



HINDUSTAN WIRES LIMITED

ANNUAL REPORT

For the year ended 31st March, 2000

HINDUSTAN WIRES LIMITED

BOARD OF DIRECTORS

Shri M.L. Bhartia - Chairman
 Shri S.L. Purohit – Executive Director
 Shri U.S. Bhartia
 Shri N.R. Chakravarty
 Shri S.S. Sidhu
 Shri M.L. Saraf
 Shri K. Varugis
 Shri Bodhishwar Rai (SBI Nominee)

BANKERS

State Bank of India

SOLICITORS

Messrs. Khaitan & Co.

AUDITORS

Messrs. K.N. Gutgutia & Co.

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CONTENTS	PAGES	REGISTERED OFFICE
Notice	1 - 2	3A, Shakespeare Sarani
Directors' Report	3 - 5	Calcutta – 700 071
Annexure to the Directors' Report	6	
Auditors' Report	7 - 9	FACTORIES
Balance Sheet	10 - 11	Barrackpore Trunk Road, Sodepur
Profit and Loss Account	12 - 15	(24 Parganas, West Bengal)
Schedules to Accounts	16 - 25	
Cash Flow Statement	26	267-268, Sector – 24, Faridabad
Proxy/Attendance Slip	27	(Haryana)

HINDUSTAN WIRES LIMITED

NOTICE

NOTICE is hereby given that the Fortieth Annual General Meeting of the Members of the Company will be held at the Auditorium of Bharatiya Bhasha Parishad at 36A, Shakespeare Sarani, Calcutta 700 017 on Friday, the 15th September, 2000 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2000 and the Balance Sheet as on 31st March, 2000 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri U.S Bhartia, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri M.L Saraf, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass, with or without modification the following resolution as a Special Resolution :

“ RESOLVED that pursuant to Section 269,309,310 and 311 and Schedule XIII of the Companies Act, 1956, and subject to approval of Central Government the Company hereby approves the re-appointment of Shri S.L. Purohit as whole time Director of the Company designated as Executive Director with effect from 1st October, 1999 for a period of one year on the terms & conditions as per the Agreements, a copy whereof is submitted to this meeting ”

Registered Office :
3A, Shakespeare Sarani
Calcutta 700 071
Dated 24th June, 2000

By Order of the Board

M.K.PANDEY
SECRETARY

NOTES :

1. A Member, entitled to attend and vote at the Meeting, is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company. Proxies should be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Transfer Books of the Company will be closed from 12th September, 2000 to 15th September, 2000, both days inclusive.
3. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under Item No. 5 is annexed hereto.



ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 5

The present term of Office of Shri S.L. Purohit expired on 30th September, 1999. The Board of Directors has re-appointed him for a further period of one year from the expiry of his term. The broad particulars of remuneration payable and term of Mr. S.L. Purohit is as under:

- | | | |
|-------------------------|---|--|
| 1. Period | : | One Year |
| 2. Salary | : | Basic : Rs. 27,500/- per month for first 6 months & Rs. 32,500/- for rest of the period. |
| 3. House Rent Allowance | : | 40% of Basic Salary. |
| 4. Perquisites/benefits | : | In addition to the above salary, Mr. S.L. Purohit shall also be entitled to perquisites like medical reimbursements, leave travel concession etc., in accordance with the rules of the company, the monetary value of such perquisites being limited to Rs. 280,000/- per annum. However, for the purposes of this limit : |
- (i) Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rules, perquisites shall be evaluated at actual cost.
- (ii) Use of Company's car and telephone at residence for official use shall not be included.

The said Agreement entered into with the Director is available for inspection by the members of the Company at the Registered Office of the Company on any working day excluding Saturday upto the date of 40th Annual General Meeting between 2.00 P.M to 3.00 P.M.

Your Directors recommend the passing of the proposed resolution.

None of the Directors of the Company other than Mr. S.L. Purohit is interested in this resolution.

Registered Office :
3A, Shakespeare Sarani
Calcutta 700 071
Dated 24th June, 2000

By Order of the Board

M.K.PANDEY
SECRETARY

HINDUSTAN WIRES LIMITED**DIRECTORS' REPORT****TO THE SHAREHOLDERS**

Your Directors present their Annual Report together with Audited Accounts of the Company for the year ended on 31st March'2000.

CORPORATE RESULTS

	(Rs. in Lacs)	
The Results are Summarised below:		
	01.04.1999 To 31.03.2000	01.10.1997 To 31.03.1999
Sales & Other Income	6,316.56	9,674.81
Expenses	6,357.37	9,586.56
Gross Profit/(Loss)	(40.81)	88.25
Gratuity & Retirement Benefits	118.01	181.73
Profit/(Loss) before Interest, Depreciation & Tax	(158.82)	(93.48)
Interest	499.01	376.07
Profit/(Loss) before Depreciation & Tax	(657.83)	(469.55)
Depreciation	184.88	194.51
Net Profit/(Loss)	(842.71)	(664.06)

OPERATIONS

The turnover for the year ended 31.03.2000 is Rs.63 Crores as against turnover of Rs. 95 crores for the previous 18 months period. The decline in sales is due to the fact that work remained suspended at Calcutta Unit during the whole year and the sales have also reduced in the Wire Division at Faridabad due to unfavourable market conditions.

