

56th ANNUAL REPORT 2013-2014

HUNDREDS OF PRODUCTS...

One Can!



HINDUSTAN TIN WORKS LIMITED

A RECOGNISED STAR EXPORT HOUSE

HTW'S CORPORATE SOCIAL RESPONSIBILITY (CSR)

DONATION/CONTRIBUTION TOWARDS:

- Prime Minister Relief Fund for Uttarakhand relief work.
- School building for retarded children.
- Upliftment and Health Camp for weaker section.
- Helping children with special needs.
- Treatment of needy patients.
- Projects in the human health segment with plants as the basis for new drugs formulations.



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BOARD OF DIRECTORS

1. Mr. Vijay Kumar Bhatia (Chairman)
2. Mr. Sanajy Bhatia (Managing Director)
3. Mr. Ashok Kumar Bhatia (Whole time Director)
4. Mr. N.P. Sahni (Director)
5. Mr. B.L. Khurana (Director)
6. Mr. Ramesh Kumar Jain (Director)
7. Mr. M.K. Zutshi (Director)
8. Mr. Deepak Pahwa (Director) Resigned w.e.f 29.3.2014
9. Mrs. Aarti Sawhney (Director) appointed w.e.f. 28.5.2014
10. Mr. P.P. Singh (Whole Time Director)

V.P. (FINANCE) & COMPANY SECRETARY

MR. Rajat Pathak

AVP (ACCOUNTS) & CFO

Mr. M.K. Mittal

AUDITORS

M/s. M.L. Puri & Company
Chartered Accountants
407, New Delhi House,
Barakhamba Road,
New Delhi-110001

COST AUDITORS

M/s K.S. Bhatnagar & Associates
Cost & Management Consultants
A-12-A, DDA Flats, Munirka
New Delhi - 110067

BANKERS

Punjab National Bank
State Bank of India
Standard Chartered Bank
Kotak Mahindra Bank

SHARE TRANSFER AGENT

Beetal Financial & Computer Services Pvt. Ltd.
Beetal House, 3rd Floor, 99 Madangir,
Behind Local Shopping Complex,
New Delhi-110062
Ph. No. : 011-29961281, 29961282

REGISTERED OFFICE

488, Bartaan Market, Sadar Bazar,
Delhi-110006

CORPORATE OFFICE

426, DLF Tower -A, Jasola,
New Delhi -110025,
Phone : - 4999 8888
Website : www.hindustantin.biz
E- mail : info@hindustantin.co.in

FACTORY

V.& PO. Bhigan, Dhatoori Road, Tehsil Ganour,
Murthal, Distt. Sonapat (Haryana)

OTHER OFFICES

- A) 816, Tulsiani Chambers,
Nariman Point, Mumbai
- B) KN/B-16, Gali No. 10,
Anand Parbat Indl. Area,
New Delhi

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have great pleasure in presenting the 56th Annual Report together with the Audited Annual Accounts of the Company for the financial year ending 31st March 2014.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March, 2014 is summarized below:

	(Rupees in Lacs)	
	2013-2014	2012-2013
Profit before Interest, Depreciation, & Tax	2852.60	2527.21
Less:		
Financial Charges	1033.66	1004.85
Depreciation	470.99	419.33
Provision for Tax (including Wealth Tax)	398.92	310.59
Deferred Tax	108.18	57.55
Profit after Tax	840.85	734.89
Add: Balance brought forward	4762.90	4163.84
Balance available for appropriation	5603.75	4898.73
Less: Appropriations:		
Dividend (Incl. Div. Tax)	97.34	60.83
Transfer to General Reserve	100.00	75.00
Balance carried forward	5406.41	4762.90

DIVIDEND

Your Directors are pleased to recommend a dividend @ Rs. 0.80 per Equity Share (8%) on the paid up capital of the Company for the year 2013-14, which if approved at the forthcoming AGM, will be paid to all those Equity Shareholders whose names appear (i) As Beneficial Owners as at the end of the business hours on 18th September, 2014 as per the list to be furnished by the depository in respect of the shares held in electronic form and, (ii) As member in the Register of Members of the Company after giving effect to all valid shares transfers in physical form lodged with the Company on or before 18th September, 2014.

