



# HIND RECTIFIERS LIMITED

Perfectly Engineered Power Conversion Systems



12 Pulse Water Cooled Thyristor Controlled Rectifier  
System for production of Chloro-alkali Products

**59TH ANNUAL REPORT**  
**2016-2017**

[hirect.com](http://hirect.com)



## REGISTERED OFFICE

: Lake Road,  
Bhandup (West),  
Mumbai - 400078  
CIN : L289000MH1958PLC011077  
Email : corporate@hirect.com  
Website : hirect.com

## WORKS

- : i) Lake Road, Bhandup (West),  
Mumbai - 400078 Maharashtra (India)
- ii) Plot No. 110/111, M.I.D.C. Satpur,  
Nashik - 422007 Maharashtra (India)
- iii) New Khasra. No. 64-67 & 74,  
Village Charba, Vikas Nagar,  
Dehradun - 248197 Uttarakhand (India)
- iv) New Khasra. No. 295, 296 & 301,  
Village Charba, Vikas Nagar,  
Dehradun - 248197 Uttarakhand (India)

## REGIONAL OFFICES

### Western Region

: Marketing Division  
Lake Road, Bhandup (West),  
Mumbai - 400078.

### Eastern Region

: Chatterjee International Centre  
6th Floor, Flat No. 4,  
33-A, J. N. Road, Kolkata - 700071.

### Northern Region

: 7B/5024, 2nd Floor,  
N. S. Marg, New Delhi - 110002.

### Southern Region

: 403, 4th Floor, C Block,  
Shivalaya Building, Ethiraj Salai,  
Egmore, Chennai - 600008.

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## **BOARD OF DIRECTORS**

S. K. Nevatia, Chairman & Managing Director  
Uma S. Nevatia, Executive Vice Chairperson (upto 3rd November, 2016)  
Bharat Swaroop (upto 24th April, 2017)  
Pawan Kumar Golyan  
V. K. Bhartia  
Binod Kumar Patodia  
Pradeep V. Goyal  
Parimal Merchant  
Akshada Nevatia (w.e.f. 15th January, 2017)  
Vandan Shah (w.e.f. 15th January, 2017)

## **CHIEF FINANCIAL OFFICER**

Shyam Aswani (upto 31st May, 2016)  
A. K. Nemani (w.e.f. 11th August, 2016)

## **COMPANY SECRETARY & COMPLIANCE OFFICER**

Meenakshi Anchlia

## **BANKERS**

ICICI Bank Ltd.  
Union Bank of India  
TJSB Sahakari Bank Ltd.  
Apna Sahakari Bank Ltd.

## **AUDITORS**

M/s Khandwala & Shah  
Chartered Accountants

## **SECRETARIAL AUDITORS**

M/s GMJ & Associates  
Company Secretaries

## **LEGAL ADVISORS**

M/s Kanga & Co.

## **REGISTRAR AND TRANSFER AGENT**

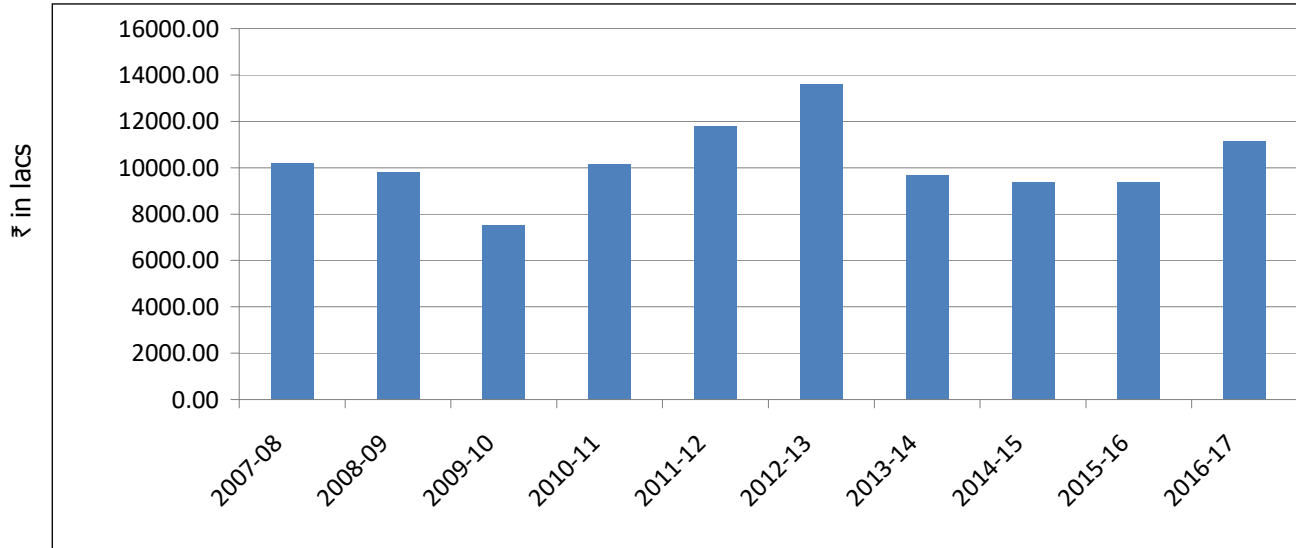
M/s Adroit Corporate Services Private Limited  
17-20, Jafferbhoy Industrial Estate,  
1st Floor, Makwana Road, Marol Naka,  
Andheri (East), Mumbai - 400059.

