



# **HINDUSTAN WIRES LIMITED**

## **ANNUAL REPORT**

For the year ended 31<sup>st</sup> March, 2005

## HINDUSTAN WIRES LIMITED

### BOARD OF DIRECTORS

Shri U.S. Bhartia  
Shri G.R. Goenka  
Shri K.M. Lal  
Shri Bodhishwar Rai (SBI Nominee)  
Shri R.K. Gupta, Executive Director

### BANKERS

State Bank of India

### AUDITORS

Messrs. K.N. Gutgutia & Co.

### REGISTERED OFFICE

3A, Shakespeare Sarani  
Kolkata – 700 071

### FACTORY:

Plot No.267, Sector – 24, Faridabad  
(Haryana) – 121 005

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**HINDUSTAN WIRES LIMITED****NOTICE**

NOTICE is hereby given that the Forty fifth Annual General Meeting of the Members of the Company will be held at the Auditorium of Bharatiya Bhasha Parishad at 36A, Shakespeare Sarani, Kolkata 700017 on Wednesday the 7<sup>th</sup> September 2005 at 11.00 AM to transact the following business :

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2005 and Balance Sheet as at 31<sup>st</sup> March, 2005 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri G.R. Goenka, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s. K.N. Gutgutia & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment.

**SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"Resolved that Shri K. M. Lal who was appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 110 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

5. To considers and if thought fit, to pass, with or without modification(s) the following resolution as a special resolution:

" Resolved that pursuant to the provisions of Section 149 (2A) of the Companies Act, 1956, approval be and is hereby given to the commencement to all or any of the following business which is covered by sub clauses (30) & (49) of clause 3 of the Memorandum of Association of the Company: -

- (ii) To carry on the business as advisors and consultants on matters concerning industrial, manpower, financing, insurance, engineering, turnkey projects, industrial & residential premises & properties.
- (iii) To carry on the business as building Contractors, fabricators of machines, machine tools and Structures made of metals or otherwise.
- (iv) To carry on business as manufacturers, producers, processors, makers, inventors, convertors, importers, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, packers, movers, preservers, stockists, agents, sub-agents, merchants, distributors, consignors, jobbers, brokers, concessionaries or otherwise deal in equipment and machinery required in the manufacture of oxygen, dissolved acetylene, nitrogen, argon, hydrogen, carbonic acid and other gases or kindred substances, acetylene apparatus and accessories of every description, and to carry on business as iron founders, metallurgists, metal convertors, smiths, technical consultants, structural engineers, welders, painters and metal fabricators.
- (v) To carry on business as manufacturers, producers, processors, makers, convertors, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, packers, movers, preservers, stockists. Agents, sub-agents, merchants, distributors, consignors, jobbers, brokers, concessionaries or otherwise deal in high quality forgings & casting of all metals or other materials and to act as founders of ferrous and non-ferrous metals, sheet workers, mechanical, structural, electrical and metallurgical engineers, and to carry on the work of cast iron foundry and to manufacture iron, steel, brass, bronze, aluminium of all kinds.

**HINDUSTAN WIRES LIMITED**

- (vi) To carry on business of, and to work as merchants, traders, commission agents, underwriters, money lenders, brokers, share brokers and dealing in shares, debentures and stock, banians, contractors, order suppliers, selling agents, engineers, shipowners, mechanics, exporters, importers, manufacturers, workers and financiers, in all kinds of goods and merchandise raw or manufactured or any description, quantity, kind and variety whatsoever.

By Order of the Board of Directors

Regd. Office:  
3A Shakespeare Sarani, Kolkata  
the 26<sup>th</sup> July 2005.

U.S. Bhartia  
Director

**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 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 remain closed from 5<sup>th</sup> September 2005 to 7<sup>th</sup> September 2005 (both days inclusive).

