



*HINDUSTAN WIRES LIMITED.*

*Annual Report*

For the year ended 31<sup>st</sup> March, 2001

## HINDUSTAN WIRES LIMITED

### BOARD OF DIRECTORS

Shri M.L. Bhartia - Chairman  
 Shri U.S. Bhartia  
 Shri N.R. Chakravarty  
 Dr. S.S. Sidhu  
 Shri M.L. Saraf  
 Shri K. Varugis  
 Shri Bodhiswar Rai (SBI Nominee)

### COMPANY SECRETARY & MANAGER FINANCE

Shri M.K. Pandey

### BANKERS

State Bank of India

### AUDITORS

Messrs. K.N. Gutgutia & Co.

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### REGISTERED OFFICE

3A, Shakespeare Sarani  
 Kolkata - 700 071

### FACTORIES

Barrackpore Trunk Road, Sukchar  
 (24 Parganas, West Bengal)  
 267-268, Sector - 24, Faridabad  
 (Haryana)

## HINDUSTAN WIRES LIMITED

### NOTICE

NOTICE is hereby given that the Forty First Annual General Meeting of the Members of the Company will be held at the Auditorium of Bharatiya Bhasha Parishad at 36A, Shakespeare Sarani, Kolkata 700 017 on Tuesday, the 25<sup>th</sup> September, 2001 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 31<sup>st</sup> March, 2001 and the Balance Sheet as on 31<sup>st</sup> March, 2001 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri K.Varugis, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri M.L Bhartia, 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, 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 1<sup>st</sup> October, 2000 for a period of 6 months on the terms & conditions as per the Agreement, a copy whereof is submitted to this Meeting "

New Delhi  
the 29<sup>th</sup> June, 2001

By Order of the Board

**M.K.Pandey**  
Company Secretary &  
Manager Finance

#### 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 03-09-2001 to 10-09-2001, 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 30<sup>th</sup> September, 2000. The Board of Directors has re-appointed him for a further period of 6 months from 1<sup>st</sup> October, 2000. The broad particulars of remuneration payable and term of Shri S.L. Purohit is as under:

- |                         |   |   |
|-------------------------|---|---|
| 1. Period               | : | 1 <sup>st</sup> October, 2000 to 31 <sup>st</sup> March, 2001   |
| 2. Salary               | : | Rs. 32,500/-  |
| 3. House Rent Allowance | : | 40% of Salary.  |
| 4. Perquisites/benefits | : | In addition to the above salary, Shri 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 41<sup>st</sup> 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 Shri S.L. Purohit is interested in this resolution.

New Delhi  
the 29<sup>th</sup> June, 2001

By Order of the Board

**M.K.Pandey**  
Company Secretary &  
Manager Finance

**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 31<sup>st</sup> March 2001.

**FINANCIAL RESULTS**

The Results are summarised below: (Rs. in Lacs)

|   | Year ended<br>On<br><u>31.03.2001</u> | Year ended<br>On<br><u>31.03.2000</u> |
|---|---------------------------------------|---------------------------------------|
| Sales & Other Income                              | 4,810.63                              | 6,318.16                              |
| Expenses  | 4,568.74                              | 6,358.97                              |
| Gross Profit/(Loss)                               | 241.89                                | (40.81)                               |
| Gratuity & Retirement Benefits                    | 117.63                                | 118.01                                |
| Profit/(Loss) before Interest, Depreciation & Tax | 124.26                                | (158.82)                              |
| Interest  | 367.89                                | 499.01                                |
| Profit/(Loss) before Depreciation & Tax           | (243.63)                              | (657.83)                              |
| Depreciation                                      | 174.11                                | 184.88                                |
| Net Profit/(Loss)                                 | (417.74)                              | (842.71)                              |

**OPERATIONS & GENERAL REVIEW**

The turnover for the year ended on 31<sup>st</sup> March, 2001 is Rs.48 Crores as against turnover of Rs. 63 Crores for the previous year. The decline in turnover is on account of less orders from Public Sector Oil Companies in the LPG Equipment Division. The turnover of this division for the current year is Rs. 40.90 Crores as compared to Rs. 52.34 Crores for the previous year. The decline in turnover is also due to reduced sales in the Wire Division at Company's Faridabad Unit due to adverse market conditions.

The main area of business during the year was in LPG Equipment division at Faridabad. The Company is making constant efforts to develop new related products without incurring any substantial capital expenditure. The Company has also developed Pressure Regulators and Adaptors for use in LPG Cylinder for commercial applications particularly for Automobile Industry. This product has been well accepted in the market. The Company is also developing LPG Auto Tank (Fixed Cylinder) for use of LPG in Automobiles. The Company expect a good demand for these products as the use of LPG in Automobiles becomes popular.