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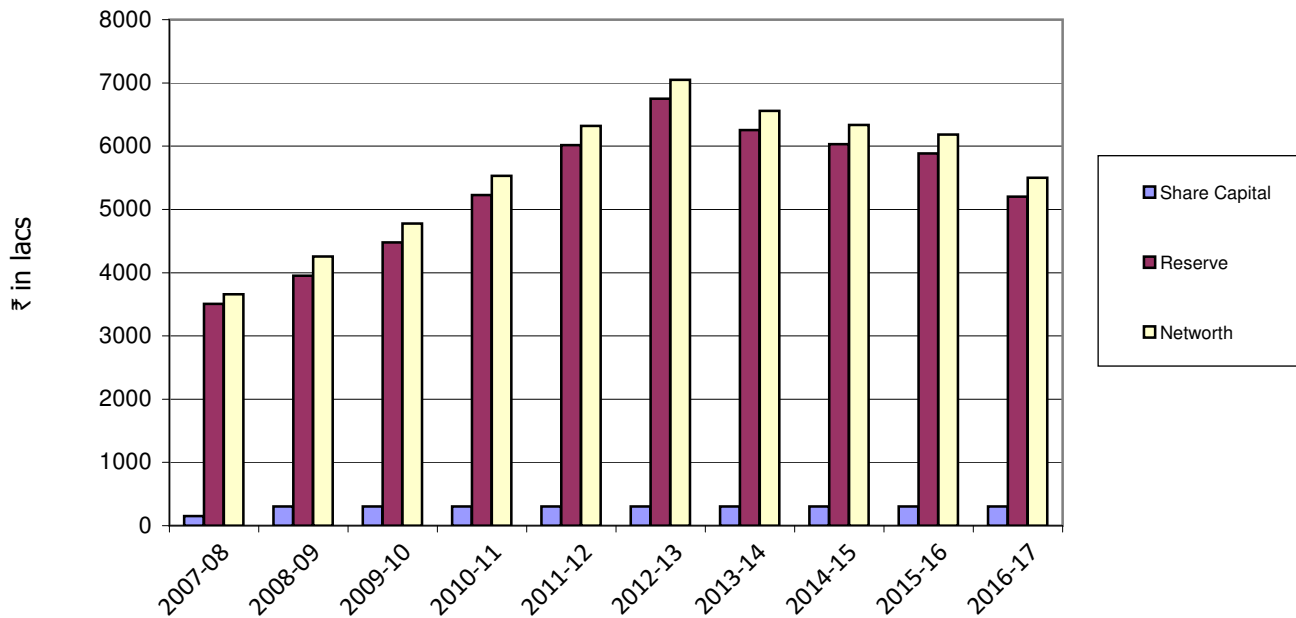
## **59th ANNUAL GENERAL MEETING**

Date : 8th September, 2017  
Time : 3.30 p.m.  
Venue : Kamalnayan Bajaj Hall & Art Gallery, Bajaj Bhavan,  
Ground Floor, Nariman Point, Mumbai 400021.

