

45th
Annual Report
2002-2003



HINDUSTAN TIN WORKS LIMITED



45th Annual Report 2002-2003

CONTENTS :

<u>Particulars</u>	<u>Page No.</u>
Financial Highlights	2
Notice	3 - 6
Directors' Report	7 - 16
Auditors' Report	17 - 18
Balance Sheet	19
Profit & Loss Account	20
Schedules to Balance Sheet & Profit & Loss Account	21 - 33
Balance Sheet Abstract	34
Cash Flow Statement	35
Proxy Form/Attendance Slip	36

BOARD OF DIRECTORS

1. Shri Vijay Kumar Bhatia (Chairman)
2. Shri Sanjay Bhatia (Managing Director)
3. Shri Ashok Kumar Bhatia (Whole Time Director)
4. Shri Gaurav Bhatia (Whole Time Director)
5. Shri J. B. Kapil (Whole Time Director)
6. Shri Rajinder Somani
7. Shri R. K. Miglani
8. Shri B. K. Batra
9. Shri Harish Mathotra
10. Shri Vijay Handa (Appointed w.e.f. 30/06/03)
11. Shri S. L. Kapur (Resigned w.e.f. 28/01/03)
12. Shri Kisan Mehta (Resigned w.e.f. 15/11/02)

COMPANY SECRETARY

Shri D. Varshney

AUDITORS

M/s. M. L. Puri & Company
Chartered Accountants
407, New Delhi House,
Barakhamba Road,
New Delhi-110002.

BANKERS

Punjab National Bank
State Bank of India

SHARE TRANSFER AGENTS

Beetal Financial & Computer Services Pvt. Ltd.
321-S Chirag Delhi,
(Near Shahid Bhagat Singh College)
New Delhi-110017.

REGISTERED OFFICE

488, Bartan Market,
Sadar Bazar,
Delhi-110006.

FACTORIES

1. A-10, Site IV, Industrial Area,
Sahibabad, Ghaziabad (U.P.)
2. Village & Post Office - Bhigan,
Dhatoori Road, Tehsil Ganour,
Murthal, Dist. Sonapat (Haryana)

FINANCIAL HIGHLIGHTS

PARTICULARS	(Amount Rs. in Lakhs)				
	2002-2003	2001-2002	2000-2001	1999-2000	1998-99
A. SALES AND EARNINGS					
Sales and other Earnings	12218.43	11425.51	9542.66	8997.93	8466.33
Profit before taxes	250.83	266.88	231.45	204.84	177.42
Profit after taxes	162.06	212.88	217.26	157.62	163.22
Dividend	* 30.65	* 27.17	* 65.76	* 71.74	* 83.68
Retained Earnings	131.41	185.71	151.50	85.88	79.54
Cash Accruals	493.76	494.71	486.25	375.99	343.08
* inclusive of Dividend Tax					
B. ASSETS AND LIABILITIES					
A. Fixed Assets (Gross)	3958.32	3808.02	3758.89	3462.07	3421.44
Net	2337.34	2365.44	2440.41	2534.81	2447.15
B. Net Current Assets	4550.50	4257.46	3745.91	3505.66	3344.20
C. Investment	19.65	15.08	5.07	5.00	5.00
Total Assets (A + B + C)	6907.49	6637.98	6191.39	6045.47	5796.35
C. NET WORTH					
A. Share Capital	543.46	543.46	543.46	543.46	543.46
B. Reserve and Surplus	2428.55	2243.09	2344.69	2355.09	2305.81
TOTAL (A + B)	2972.01	2786.55	2888.15	2898.55	2849.27
** Deferred Taxation	298.69	298.00	-	-	-
D. BORROWINGS					
A. Long Term Loan	1225.13	1244.42	1417.28	1378.44	992.22
B. Short Term Loan	2411.66	2309.01	1885.96	1768.48	1954.84
TOTAL BORROWING	3636.79	3553.43	3303.24	3146.92	2947.06
TOTAL FUND	7047.13	6637.98	6191.39	6045.47	5796.33
EARNING/EQUITY SHARE	2.98	3.92	3.99	2.90	3.00
BOOK VALUE/EQUITY SHARE (Incl. Revaluation Reserve)	54.68	51.27	53.14	53.33	52.43



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of the Members of Hindustan Tin Works Limited will be held at Asha Farms, Palla Gaon Road, Bakhtawar Pur, Delhi on Tuesday, 30th September 2003 at 10.00 A.M. to transact the following business.

ORDINARY BUSINESS

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date and the report of the Directors and the Auditors thereon.
2. To declare dividend for the year ended 31st March 2003.
3. To appoint a Director in place of Mr. B.K. Batra who is retiring by rotation as per the provisions of Section 256 of the Companies Act, 1956 and being eligible for reappointment, offer himself for re-appointment.
4. To appoint a Director in place of Mr. Gaurav Bhatia who is retiring by rotation as per the provisions of Section 256 of the Companies Act, 1956 and being eligible for reappointment, offer himself for re-appointment.
5. To re-appoint Auditors M/s. M.L. Puri & Company, Chartered Accountants, New Delhi to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration.