OPERATIONS

Your Company could achieve turnover of Rs. 31362.85 lacs as against the previous year's turnover of Rs. 27281.73 lacs i.e. an increase of 4081.12 lacs (14.96%). The Company has been successful in increasing its export sales from Rs. 4860.42 lacs in previous year to Rs. 6907.73 lacs in current year i.e. an increase of Rs. 2047.31 lacs (42.12%).

Your Company has achieved PAT of Rs. 840.85 lacs as against the previous year of Rs. 734.89 lacs i.e. an increase of Rs. 105.96 lacs (14.42%)

JOINT VENTURE

As you are aware of that your Company entered into a joint venture Agreement (JV) on 01st August, 2006 with Rexam Beverage Can (India Holdings) Limited, U.K. a Rexam PLC, UK Group Company, the world leader in



two piece Beverage Cans. The JV, under the name and style of Rexam HTW Beverage Can (India) Limited, is first of its kind in India and it would benefit from the synergies of the JV Partners especially the technical and global best practices brought in by Rexam and the established capabilities of Hindustan Tin Works Limited in the domestic market. The JV is established to manufacture, distribute and market two piece cans and this would provide a strategic advantage to the JV and its Partners. The JV Company has received very good response from the market.

The JV Company had funded the installation of the aluminum line and 25cl slim size conversion through raising debt via the ECB route and that the capital structure of the company became too reliant on debt financing. To revise the capital structure of the Company the JV partners decided to induct equity of Rs. 3,218,680,000 (Rupees three hundred twenty one crores eighty six lakhs eighty thousand only) against conversion of ECB and fresh allotment of equity shares. For maintaining same level of 2.09 %, your Company will have to contribute a huge investment. In view of the Company's fund position and its own growth plans, it is decided by the management not to invest any additional funds in JVC at this stage and thus Rexam (JV Partner) will contribute the whole amount due to which your Company's share is reduced to 0.77 % from existing 2.09%. However your Company has a claw back right to go back to 15% by 31st March, 2015.

DIRECTORS

In terms of the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company Mr. Ashok Kumar Bhatia retires at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. Mr. N.P. Sahni, Mr. B. L. Khurana, Mr. Ramesh Kumar Jain, Mr. M.K. Zutshi and Mrs. Aarti Sawhney were appointed/re-appointed as Independent Directors of the Company. Mr. Sanjay Bhatia, Managing Director, Mr. Vijay Kumar Bhatia, Mr. Ashok Kumar Bhatia and Mr. P.P. Singh, Whole time Directors of the Company were re-appointed.

Mr. Deepak Pahwa, Director resigned w.e.f. 29th March, 2014 and Mrs. Aarti Sawhney was appointed as Director w.e.f. 28th May, 2014.

A brief resume of Directors, nature of their expertise in specific functional areas and other Company names in which they hold Directorship, Membership/Chairmanship of Board Committees, and Shareholding in the Company are provided in this Annual Report.

DIRECTORS' 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 Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- (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 2013-2014 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 Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting any possible fraud and other irregularities.
- (d) We have prepared accounts 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.

**FIXED DEPOSITS**

During the year under review, the company has not accepted any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975 and under other applicable provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

CORPORATE GOVERNANCE

A report on Corporate Governance, along with a certificate from the Statutory Auditors of the Company detailing the compliance of Corporate Governance norms as enumerated in clause 49 of the listing agreements with the Stock Exchanges, is annexed as Annexure - II.

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGERIAL PERSONNEL

The Company has laid down a code of conduct for the Board Members and Senior Managerial Personnel of the Company. All Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct for the year 2013-2014. A declaration by Mr. Sanjay Bhatia, Managing Director, as to the compliance of the Code of Conduct by the Board Members and Senior Managerial personnel has been placed before the Board at its meeting held on 12th August, 2014, is enclosed as Annexure-III.