The LPG Equipment Division at Faridabad has done a good business during the year and it has increased by 55% as compared to the annualised previous period. The turnover of this division for the current year is Rs. 52.34 Crores as compared to the turnover of Rs. 50.64 Crores for the corresponding 18 months period.

GENERAL REVIEW

The main thrust area of business during the year was in LPG Equipment Division at Faridabad. During the year, the Company received good orders from public sector oil companies as well as from private sector. Considering present demand of LPG connections, your company expects further better business during the current year from public sector oil companies as well as from private sector.

The performance of Wire Division at Faridabad could not be improved due to unfavourable market conditions. In order to reduce the losses in Wire Division both at its Faridabad & Calcutta Units, the Company continued to take steps to reduce the cost including rationalisation of manpower. For rationalisation of manpower the Company has paid Rs. 118 Lacs towards gratuity and other benefits to the out-going employees.



REFERENCE TO B.I.F.R.

The entire net worth of the Company was eroded on account of continuous losses incurred by the Company as per annual accounts for the period ended 31.03.1999. As a result, the Company made reference to Board for Industrial and Financial Reconstruction (BIFR) as per the provisions of Section 15 of the Sick Industrial Companies (Special Provision) Act (SICA), 1985. The reference was admitted by BIFR on 14th September 1999 and the Board had appointed the Industrial Investment Bank of India (IIBI) as the operating agency under section 17 (3) of SICA for formulating rehabilitation scheme. The Company has submitted its rehabilitation proposal to the operating agency and the Company is in constant touch with the operating agency for finalisation of the operating scheme with the consent of the secured creditors. The Company expects that with the support of State Bank of India and Debenture holders, a viable rehabilitation scheme will be formulated soon.

DIVIDEND

In view of losses, your Directors are not in a position to recommend any dividend for the year ended 31st March, 2000.

PUBLIC DEPOSITS

At the end of the year there were certain overdue deposits which are being repaid.

DIRECTORS

Shri U.S. Bhartia and Shri M.L. Saraf, Directors of the company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Shri S.L. Purohit has been re-appointed as Executive Director of the Company w.e.f. 1st October, 1999 for a further period of one year.

PARTICULARS OF EMPLOYEES

Information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees)(Amendment) Rules 1994 forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv), the Report and Accounts that are being circulated to the Shareholders do not include the statement of Particulars of Employees. Any shareholder interested in obtaining copy of the said statement can write to the *Company Secretary at the Registered Office of the Company*.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

The information required under Section 217(l)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

HINDUSTAN WIRES LIMITED

AUDITORS' REPORT

The Notes referred to in the Auditors' Report are self explanatory and it is clarified on Notes to Accounts.

AUDITORS

The terms of Office of Messrs. K.N. Gutgutia & Co., Chartered Accountants as Auditors of the Company expires at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the assistance and co-operation received from State Bank of India, Debenture holders, Share holders, Suppliers and Customers and look forward to their continued support.

Your Directors also wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers in the current difficult phase of the Company.

For and on behalf of the Board Of Directors

New Delhi
the 24th Day of June, 2000

S.L. Purohit
Executive Director

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ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended on 31st March' 2000.

ENERGY CONSERVATION

(a) The following energy conservation measures were taken:

- (i) Shutting down all electrical machineries and appliances when not in use to avoid unnecessary waste of energy.
- (ii) The Company's Engineers are continuously trying to find out ways and means to conserve energy by combination of operations, elimination of unnecessary process and various wasteful practices.
- (iii) Providing automatic shut off twilight switch for lighting in and around factory premises and use of more transparent sheets for day time lighting.
- (iv) Providing automatic load and unload device on compressors.
- (v) Providing soft starters at electrical control panels which give a saving in power consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
No additional major investment is proposed in view of losses and shortage of Funds.

(c) Impact of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :
It has resulted in awareness at all levels to use the energy with best possible manner and reduce the wastage during the period when the load is not required.

(d) Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the schedule thereto : This is not applicable in case of your Company.

TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B are given below :

- (i) Research and Development -
No specific research and development work has so far been taken up. However, there have been on going efforts to improve productivity and carry out cost effective operations with better value added products.
- (ii) Technology absorption, Adaptation and Innovation.
Particulars of technologies imported during the last 5 years : NIL

FOREIGN EXCHANGE EARNINGS & OUTGO

During the year, the Company was able to achieve export earnings of Rs. 59.13 lacs. The total foreign exchange earned/utilised are given in Schedule-I to the Accounts

For and on behalf of the Board Of Directors

New Delhi
the 24th Day of June, 2000

S.L. Purohit
Executive Director