## SALES



## NET WORTH



## HIGHLIGHTS

		2016-17	2015-16	2014-15	2013-14	2012-13	
<b>INCOME :</b>							
1	Gross Operational Income	(₹ in lacs)	12,048.28	9,947.53	9,895.73	10,187.09	14,539.64
2	Net Operational Income	(₹ in lacs)	11,133.96	9,393.59	9,396.82	9,671.66	13,621.65
3	Profit before Finance Cost, Depreciation & Tax	(₹ in lacs)	543.95	266.63	(209.97)	(306.72)	1,440.74
4	Finance Cost	(₹ in lacs)	503.91	327.47	234.91	170.78	95.38
5	Depreciation	(₹ in lacs)	199.75	157.53	146.98	228.67	234.67
6	Gross Profit after Finance Cost & Depreciation but before Tax	(₹ in lacs)	(159.71)	(218.37)	(591.86)	(706.17)	1,110.69
7	Exceptional Items	(₹ in lacs)	779.33	-	-	-	-
8	Profit after Tax	(₹ in lacs)	(681.81)	(150.98)	(357.26)	(492.54)	1,012.77
9	Dividends	(₹ in lacs)	-	-	-	30.11	240.93
<b>EQUITY SHARE DATA :</b>							
10	Sales & other Income per equity Share	(₹)	74	63	63	65	91
11	Earnings per equity share	(₹)	(4.53)	(1.00)	(2.37)	(3.27)	6.73
12	Book value of equity share	(₹)	36.54	41.07	42.07	43.54	46.81
13	Networth	(₹ in lacs)	5,501.98	6,183.79	6,334.77	6,555.95	7,048.90
14	Market Price :						
	a) High	(₹)	114.30	100.00	104.80	61.95	70.50
	b) Low	(₹)	61.00	52.55	33.65	28.30	36.00
15	Dividend	(%)	-	-	-	10	80
<b>RATIO :</b>							
16	PBT / Net Operational Income	(%)	(1.43)	(2.32)	(6.30)	(7.30)	8.15
17	Profit after Tax / Networth	(%)	(12.39)	(2.44)	(5.64)	(7.51)	14.37
18	Total Liabilities / Total Assets	Times	0.52	0.50	0.45	0.42	0.38
19	Total Debt / Equity	Times	0.73	0.51	0.41	0.35	0.27
20	Total Outside Liability / Total networkth	Times	1.08	0.97	0.81	0.71	0.61
21	Current Ratio	Times	1.49	1.69	1.69	1.95	2.21
22	PBDIT / Finance Costs	Times	1.08	0.81	(0.89)	(1.80)	15.11



## CHAIRMAN'S STATEMENT



Dear Shareholders,

I am happy to report that after suffering for last four years due to lack of orders from the Railways we have in the current year a very good order booking.

Due to lack of adequate sales in the past, the Company suffered losses which seriously affected the working capital. To overcome this problem, the Company is coming out with a Right Issue.

To enter into advanced technology Railway business, the Company has signed a collaborator agreement with a Croatian company.

Our R&D team is actively working in diversified fields such as new product development, cost reduction of existing products and trying to achieve international standards in all respects.

Have a little patience, I assure you beginning from the current financial year your company will be on an ascending graph.

I take this opportunity to thank my colleagues on the Board for their valuable contribution.

I also would like to thank our employees for their unstinted support and loyalty especially when the Company was passing through difficult times.

I would like to express my gratitude to all our shareholders for their continuing faith in HIRECT.

With Best Wishes

**S. K. Nevatia**

Chairman & Managing Director





## **SHARE CAPITAL**

The paid up Equity Share Capital as on 31st March, 2017 was ₹ 3,01,15,860/-. During the year under review, the Company has not issued any shares with or without differential voting rights nor has granted any stock options or sweat equity.

## **DEPOSITS**

During the year under consideration, the Company has not accepted any deposits. There were no unpaid or unclaimed deposits as on 31st March, 2017.

Company has borrowed by way of interest free loan from its Director which is exempt under Deposit Rules. Outstanding loan as on 31st March, 2017 was ₹ 120 Lacs.

## **BOARD OF DIRECTORS**

As per the provisions of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Shri Pawan Golyan, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

Smt. Uma Nevatia, Executive Vice Chairperson of the Company, passed away on 3rd November, 2016. The Board, while condoling the death of Late Uma Nevatia, records its appreciation of the valuable services rendered by her.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors had appointed Shri Vandan Shah as an Additional Director (Non-Executive and Non-Independent) with effect from 15th January, 2017. His appointment requires the approval of members at the ensuing Annual General Meeting.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors had appointed Smt. Akshada Nevatia as an Additional Director (Executive Category) for five years with effect from 15th January, 2017. Her appointment requires the approval of members at the ensuing Annual General Meeting.

Shri Bharat Swaroop stepped down from the Board with effect from 24th April, 2017. He was the Non-Executive Director of the Company between 1990 and 2017. The Board records its appreciation of the contribution made by Shri Bharat Swaroop during his long association with the Company.