**Details of Director seeking re-appointment at the forthcoming Annual General Meeting**

Name of the Director	Shri G.R. Goenka
Date of Birth	2 <sup>nd</sup> September 1936
Date of Appointment	24 <sup>th</sup> September 2003
Expertise in specific functional area	He has more than 45 years of experience in the field of Finance and Management of Industry.
Qualification	M.Com LLB
Directorship in other Public Limited Companies	a) Alaknanda Holding Limited, b) Laurel Finance Ltd. c) Mayfair India Ltd, d) Ganges Investment Ltd.
Chairman/Member of the Committees of the Board of the Public Limited Companies on which he is a Director	Audit Committee of Hindustan Wires Ltd. Remuneration Committee of Hindustan Wires Ltd.

**Explanatory Statement Under Section 173(2) of the Companies Act, 1956.****Item No. 4**

Pursuant to Article 110 of the Articles of Association of the Company, the Board of Director appointed Shri K. M. Lal as an additional Director of the Company w.e.f. 26<sup>th</sup> July 2005 Pursuant to section 260 of the Companies Act, 1956, Shri K.M. Lal will hold office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Shri K.M. Lal for the office of Director of the Company under the provisions of section 257 of the Companies Act, 1956.

Shri K M Lal was associated with the Company since last two years as a Special Director nominated by BIFR. Since BIFR has withdrawn his nomination as Director, the Board of your Company has appointed him as Additional Director.

**HINDUSTAN WIRES LIMITED****The details of Director seeking appointment at the forthcoming Annual General Meeting**

Name of the Director	Shri K. M. Lal
Date of Birth	22nd June 1940
Expertise in specific functional area	He is a retired IAS Officer and has more than 40 years of experience in the field of Finance and Administration in various departments of Govt of India. He was the Financial Advisor to Government of India for eight years.
Qualification	M.Sc. (Chemistry) & I.A.S.
Directorship in other Public Limited Companies	Panacea Biotech Ltd. Cimco South Asia Ltd., Srei Capital Ltd
Chairman/Member of the Committees of the Board of the Public Limited Companies on which he is a Director	Member Audit Committee and Remuneration Committee of Srei Capital Ltd

It will be in the interest of the Company that Shri K M Lal is appointed as a Director of the Company. Your Directors, therefore, recommend the resolution for your approval.

Save and except Shri K.M. Lal, none of the Directors of the Company in any way concerned or interested in this resolution.

**Item No. 5.**

The Company at its Faridabad unit is having manufacturing facilities for manufacturing LPG Gas Cylinders, its valves and Regulators and has adequate resources, like building, factory sheds, machines and equipments etc. for undertaking such business activities where such resources are capable of being used. The margins in existing business of LPG Cylinders, Valves and Regulators are not adequate and hence it is in the interest of the Company and its shareholders that the activities of the company be diversified.

The commencement of new business activities as set out in the resolution is to facilitate the diversification. This will enable the Company to carry on its business economically and efficiently and the proposed activities can be, under the existing circumstances, conveniently and advantageously combined with the present activities of the company. This will also enlarge the area of operation of the Company.

Pursuant to Section 149(2A) of the Companies Act, 1956, no company can commence any new business which is not germane to the business it is carrying on unless the company has approved the commencement of such new business by a special resolution passed in that behalf at a General Meeting. As the commencement of the proposed business in terms of clause (30)&(49) of clause 3 of the Memorandum of Association of the Company may be considered to be the commencement of a new business within the meaning of section 149(2A) of the Act, it is necessary to obtain the approval of the members by a special resolution to such commencement of new business pursuant to the said section. The resolution is intended for this purpose.

The Directors commend this resolution for approval of the shareholders

Copy of the Memorandum and Articles of Association of the Company is available for inspection at the registered office of the Company on all working days except Saturday between the hours of 11 AM to 3 PM.

No Director is interested or concerned in this resolution.