Following to be passed as Ordinary Resolution with or without modification :

"RESOLVED THAT Messers M. L. Puri & Co., Chartered Accountants, New Delhi, the retiring Auditors are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting on remuneration and out of pocket expenses, as decided by the Board of Directors of the Company".

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT Mr. Vijay Handa, who was appointed as an Additional Director by the Board of Directors of the Company pursuant to provisions of Article 91 of the Articles of Association of the Company and who holds office upto the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956, if any, as amended up to date, consent of the Company, be and is hereby accorded to the appointment and payment of remuneration to Mr. J.B. Kapil as Whole Time Director of the Company for a period of one year w.e.f. 1.10.2003 to 31.09.2004, on the terms and conditions as set out in the draft Agreement to be entered in to between the Company and Mr. J.B. Kapil, a copy whereof initialed by the Chairman for the purpose of identification has been placed before the Meeting, which Agreement is hereby specifically approved with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and remuneration in such a manner as may be agreed upon by the Board of Directors and Mr. J.B. Kapil and in accordance with the limits prescribed under Schedule XIII to the Companies Act, 1956 or any statutory amendment(s) and modification(s) thereto.

8. To consider and, if thought fit, to pass with or without modification, the following Resolution as SPECIAL RESOLUTION

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956, "Voluntary Delisting Guidelines 2003", rules framed by SEBI, in that behalf and

45th ANNUAL REPORT 2002-2003

subject to such consents, permission or sanctions as may be required from any of the statutory authorities, stock exchanges etc., the Board of Directors be and is hereby authorised to seek voluntary delisting of Company's equity shares from The Bombay Stock Exchange Association Ltd, Delhi Stock Exchange Association Ltd., and The Calcutta Stock Exchange Association Ltd.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to settle all questions, difficulties or doubts as may arise with regard to voluntary delisting of shares and as it may in its absolute discretion deem fit, without being required to seek any further approval of the members or otherwise for this purpose and intent and that members shall be deemed to have given their approval expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and to further authorise any of its committee or any of its Director or officers to do all such acts, deeds or things as may be necessary to give effect to the resolution."

9. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT subject to the provisions of Section 77A and 77 AA of the Companies Act and other applicable provisions, if any and subject to SEBI (Buy-Back of Securities) Regulation, the company is authorised to buy-back its own equity shares out of free reserves or the securities premium account or proceeds of any shares upto an amount not exceeding 25% of the paid up capital of the Company on such price, terms and conditions as decided by the Board of Directors.

RESOLVED FURTHER THAT Buy-Back of the shares be completed within 12 months from the date of AGM and the shares so bought should be extinguished by the company within 7 days from the last date of buy-back of the shares."

By order of the Board
for **Hindustan Tin Works Ltd.**

Place: Delhi
Date : 30th July, 2003

D. Varshney
(Company Secretary)

NOTES :-

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL 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.**
- The instrument appointing a proxy should however be deposited at the Registered Office of the Company duly completed, not less than forty-eight hours before the commencement of the meeting.
- The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business above is annexed hereto.
- The register of members and share transfer books of the Company will remain closed from 16th September to 30th September, 2003 (both days inclusive).
- The members are requested to notify immediately any change in their address, exclusively by way of separate letter without clubbing it with any other request, for quicker attention directly to the Company's Share Transfer Agent.
M/s Beetal Financial & Computer Services (P) Ltd.,
321-S, Chirag Delhi, IIIrd Floor, Near Shahid Bhagat Singh College, New Delhi-110017
Phone : 26231990, 26231991, 26232390.
- Claims on Unclaimed Dividend, if any, for the financial years 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000, 2000-01 and 2001-02 shall be made to the Company or Share Transfer Agent. The shareholders may kindly note that the amount in unpaid dividend account relating to the financial year 1995-96 is due for transfer during September, 2003 to "Investor Education and Protection Fund" established by the Central Government under Section 205C of the Companies Act, 1956.
- The members are requested to bring their copy of Annual Report while attending the 45th Annual General Meeting of the Company.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 6 :**

Mr. Vijay Handa has been appointed as an Additional Director of the Company w.e.f. June 30, 2003 in the meeting of the Board of Directors held on June 30, 2003. Mr. Handa is an Independent Director. He has worked for 20 years in Metal Box Company of India, in different positions. His qualification is B.A.(Hons.) in Economics from Delhi University.

In terms of Section 260 of the Companies Act, 1956 and of the Articles of the Association of the Company, Mr. Vijay Handa holds the office as a Director only upto the date of ensuing Annual General Meeting of the Company and is eligible for re-appointment as a Director of the Company.

