), Receivable later than one year but not later than five years is Rs 3.00 lacs (Previous Year Rs 9.00 lacs) and Receivable later than five years is Rs Nil (Previous Year Nil).
- Contingent Liabilities not provided for:**

	As at 31st March, 2009 (Rs lacs)	As at 31st March, 2008 (Rs lacs)
a) Guarantees	4.66	4.21
b) Claims not acknowledged as debts (Demands for Excise, Sales Tax, etc. under contest)	83.29	15.92
c) Liability on partly paid shares	148.65	-

Future Profitability may be affected to the extent indicated if such liabilities crystallise.
- The Company has made payment of Rs 0.06 Lacs (Previous Year Rs 7.09 Lacs) to a Gratuity Fund including insurance premium charged by LIC.
- Other Income (Schedule I) includes income tax deducted at source Rs 24.53 lacs (Previous Year Rs 21.32 Lacs).
- Interest shown in Profit & Loss Account (Schedule K) represents interest on loans for other than fixed period.

	Current year (Rs Lacs)	Previous year (Rs Lacs)
11) Details of remuneration to auditors:		
Audit Fees	0.75	1.00
Tax Audit Fees	0.15	0.15
Certificate & Other Services	0.41	0.30
	<u>1.31</u>	<u>1.45</u>

- Sales include sales tax/VAT collected Rs 64.82 lacs (Previous Year Rs 152.24 lacs). All payments towards sales tax/VAT have been debited to the Profit & Loss Account.
- Expenses on Research and Development include Rs 0.66 lac being payment to research and development staff (Previous Year Rs 3.13 lacs).
- Information as required under Accounting Standard - 15 (revised):**

	As at 31.03.2009	As at 31.03.2008
GRATUITY PLAN		
Obligations at the beginning of the year	27.23	26.96
Interest Cost	2.18	2.02
Service Cost	1.95	3.17
Benefits Settled	(9.92)	(1.19)
Actuarial (Gain)/Loss	(4.76)	(3.73)
Obligations at the end of the year	16.68	27.23
Change in Plan Assets		
Fair Value of Plan Assets at the beginning of the year	33.84	25.31
Expected Return on Plan Assets	2.59	2.86
Contributions	-	6.86
Benefits Settled	(9.92)	(1.19)
Actuarial Gain/(Loss)	-	-
Fair Value of Plan Assets at the end of the year	26.51	33.84
Reconciliation of Present Value of the Obligation and Fair Value of the Plan Assets		
Fair Value of Plan Assets at the end of the year	26.51	33.84
Present Value of defined benefit obligation at the end of the year	(16.68)	(27.23)
Asset/(Liability) recognised in the Balance Sheet	9.83	6.61
Gratuity Cost for the year		
Service Cost	1.95	3.17
Interest Cost	2.18	2.02
Expected Return on Plan Assets	(2.59)	(2.86)
Actuarial (Gain)/Loss	(4.76)	(3.73)
Expense recognised in the Profit & Loss Account	(3.22)	(1.40)
Assumptions		
Interest Rate	7.50%	8.00%
Expected Rate of Return on Plan Assets	7.50%	8.00%
Expected Rate of Salary Increase	5.50%	5.00%
Attrition Rate	1.00%	1.00%
Retirement Age	55 & 58 years	55 & 58 years

- 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 & Medium Enterprises Development Act, 2006 and therefore principal amount, interest paid/payable or accrued to such enterprises is Nil.
- Exchange difference (net loss) arising from foreign currency transactions amounting to Rs 0.76 lac (Previous Year net loss Rs 0.44 lac) has been accounted for under the respective revenue heads in the Profit and Loss Account.
- Loans and Advances include deposits of Rs 1.10 lacs (Previous Year Rs 1.10 lacs) with Central Excise Deptt and Rs 15.36 lacs (Previous Year Rs 15.27 lacs) 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.
- A charge has been created on stocks, stores, book debts and some fixed assets of the Company in favour of a bank in consideration of facility of cash credit, guarantees and letters of credit issued / to be issued upto a limit of Rs 110.00 lacs on behalf of the Company (Previous Year Rs 369.00 lacs).
- There are no amounts, due and outstanding, to be credited to Investor Education & Protection Fund as on the date of the Balance Sheet.