**By order of the Board of Directors**

Regd. Office:  
3A, Shakespeare Sarani,  
Kolkata.  
the 26<sup>th</sup> July 2005

U.S.Bhartia  
Director

**HINDSTAN 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, 2005

**FINANCIAL RESULTS**

The Results are summarised below:

	(Rs. in Lacs)	
	Year ended On <u>31.03.2005</u>	Year ended On <u>31.03.2004</u>
Gross Sales (including excise duty)	0.12	26.57
Other income & Liabilities no longer required written back	429.34	325.05
Expenses	157.89	501.65
Interest	116.43	62.30
Profit/(Loss) before Depreciation	155.14	(212.33)
Depreciation	33.67	35.02
Net Profit/(Loss)	121.47	(247.35)
Add : Transfer from Debenture Redemption Reserve	12.50	---
Net Profit/(Loss) Carried to Balance Sheet	133.97	(247.35)

**OPERATIONS & GENERAL REVIEW**

During the year the Company did not carry out any manufacturing operations at its LPG Equipment Plant at Faridabad as the Company could not receive any viable orders from Public Sector Oil Companies. The Company is maintaining its manufacturing unit in operative condition and is regularly participating in the tenders for LPG Equipment for its products. The Company can restart its operations as soon as viable orders are received.

**REHABILITATION SCHEME**

The Board for Industrial and Financial Reconstruction (BIFR) had sanctioned a Rehabilitation Scheme for the Company and in terms of the said scheme, the Company during the year, continued to repay the dues of the secured lenders i.e. Debenture holders and State Bank of India. The Rehabilitation Scheme has also provided for sale of Assets of both the wire units of the Company for liquidation of the dues of the secured lenders and as such sale of Assets is in progress.

**Increase in Share Capital**

In terms of the Sanctioned Rehabilitation Scheme the promoters were to bring funds in the form of Equity Capital and as such out of the total funds brought in by the promoters, a sum of Rs. 450 lacs which was brought in from an Associate Company i.e. Kashipur Holdings Limited has been converted into Equity by allotment of 45,00,000 Nos shares of Rs. 10/- each, fully paid up, on preferential basis. After the said allotment of shares to Kashipur Holdings Ltd, your Company has become a subsidiary of Kashipur Holdings Limited.

**HINDSTAN WIRES LIMITED****DIVERSIFICATION OF BUSINESS:**

The Company's activities in relation to LPG Cylinders, Valves and Regulators are not profitable in view of the severe competition in the tenders of Public Sector Oil Companies and business is also not assured. In view of this your Directors have proposed to diversify company's manufacturing activities in the field of forgings, castings, fabrication and machining of ferrous and non ferrous items for automobile and General Engineering Sector, Industrial Gases, and to act as contractors, consultants and advisors with a view to utilize the resources of the company in advantageous way. For this purpose a Special Resolution, in terms of Section 149(2A) of the Companies Act, 1956 will be included in the Notice to convene the Annual General Meeting. The Directors of the Company are of the opinion that passing of the said resolution shall be in the interest of the Company and its Shareholders.

**DIVIDEND**

In view of accumulated losses, your Directors are not in a position to recommend any dividend for the year ended 31<sup>st</sup> March, 2005.

**PUBLIC DEPOSITS**

At the end of the year, there is no outstanding Public Fixed Deposit except unclaimed deposits amounting to Rs. 0.72 Lacs.

**DIRECTORS**

Shri G.R. Goenka a Director of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

During the year Dr. S S Sidhu resigned from the Board of Directors of the Company and your Directors wish to place on record their deep sense of appreciation of the valuable contributions made by him during his association with 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 got prepared the annual accounts on a going concern basis.

**MANAGEMENT DISCUSSIONS AND ANALYSIS****Financial Performance**

During the year operations of the Company at its only LPG Equipments Divisions at Faridabad remained closed. In terms of Sanctioned Rehabilitation Scheme the Company continued to sell Assets of its Wire Units for liquidating the dues of the Secured Lenders. The Company has earned a net profit of Rs.133.97 lacs during the year mainly on account of profit on sale of Assets and write back of liabilities no longer required.



**HINDSTAN WIRES LIMITED****Business/ Industry Outlook**

The main customers of the Company's products i.e. LPG Cylinder, Valves & Regulators are Public Sector Oil Companies. The oil companies are procuring these items through open tenders. Your Company is submitting its bids against the tenders floated by Oil Companies. As and when the orders will be received from Oil Companies, the Company can start its operations.

**Internal Control System**

The internal audit of the Company is periodically conducted by a firm of Chartered Accountants and the Audit Committee reviews the reports and internal control systems.

**Human Resource**

The Company considers the quality of its human resources to be an important asset. It places emphasis on training and development of employees at all levels.