The Company has received a valid notice under Section 257 of the Companies Act, 1956, along-with the deposit of Rs.500 from a member proposing the candidature of Mr. Handa for the office of the Director.

The Board considers that his position as a Director will be beneficial and in the interest of the Company.

Your directors commend the resolution for approval of the members.

Except Mr. Vijay Handa, none of the other Directors is, in any way, concerned or interested in the resolution.

ITEM NO. 7 :

The Board of Directors in its meeting held on July 30, 2003 unanimously appointed Mr. J.B. Kapil as Whole Time Director of the Company w.e.f. October 01, 2003 on the terms and conditions mentioned here in below.

Mr. J.B. Kapil is having vast experience of 30 years in the tin industry.

(A) Salary : Rs.34,000 per month with the authority granted to the Board for variation in the salary.

(B) Perquisites : Subject to the discretion of the Board, the Whole Time Director shall be entitled to perquisites which shall include bonus, medical reimbursement, medical insurance, hospital benefit, leave travel concession, leave encashment, education for himself and his family, personal accident insurance, club fees, car with driver and any other reimbursement and allowances or perquisites as decided by the Board of Directors within the limit upto an amount not exceeding Rs. 30,000 per month.

The total remuneration including perquisites shall not exceed the limit specified in Schedule XIII to the Companies Act, 1956. "Family" mentioned above means the spouse, dependent parents and dependent children, of the Whole Time Director as mentioned in the applicable rules or schemes.

For the purpose of calculating the above ceiling, perquisites shall be evaluated in accordance with the Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

The following shall not be included for the purpose of computation of the Whole Time Director's remuneration or perquisites as aforesaid:

- (i) The Company's contribution to Provident Fund and Superannuation Fund pursuant to the Rules of the Company.
- (ii) Gratuity payable to the Whole Time Director pursuant to the Rules of the Company.
- (iii) Encashment of leave at the end of tenure or ceases to be a Whole Time Director.

As required by the Companies Act, 1956, approval of the members is being sought, to the Whole time Directors remuneration.

45th ANNUAL REPORT 2002-2003

The draft Agreement between the Company and the Whole Time Director is available for inspection by the members at the Company's Registered Office between 10 a.m. to 5 p.m. on any working day upto the date of the Annual General Meeting.

None of the Directors except Mr. J. B. Kapil, is interested in the resolution.

This may also be treated as an abstract of the draft Agreement to be entered into between the Company and Mr. J.B. Kapil pursuant to Section 302 of the Companies Act, 1956.

Members are requested to approve the resolution set out above.

ITEM NO. 8 :

At present, the shares of the Company are listed at Mumbai, Delhi and Calcutta Stock Exchanges. Over the years, the Company has witnessed that there is very little trading or no trading in the Stock exchanges. Listing of the shares also involves lot of expenditure without any benefits either to the Company or to the shareholders. Therefore, it is proposed to delist the equity shares of the Company from all the exchanges under "Voluntary Delisting Guideline 2003". It is also proposed to provide exit route to the shareholders in accordance with the rules contained in the guideline.

Your Directors commend the resolution for approval.

None of the Directors of the Company is interested in the resolution, except to the extent of their shareholding in the Company.

ITEM NO. 9 :

The Company is allowed to Buy-Back its equity shares subject to the provisions of Sections 77A and 77AA of the Companies Act. As you are aware that erstwhile Conwel Cans India Ltd. merged with our Company pursuant to BIFR dated 9th December 1996. This merger has resulted into odd lot shares. Disposal of odd lot shares is difficult task for the shareholders. Therefore, the Company proposes to Buy-Back odd-lot shares.

Further, the Company also proposes to increase the shareholders wealth. Buy-Back provides way for reduction of capital in order to increase earning per share of Company. Therefore, other shares are also proposed for buy-back.

Your Directors commend the resolution for approval.

None of the Directors of the Company is interested in the resolution, except to the extent of their shareholding in the Company.

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have great pleasure in presenting the 45th Annual Report together with the Audited Annual Accounts of the Company for the financial year ending 31st March, 2003.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	2002-2003	2001-2002
Profit before Interest, Depreciation & Tax	863.45	978.78
Less : Financial Charges	369.68	484.07
Less : Depreciation	180.90	165.79
Less : Misc. expenses written off	62.03	62.03
Less : Provision for Tax	88.12	49.00
Less : Deferred Tax	0.69	5.00
Profit after Tax	162.03	212.89
Add : Balance brought forward from last year	603.23	442.52
Balance available for appropriation	765.26	655.40
Less : Appropriations :		
Dividend (incl. Div. Tax)	30.65	27.17
Transfer to General Reserve	25.00	25.00
Balance carried forward	709.61	603.23

DIVIDEND

Your Directors are pleased to recommend dividend at the rate of Rs. 0.50 per share for the year 2002-2003.