The Company has received the necessary declaration from each Independent Director in accordance with section 149(7) of the Companies Act, 2013, that he meets the criteria of independence as laid out in sub-section (6) of section 149 of the Companies Act, 2013 and the Listing Regulations.

## **KEY MANAGERIAL PERSONNEL**

Shri Shyam Aswani, Chief Financial Officer of the Company resigned as the Key Managerial Personnel with effect from 31st May, 2016.

Shri Anil Kumar Nemani was appointed as Chief Financial Officer and Key Managerial Personnel of the Company with effect from 11th August, 2016.

## **BOARD MEETINGS**

During the year under review the Board of Directors met 5 times i.e. on 27/05/2016, 04/08/2016, 14/11/2016, 15/01/2017 and 09/02/2017. The details of the Board Meetings are given in the Corporate Governance Report which forms a part of this Annual Report.

## **SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.



## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to section 134(3)(C) of the Companies Act, 2013, the Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that we have selected such accounting policies and applied them consistently and made judgments and estimates that 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 / (loss) of the Company for that period;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis;
- e) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively; and
- f) that proper internal financial controls were laid down and that such internal financial controls are adequate and were operating effectively.

## **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)**

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

## **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of Committees of the Board. The Independent Directors met separately on 14<sup>th</sup> November, 2016 to discuss the following:

- (i) review the performance of Non-Independent Directors and the Board as a whole;
- (ii) review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- (iii) assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All Independent Directors were present at the Meeting and discussed the above and expressed their satisfaction.

The outcome of the Board evaluation was discussed by Nomination and Remuneration Committee and the Board.

## **SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint venture or Associate Companies.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the financial year 2016-17, the Company has not given any loans, guarantees or made any investments as per the provisions of section 186 of the Companies Act, 2013.



## **RELATED PARTY TRANSACTIONS**

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of section 188 of the Companies Act, 2013 and the rules made there under are not attracted. Thus, disclosure in form AOC-2 in terms of section 134 of the Companies Act, 2013 is not required.

All Related Party Transactions are placed before the Audit Committee. Omnibus approval was obtained on a quarterly basis for transactions which are of repetitive nature. A statement giving details of all Related Party Transactions are placed before the Audit Committee for review and approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company viz. [www.hirect.com](http://www.hirect.com). None of the Directors has any pecuniary relationship or transactions vis-a-vis the Company.

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has a Vigil Mechanism / Whistle Blower Policy as per the relevant provisions of the Listing Regulations and section 177 of the Companies Act, 2013. The details are given in the Corporate Governance Report which forms a part of this Annual Report. The Vigil Mechanism / Whistle Blower Policy is uploaded on the website of the Company viz. [www.hirect.com](http://www.hirect.com).

## **NOMINATION AND REMUNERATION POLICY**

The Board of Directors had framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As per the Companies Act, 2013, all companies having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during any three preceding financial year are required to constitute a Corporate Social Responsibility (CSR) committee of the Board of Directors comprising three or more Directors, at least one of whom should be an independent Director and such Company shall spend at least 2% of the average net profits of the Company's three immediately preceding financial year.

Accordingly, Company had constituted CSR committee comprising Shri V. K. Bhartia (Chairman), Shri S. K. Nevatia and Smt. Uma Nevatia (Members). The Committee was reconstituted due to sad demise of Late Uma Nevatia and Smt. Akshada Nevatia, joined as a new member of the Committee.

Due to losses in three preceding financial years, CSR is not applicable on the Company in reporting financial year 2016-17. Thus, report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is not required.

During April, 2017, the Company, Chairman and Managing Director, Chief Financial Officer and ex-Company Secretary received a Show Cause Notice (SCN) from Registrar of Companies, Mumbai for alleged violation of section 134(8) of the Companies Act, 2013. As per SCN the contravention is in respect of Corporate Social Responsibility applicability in financial year 2014-15.

The Company has filed its reply to the SCN with the Registrar of Companies, Mumbai. In the best interest of stakeholders of the Company to avoid litigation, the Company had decided to file an application with the Registrar of Companies, Mumbai for compounding of the contraventions alleged in the SCN.

## **AUDIT COMMITTEE**

An Audit Committee of the Board has been constituted in terms of the relevant provision of the Listing Regulations and section 177 of the Companies Act, 2013. Constitution and other details of the Audit Committee are given in the Corporate Governance Report which is a part of this Annual Report.