**CORPORATE GOVERNANCE**

A separate report on Corporate Governance is annexed. Auditors' certificate on compliance of conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed.

**PARTICULARS OF EMPLOYEES**

None of the Company's employees has drawn salary more than Rs. 24 Lacs per annum, if employed throughout the year and more than Rs. two Lacs 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 also clarified in Para 5 (Part-B) Schedule I of Notes to Accounts. In respect of undisputed Statutory and Bank dues, efforts are being made to make payment and regularise the accounts on priority basis.

**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 appreciation for the devoted services of the employees of the Company.

**For and on behalf of the Board of Directors**

New Delhi  
the 29<sup>th</sup> June, 2005

Executive Director

Director



**HINDUSTAN WIRES LIMITED****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, 2005

**ENERGY CONSERVATION**

- (a) During the year manufacturing operations remained closed. The following energy conservation measures which were taken in earlier years were practised during the year whenever required.
- (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 investment is proposed since the manufacturing operations are lying closed.
- (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 was taken up since the manufacturing operations are lying closed.
- (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's export earnings are NIL. The total foreign exchange earned/utilised – Nil.

**For and on behalf of the Board of Directors**

Place : New Delhi  
the 29<sup>th</sup> June, 2005.

Executive Director

Director

**HINDUSTAN WIRES LIMITED****REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY**

Your company believes in good corporate practices. Most of the provisions of the corporate governance code prescribed by the Companies Act and Listing Agreement have been complied with.

**BOARD OF DIRECTORS****COMPOSITION OF THE BOARD**

The Board of Directors consists of five directors. Dr S.S.Sidhu a director of the Company resigned from the Board with effect from 4<sup>th</sup> August 2004. The present composition and category of the Directors is as follows:

Name	Category
Shri U.S. Bhartia	Promoter - Non Executive Director
Shri G.R. Goenka	Independent - Non Executive Director
Shri B. Rai	Independent - SBI Nominee
Shri K.M. Lal	Independent - BIFR Nominee
Shri R.K. Gupta	Executive Director

**NO. OF BOARD MEETINGS**

During the year ended 31<sup>st</sup> March, 2005, five Board Meetings were held. These were on 13th May 2004, 22nd June, 27<sup>th</sup> July, 30<sup>th</sup> October and 27<sup>th</sup> January 2005.

The attendance of each Director on Board Meetings & Last Annual General Meeting (AGM) and number of other Directorship and Membership/Chairmanship of Committee

Name of the Director	Attendance Particulars		No of Directorship and Committee Membership/Chairmanship in other Companies		
	Board Meetings	Last AGM	Other Directorship	Committee Memberships	Committee Chairmanships
Shri U.S. Bhartia	4	No	7	4	NIL
Dr. S.S. Sidhu	3	No	NIL	NIL	NIL
Shri G.R. Goenka	2	Yes	4	NIL	NIL
Shri B. Rai	4	Yes	13	8	4
Shri K.M. Lal	5	No	2	1	-
Shri R.K. Gupta	5	Yes	NIL	NIL	NIL

**AUDIT COMMITTEE**

Audit Committee consists of three non – executive directors viz. Shri U.S. Bhartia, Shri B. Rai, and Shri G.R. Goenka. Out of these three directors, Shri B. Rai, and Shri G.R. Goenka are independent directors. Shri B. Rai is Chairman of the Audit Committee.

The broad terms of reference of the Audit Committee is to review half yearly results and annual results of the Company and to review the internal control system and scope of audit, observations of the auditors and other related matters as mentioned in clause 49 of the Listing Agreement and in Section 292 A of the Companies Act, 1956.

The attendance record of the members at the meetings were as follows:

Name of Director	Status	No. of meeting attended
Shri B. Rai	Chairman	4
Shri U.S. Bhartia	Member	3
Shri S.S. Sidhu	Member	2
Shri G.R. Goenka	Member	1

During the year the Audit Committee met four times on 13<sup>th</sup> May 2004, 22<sup>nd</sup> June, 30<sup>th</sup> October and 27<sup>th</sup> January 2005. These meetings were also attended by the Statutory Auditors of the Company.