OPERATIONS

Your Company has achieved a turnover of Rs. 12,214 lacs as against the previous year turnover of Rs. 11,428 lacs. This year the Company has achieved an increase in sales but the net profit was down because of change in sales mix and increase in taxation liability. However, Company has been successful in reducing interest cost considerably by Rs. 110 lacs approx. The Company is also putting up considerable efforts to augment its exports sales.

DIRECTORS

Mr. Kisan Mehta and Mr. S. L. Kapur have resigned from the Board. The Board placed on record the appreciation for Mr. Mehta and Mr. Kapur for their dedication, valuable contribution and adherence to highest standards of corporate governance and professionalism.

Mr. Vijay Handa has been appointed as an Additional Director of the Company in the meeting of the Board of Directors held on June 30, 2003.

The Board of Directors of the Company in its meeting held on July 31, 2003 unanimously appointed Mr. J.B. Kapil as a Whole Time Director of the Company for a period of one-year i.e. 1st October, 2003 to 30th September, 2004.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Mr. B. K. Batra and Mr. Gaurav Bhatia shall retire by rotation and being eligible offer themselves for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to directors' responsibility statement, it is hereby confirmed that :

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.

45th ANNUAL REPORT 2002-2003

- (b) 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 financial year 2002-2003 and of the Profit of the company for that period.
- (c) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) We have prepared account on going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report in the form of Management Discussion and Analysis pursuant to Clause 49 of the Listing Agreement, as a part of this report is annexed hereto as Annexure-I.

CORPORATE GOVERNANCE

A report on Corporate Governance alongwith the Auditors' Statement on its compliance is annexed hereto as Annexure-II.

AUDITORS

M/s M. L. Puri & Co., Chartered Accountants, the auditors of the Company, retiring at the forthcoming Annual General Meeting and are eligible for re-appointment. The requisite certificate required under Section 224(1B) of the Companies Act, 1956 has been received from them.

PERSONNEL

None of the employees during the year received remuneration in excess of the limits set under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended upto date.

PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in accordance with the provisions of Clause (e) of Sub-Section (1) of Section 217 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, 2003 is given in Annexure-III of this report.

AWARD AND RECOGNITION

It is a matter of great pride for all of us that our Company has won Silver award in **"Food 3 piece"** for "Nestle Everyday Ghee" and Silver Award in **"Beverage 3 piece"** for "BDM Apple Juice" in the "Can of the year 2003" competition.

It is a matter of pride for us that our M.D., Mr. Sanjay Bhatia has been appointed as a member of the "Task Force for Indirect Taxes" headed by Mr. Vijay Kelkar which has been formed by the Finance Minister of Government of India, Mr. Jaswant Singh.

ISO CERTIFICATION

Your Company has also been recommended for upgradation from ISO : 9002 : 1994 to ISO : 9001 : 2000. This recognition would further strengthen the customer's confidence in the Company.

ACKNOWLEDGMENT

The Board wishes to place on record with deep sense of satisfaction, their appreciation for the guidance, co-operation and assistance extended to the Company by its Bankers, Shareholders, Customers and our dedicated team of employees.

For & on behalf of Board

Place : Delhi
Dated : 30th July, 2003

VIJAY BHATIA
Chairman

**ANNEXURE - I****THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The can making industry in India is fragmented with large and medium size companies. Hindustan Tin Works Ltd. is one of the leading players amongst all the players in the tin plate can making industry in India.

Tin packaging industry in India has yet to catch up the world trend which attaches a lot of significance to the virtues of tin packaging like perseverance, hygiene, transportability, Eco-friendliness etc.

OPPORTUNITIES & THREATS

Our Company is a leading and established Company in tin packaging industry. Our Company has always concentrated its efforts towards quality upgradation and customer satisfaction.

OPPORTUNITIES

1. Historical established performance.
2. Established customer profile and wide customer base
3. Reputation for quality.
4. Raw material procurement advantage.
5. Ability to expand/diversify based on the existing financial data supported by good assets base.
6. Credibility in export market.
7. Sound technical and professional working force.
8. Promotion of food processing by government.
9. Support and confidence of different stakeholders like shareholders, suppliers, customers, banks and financial institutions and government.

THREATS

1. Global competition.
2. Demand shift to other forms of packaging resulting into over capacity in the industry.
3. Competition from unorganized sector.
4. Shrinking margin.
5. Concession extended by the government in excise rates for establishing units in northern India.

PRODUCT-WISE PERFORMANCE

The Company has performed consistently well year after year in areas like dairy products, processed food, coffee and export. However, the Company has given special focus on the growing segment of processed food. The Company has also taken steps to increase its sales in non-food area.