DISCLOSURES

The CEO and Chief Financial Officer (CFO) have furnished to the board in its meeting held on 12th August, 2014, a certificate with regard to the financial statements and other matters of the Company as on 31st March 2014 as required under clause 49 of the listing agreement.

No material penalty or stricture was imposed on the Company by any statutory authority for non-compliance on matter related to capital markets, during the last three years.

The Company is complying with all the mandatory requirements of the Listing agreement of Stock Exchanges on 'Corporate Governance'.

AUDITORS

M/s M. L. Puri & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received intimation to the effect that their re-appointment, if made would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and also that they are not otherwise disqualified within the meaning of Section 139 & 141 of the Companies Act, 2013, for such appointment.

COST AUDITORS

The Company has appointed M/s K.S. Bhatnagar & Associates, Cost Accountants for conducting cost audit of the Company for the financial year ending 31st March, 2015. For the financial year 2012-13, the Cost Auditor has duly filed the Cost Audit Report as per details below:-

Financial year	Due date of filing	Date of filing
2012-13	27.09.2013	24.09.2013

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your company believes in formulating adequate and effective internal control system and implementing the same to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The internal control system is improved continuously to meet the changes in business conditions and statutory and accounting requirements as required from time to time.



The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control system and suggests improvements for strengthening them. The Company has a robust Management information system which is an integral part of the control mechanism.

The Audit Committee of Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken.

PERSONNEL

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 as amended, is not provided as there are no employees covered under it.

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, 2014 is given in Annexure - IV.

ACKNOWLEDGEMENT

The Board wishes to place on record with deep sense of satisfaction, their appreciation for the high degree of professionalism, commitment and dedication displayed by employees at all levels and the guidance, co-operation and assistance extended to the Company by its Bankers, Shareholders, Customers and Suppliers.

Place : New Delhi

Date : 12th August, 2014

For & on behalf of Board

(SANJAY BHATIA)

Chairman

**ANNEXURE-1****THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Emerging markets like India faced multiple challenges like capital outflows, intense exchange rate pressures and volatile current account movement. A combination of persistent inflation, fiscal imbalances, external sector vulnerabilities and low investments resulted in sluggish domestic demand growth. Fiscal and monetary initiatives taken by the Indian government and the Reserve Bank of India (RBI) helped stabilize financial market conditions, but the domestic macro-economic environment still remains challenging.

However there are signs and the possibility of revival of consumption and Government spending in the current year due to change of government in India.

OPPORTUNITIES & THREATS

Our Company is one of the leading and established Company in Metal packaging industry. We are keenly conscious of the emerging opportunities in the can-manufacturing sector in India as well as abroad and we shall endeavor to take benefit of every good opportunity in the very best interest of our members.

Following are the opportunity and threats of our Company:

OPPORTUNITIES

1. Historical established performance.
2. Established customer profile and wide customer base.
3. Reputation for quality, well established brand.
4. Edge in raw material procurement.
5. Ability to expand and diversify.
6. Expansion in export market.
7. Professionally & technically qualified Human Resource.
8. Priority of the Government to promote Food Processing Industry.
9. Innovation and new product development.

THREATS

1. Global competition.
2. Lower recovery in Global Economy.
3. Volatility in exchange rate.
4. Competition from unorganized sector.
5. Thin margin.
6. Alternate packaging materials
7. Uncertainty in availability of seasonal fruits & vegetables
8. Political turmoil and unrest in Middle East
9. Eurozone sovereign debt crisis
10. Lower GDP Growth of India
11. High Inflation & Finance Cost

**PRODUCT WISE PERFORMANCE**

The Company had been mainly focusing on food products and now gradually expanding its base in non food sector also. In addition Company is also developing new innovative products for domestic and global market.

OUTLOOK

The outlook of the Company seems to be very progressive. The management of the Company is seriously engaged in the task of reducing overheads and other costs. Company has a vision to consolidate its position as leader in metal packaging segment.

