

ANNUAL REPORT

FOR THE YEAR ENDED 31ST March 2007



HINDUSTAN WIRES LIMITED

HINDUSTAN WIRES LIMITED**BOARD OF DIRECTORS**

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

BANKERS

State Bank of India

AUDITORS

Messrs. K.N. Gutgutia & Co.

REGISTERED OFFICE

3A, 5th Floor, 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 seventh 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 Thursday the 23rd August, 2007 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 31st March, 2007 and Balance Sheet as at 31st March, 2007 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 B. Rai 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 up to 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."

Regd. Office:

3A, 5th Floor Shakespeare Sarani, Kolkata - 71
The 17th May, 2007.

By Order of the Board of Directors

(G.R.Goenka)
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 21st August, 2007 to 23rd August 2007 (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 nd September 1936
Date of Appointment	24 th September 2003
Expertise in specific functional area	He has more than 47 years experience in the field of finance and in the management of Industries.
Qualification	M.Com LLB
Shareholding in HWL	1024 equity shares
Directorship in other Public Limited Companies	Mayfair India Ltd
Chairman/Member of the Committees of the Board of the Public Limited Companies on which he is a Director	Nil

HINDUSTAN WIRES LIMITED**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 directors appointed Shri B. Rai as an additional director of the company w.e.f. 17th May 2007 pursuant to Section 260 of the Companies Act, 1956. Shri B. Rai will hold office as an additional director up to 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 B. Rai for the office of the director of the company under the provisions of section 257 of the Companies Act, 1956.

Shri B. Rai was associated with the company since last more than 10 years as a nominee director of SBI on the Board of your company. Since SBI has withdrawn his nomination as a director, the Board of your Company has appointed him as a additional director.

The details of director seeking appointment at the forthcoming Annual General Meeting.

Name of the director	Shri B. Rai
Date of birth	1 st December 1934
Expertise in specific functional area	He is an eminent banker and has occupied important positions with State Bank of India including Managing Director of SBI Mutual Fund. He retired as Chairman & Managing Director of Allahabad Bank. He is an independent director on the Board of several public limited companies.
Qualification	B.Com, M.A.(Economics)
Shareholding in HWL	100 equity shares
Directorship in other public limited companies	Suven Life Sciences Ltd, Sutlej Textile and Industries Ltd, Madhya Bharat Papers Ltd, Oriental Carbon & Chemicals Ltd, Texmaco Ltd, Magma Leasing Ltd, West Coast Paper Mills Ltd, NRC Limited, Jubilant Organosys Ltd, H B Estate Developers Ltd, Domino's Pizza India Ltd, Dhir & Dhir Asset Reconstruction & Securitization Company Ltd
Chairman / Member of the committees of the Board of public limited Companies on which he is a director	Committee Chairman -- Suven Life Sciences Ltd, Madhya Bharat Papers Ltd, Oriental Carbon & Chemicals Ltd, Jubilant Organosys Ltd. Membership of committee -- Sutlej Textile and Industries Ltd, Oriental Carbon & Chemicals Ltd, Magma Leasing Ltd, Jubilant Organosys Ltd, H B Estate Developers Ltd.

It will be in the interest of the company that Shri B. Rai is appointed as a director of the company. Your directors, therefore, recommend the resolution for your approval.

Save and except Shri B. Rai, none of the directors of the company in any way concerned or interested in this resolution.

Regd. Office
3A, 5th Floor, Shakespeare Sarani,
Kolkata - 71
The 17th May, 2007

By order of the Board of Directors

(G.R.Goenka)
Director

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, 2007

FINANCIAL RESULTS

The Results are summarised below:

	(Rs. in Lacs)	
	Year ended On <u>31.03.2007</u>	Year ended On <u>31.03.2006</u>
Gross Sales (excluding excise duty)	59.16	14.58
Other income & Liabilities no longer required written back	471.96	724.19
Bad debts/provision of doubtful debts written back	370.85	--
Expenses	129.43	110.57
Interest	0.73	65.70
Profit/(Loss) before Depreciation & Tax	771.81	562.50
Depreciation	13.90	28.16
Provision for fringe benefit Tax	0.75	0.87
Net Profit/(Loss)	757.16	533.47
Add : Deferred Tax credits	150.00	--
Net Profit/(Loss) Carried to Balance Sheet	907.16	533.47

OPERATIONS & GENERAL REVIEW

During the year, manufacturing operations of the company at its Faridabad unit remained closed as the Company could not receive any viable orders from Public Sector Oil Companies for any of its products i.e. LPG Cylinders, Valves and Regulators. However, during the year the Company has decided to set up a filling station of Industrial Gases at its Faridabad unit. The erection and installation work of filling station has been completed in April 2007 and production has commenced in May 2007.