The Company's Sodepur Unit is still under suspension of work, since 12<sup>th</sup> December, 1998 due to labour problem. The Company, in consultation with trade unions, is trying to resolve the issue, so that the Assets of the Company at that unit do not deteriorate and can be put to optimum use.

In order to be competitive in the market and to reduce losses, the Company is making sincere efforts to reduce the costs at all levels including rationalisation of manpower. For rationalisation of manpower, the Company has incurred Rs. 118 Lacs towards gratuity and other benefits to the out going employees.



#### REFERENCE TO B.I.F.R.

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 and the reference was admitted by BIFR on 14<sup>th</sup> September 1999. The Industrial Investment Bank of India (IIBI) was appointed as the operating agency under Section 17 (3) of SICA for formulating rehabilitation scheme. During the year the Company has arrived at a one time settlement with Debenture holders in respect of their dues. The Company's Rehabilitation package, which was submitted to the Operating Agency, Industrial Investments Bank of India (IIBI) is under discussion and is expected to be finalised shortly.

#### DIVIDEND

In view of losses, your Directors are not in a position to recommend any dividend for the year ended 31<sup>st</sup> March, 2001.

#### PUBLIC DEPOSITS

At the end of the year, there is no outstanding Public Fixed Deposit except unclaimed deposits amounting to Rs. 3.77 Lacs.

#### DIRECTORS

Shri K. Varugis and Shri M.L. Bhartia, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The term of office of Shri S.L. Purohit, Executive Director of the Company, expired on 31<sup>st</sup> March, 2001. Your Directors place on record their deep sense of appreciation for the services rendered by Shri S.L. Purohit during his tenure in the Company.

#### DIRECTORS' RESPONSIBILITY STATEMENT :

That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

That the Directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of that year.

That the Directors 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 fraud and other irregularities.

That the Directors have prepared the annual accounts on a going concern basis.

**HINDUSTAN WIRES LIMITED****AUDIT COMMITTEE**

For better Corporate Governance, the setting up of an Audit Committee of the Board has been made mandatory by introduction of a new Section 292 (A) in the Companies Act, 1956.

In compliance with the said provision, your Directors have constituted an Audit Committee comprising of Directors viz. Shri U.S. Bhartia, Shri B.Rai and Dr. S.S. Sidhu.

**PARTICULARS OF EMPLOYEES**

None of the Company's employees has drawn salary more than Rs. 12 Lacs per annum, if employed through out the year and more than Rs. One Lac per month if employed for part of the year. Hence Information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees)(Amendment) Rules 2000 is not applicable to your Company.

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

The information required under Section 217(1)(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.

**AUDITORS' REPORT**

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

**AUDITORS**

The term 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.

New Delhi  
the 29<sup>th</sup> June, 2001

For and on behalf of the Board of Directors  
**U.S. Bhartia**  
Director



## 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 31<sup>st</sup> March' 2001.

### 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 daytime 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. 56.77 lacs. The total foreign exchange earned/utilised are given in Schedule-I to the Accounts

New Delhi  
the 29<sup>th</sup> June, 2001

For and on behalf of the Board of Directors  
U.S. Bhartia  
Director



## AUDITORS' REPORT

### TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of HINDUSTAN WIRES LIMITED as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. 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.
2. 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 the books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion the Balance Sheet and Profit & Loss Account complies with the mandatory Accounting Standards (AS) referred in section 211(3c) of the Companies Act, 1956.
5. On the basis of written representation received from the Directors of the Company as on 31<sup>st</sup> March, 2001, and taken on record by the Board of Directors, None of the Directors is disqualified as on 31<sup>st</sup> March, 2001 from being appointed as Director under section 274(1)(g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with accounting policies and notes thereon and together with Schedules annexed thereto and **subject to :-**

- i) **Payment of Managerial remuneration to Executive Director which is to be approved by the Share holders of the Company (see note no. 17 in Schedule I)**
- ii) **Non provision of interest on certain loans amounting to Rs. 4,54,10,352 (see note no. 6 in Schedule I)**
- iii) **Non provision of liability for reduction in price by oil companies amounting to Rs. 1,67,25,468 (see note no. 4 in Schedule I)**
- iv) **Non provision of Penal Interest debited by Bank in earlier years amounting to Rs. 20 lacs (see note no. 8 in Schedule I)**
- v) **Non provision of delayed payment charges on late payment of Electricity Bill amounting to Rs. 6,06,053/- (see note no. 7 in Schedule I)**

**and the total of the above non provisions as stated in Para (ii) to (v) is Rs. 6,47,41,873/- resulting in lowering the accumulated loss by the said amount, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-**

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2001 and
- b) In the case of Profit & Loss Account, of the Loss for the year ended on that date.