RISK

There is a trend towards alternate packaging which is cheaper as compared to metal packaging with shorter shelf life inspite of the fact that metal packaging has an edge over them in terms of shelf life, sustainability etc.

CONCERN

The main concern is the high inflation in the Indian economy resulting into increase in cost of various inputs particularly Tinplate, rising interest rates, decreasing GDP and lower recovery in global economy.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control systems commensurate with its size and complexity of operations. The Internal Control systems are aimed at monitoring efficiency of operation, ensuring protection of resources, accuracy and promptness of financial reporting and compliance with statutes and regulations. All the vital internal control systems in the Company are working satisfactorily. Our statutory and Internal Auditors have not reported any serious departure in any of the internal control systems. The Audit Committee of the Company regularly reviews internal control systems of the Company and continuous improvements are being made in the same. Budgets are prepared every year and the actual performance is compared to the budgeted performance. The variances are reviewed on a monthly basis and corrective actions are taken accordingly.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

Despite an inflationary environment and increasingly fierce competition, extremely challenging domestic business environment, political turmoil and unrest in Middle east and Eurozone sovereign debt crisis, your Company delivers and achieves turnover of Rs. 31362.85 lacs as against the previous year's turnover of Rs. 27281.73 lacs i.e. an increase of Rs. 4081.12 lacs (14.96%). The Export Sales has also been increased from Rs. 4860.42 lacs to Rs. 6907.73 lacs i.e. an increase of Rs. 2047.31 lacs (42.12%).

The Company has been successful in increasing its PAT from Rs. 734.89 lacs in previous year to Rs. 840.85 lacs in current year i.e. an increase of Rs. 105.96 lacs (14.42 %).

CORPORATE SOCIAL RESPONSIBILITY

The Company recognizes the fact that, beyond the day-to-day conduct of its business, as a responsible corporate citizen, it has to discharge its duties towards the larger society in which it operates.

The core areas identified by your Company and CSR Committee in order to improve the society are promoting Education, Health Care, Women Empowerment and ensuring Environmental sustainability.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL FUND**

The Company's ability to deliver value products to clients depends largely on its ability to attract, train, motivate, empower and retain the best professionals. Annual performance appraisal system is already in place to evaluate the operational performance of each employee on the basis of predefined Key Result Area. The Company has 439 permanent employees as on 31st March, 2014.

Industrial relation front continued to be peaceful with no working day loss due to any activity.

VALUE CREATION

Hindustan Tin Works Ltd has showcased dynamism in promoting sustainability of cans at a global level. In 2010, HTW launched a campaign to promote the sustainability messaging of cans, a campaign called Canvirement Week has won several international accolades and awards for its design and uniqueness of going directly to the final consumer. The campaign which received the Innovation award by Messe Essen at the last MetPack, IPA Innovation Award, Empac Challenge Award is in its 4 year and has worked with the government, community and the youth.

Rag pickers are the major cog in the recycling wheel of India, they are the scavengers of the society who pick up the cans from the streets, households and further send it for recycling. These rag pickers live in under privileged conditions and under the banner of Canvirement Week we work to uplift their lives, improve their health and safety environment, give them vocational training and a better life as a humble contribution to the society.

This years' Canvirement Week Finale, hosted by HTW, themed the spirit of sustainability was a high energy fashion event where students from the Pearl Academy of Fashion, New Delhi created garments made from tin and scraps and put up a show which was judged by distinguished members of the Global Can Forum (held in New Delhi, India in November 2013) from leading organizations and companies like Metal Packaging Europe, EMPAC, Can Manufacturers Institute USA, REXAM PLC, Brasilata etc which in itself shows the scale and the impact of the event.

CAUTIONARY STATEMENT

The statements in the "Management Discussion and Analysis Report" section describes the Company's objectives, projections, estimates, expectations and predictions, which may be "forward looking statements" within the meaning of the applicable laws and regulations. The annual results can differ materially from those expressed or implied, depending upon the economic and climatic conditions, Government policies and other incidental factors.