**SCHEDULE OF NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE 'M' (Contd.)

20) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	:	4581	State Code	:	11
Balance Sheet Date	:	31.03.2009			

II. CAPITAL RAISED DURING THE YEAR (Rs in Thousands)

Public Issue	:	Nil	Bonus Issue	:	Nil
Rights Issue	:	Nil	Private Placement	:	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs in Thousands)

Total Liabilities	:	290,554	Total Assets	:	290,554
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Source of Funds

Paid up Capital	:	6,120	Reserves & Surplus	:	26,595
Secured Loans	:	9,995	Unsecured Loans	:	4,606

Application of Funds

Net Fixed Assets	:	58,352	Investments	:	131,932
Deferred Tax Assets (Net)	:	6,863	Net Current Assets	:	85,168
Miscellaneous Expenditure	:	Nil	Profit & Loss Account	:	Nil

IV. PERFORMANCE OF COMPANY (Rs in Thousands)

Turnover	:	136,280	Total Expenditure	:	153,208
Profit before tax	:	5,897	Profit after tax	:	5,798
Earning Per Share (Rs)	:	9.47	Dividend	:	Nil

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS

ITC Code No.	Product Description :
28371100	Heat Treatment Chemicals & Salts, etc.
32089041	Insulating Varnishes
39070000	Synthetic Resins

21) Items and figures for the previous year have been recast, regrouped and or rearranged wherever necessary to conform to the current year's presentation.

SIGNATORIES TO SCHEDULES 'A' TO 'M'

As per our report of date attached

For KHARE & CO.
Chartered Accountants

B. L. JATIA
Chairman & Managing Director

Y. P. SHUKLA
Proprietor

HASMUKH GANDHI
Director

Mumbai, dated : 30th June, 2009

Mumbai, dated : 30th June, 2009

**HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Rupees	Previous Year Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax	4,868,249	113,585,139
Adjustments for:		
Exceptional Items	-	(50,506,737)
Provision for Diminution in value of Investments written back	(1,873,931)	-
Provision for Gratuity Written Back	(322,178)	(140,450)
Provision for Leave Encashment	(723,774)	36,811
Provision for Ascertained Liabilities (Net)	-	(23,529)
Provision for Diminution in value of Investments	-	3,081,440
Bad Debts & Advances Written Off	519,090	2,604,210
(Profit)/Loss on sale of Investments	(3,097,334)	(7,193,301)
(Profit)/Loss on sale of fixed assets	257,362	(58,448,914)
Depreciation	3,442,455	2,793,304
Interest/Dividend	(3,420,281)	408,444
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(350,342)	6,196,417
Adjustments for:		
Trade & Other Receivables	(21,032,531)	(4,430,971)
Inventories	(2,735,380)	10,900,633
Trade Payables	(9,741,026)	2,210,447
CASH GENERATED FROM OPERATIONS	(33,859,279)	14,876,526
Interest paid	(1,261,419)	(1,881,616)
Direct taxes	(2,710,649)	(14,126,066)
CASH FLOW BEFORE EXCEPTIONAL ITEMS	(37,831,347)	(1,131,156)
Exceptional Items	-	50,506,737
Income Pertaining to Previous Years	1,029,088	1,058,256
NET CASH FLOW FROM OPERATING ACTIVITIES	(36,802,259)	50,433,837
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(10,742,384)	(19,402,047)
Sale of Fixed Assets	1,914,655	60,477,959
Purchase of Investments	(578,138,166)	(345,692,150)
Sale of Investments	579,889,271	353,202,043
Interest received	2,936,891	1,452,208
Dividend received	1,744,809	20,964
Cash used in Investing Activities before Exceptional Items	(2,394,924)	50,058,977
Exceptional Items	-	(50,506,737)
NET CASH USED IN INVESTING ACTIVITIES	(2,394,924)	(447,760)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Short Term Borrowings	(5,534,669)	3,399,643
Long Term Borrowings	(2,019,430)	(835,521)
NET CASH FROM FINANCING ACTIVITIES	(7,554,099)	-2,564,122
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(46,751,282)	52,550,199
CASH AND CASH EQUIVALENTS (Opening balance)	61,468,217	8,918,018
CASH AND CASH EQUIVALENTS (Closing balance)	14,716,935	61,468,217

As per our report of date attached

For KHARE & CO.
Chartered AccountantsB. L. JATIA
Chairman & Managing DirectorY. P. SHUKLA
ProprietorHASMUKH GANDHI
Director

Mumbai, dated : 30th June, 2009

Mumbai, dated : 30th June, 2009



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 63rd ANNUAL GENERAL MEETING of the Company held at registered office in Kalyan (East) on Wednesday, the 30th September, 2009 .

Signature of the Shareholder or Proxy

NOTES:

1. Shareholders/Proxy 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. Shareholders 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 _____

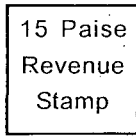
_____ of _____ or failing him/her

_____ of _____ as my/our

proxy to attend and vote on my/our behalf at the 63rd Annual General Meeting of the Company to be held on Wednesday, the 30th September, 2009 at 10 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2009.

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.

BOOK POST



If undelivered, please return to :

HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

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