REHABILITATION SCHEME

The Board for Industrial and Financial Reconstruction (BIFR) had sanctioned a Rehabilitation Scheme of the Company and in terms of the said scheme, the Company has repaid all the dues of SBI and other secured creditors. In terms of the sanctioned Rehabilitation Scheme, the promoters have also brought in funds required under the scheme and out of such funds the company has converted the loan of Rs. 250 lacs from the Holding company i.e. Kashipur Holdings Limited into Equity by allotment of 25,00,000 shares of face value of rupees 10/- each fully paid up, on preferential basis. During the year the net worth of the company has become positive and the company has applied to BIFR for de-registration of the company from the purview of Sick Industrial Companies (Special Provisions) (SICA) Act, 1985 and the matter is pending before the Appellate Authority of BIFR.

HINDUSTAN WIRES LIMITED**DIVIDEND**

In view of accumulated losses, your Directors are not in a position to recommend any dividend for the year ended 31st March, 2007.

PUBLIC DEPOSITS

At the end of the year, there were no outstanding Public Fixed deposits.

DIRECTORS

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

During the year, SBI has withdrawn the nomination of Mr. B Rai who was a nominee director on the Board of your company for the last more than ten years. Your directors wish to place on record their appreciation for the co-operation and guidance given by him during his association with the company.

Your company has on 17th May 2007 appointed Mr. B. Rai as Additional director on the board of the company to hold office till the conclusion of the next General Meeting of 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 the operations of the Company remained closed at its manufacturing unit at Faridabad as the Company could not receive any viable orders for its products from the public sector oil companies. In terms of Sanctioned Rehabilitation Scheme, the Company and the Asset Sale Committee has completed the sale of Assets. During the year, the Company has made a net profit of Rs 907.16 lacs which is mainly on account of write back of liabilities no longer required and profit on sale of assets.

Business/ Industry Outlook

The existing business of the company i.e. manufacturing of LPG Cylinders, Valves and Regulators is no more viable since the demand of these products has been reduced substantially and further these products are procured by public sector oil companies on Net Delivered Price and as such the units operating in tax free zones are having competitive advantage in getting the orders. However, the company has decided to diversify its business activities and has set up a filling station of Industrial Gases at its Faridabad Unit and production has commenced in May 2007.

HINDUSTAN WIRES LIMITED**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.

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 Schedule I of 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, Share holders and other business associates 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

Place: New Delhi
The 17th May, 2007

R.K.Gupta
Executive Director

G.R..Goenka
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 31st March, 2007

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 wherever 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 year 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:-

- (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 17th May, 2007.

R. K. Gupta
Executive Director

G.R.Goenka
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. 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 - Non Executive Director
Shri K.M. Lal	Independent - Non Executive Director
Shri R.K. Gupta	Executive Director

During the year SBI has withdrawn the nomination of Mr. B. Rai on the Board of your company w.e.f. 21st March 2007. However, your company has appointed him on 17th May 2007 on the board of your company as additional director.'

NO. OF BOARD MEETINGS

During the year ended 31st March, 2007, six Board Meetings were held. These were on 29th May, 25th July, 1st November, 12th December, 16th December 2006 and 1st February 2007.

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

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	6	No	6	4	NIL
Shri G.R. Goenka	2	Yes	2	NIL	NIL
Shri B. Rai	6	No	12	5	4
Shri K.M. Lal	5	No	5	3	-
Shri R.K. Gupta	6	Yes	NIL	NIL	NIL

AUDIT COMMITTEE

Audit Committee consists of three non – executive directors viz. Shri U.S. Bhartia, Shri B. Rai, and Shri K M Lal. Out of these three directors, Shri K M Lal and Shri B Rai who is also the Chairman of the Audit Committee are independent Directors. Mr. B Rai ceases to be Chairman and Member of the audit committee from 21st March 2007 after withdrawal of his nomination as director on our board by SBI. However, your company has again appointed him as additional director and also as member and chairman of audit committee w.e.f. 17th May 2007.

The broad terms of reference of the Audit Committee is to review quarterly 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	5
Shri U.S. Bhartia	Member	5
Shri K M Lal	Member	4

During the year the Audit Committee met five times on 29th May, 25th July, 1st November, 16th December 2006 and 1st Feb.2007. These meetings were also attended by the Statutory Auditors of the Company.

HINDUSTAN WIRES LIMITED**REMUNERATION COMMITTEE AND DIRECTORS REMUNERATION**

During the year the remuneration committee met on 25th July 2006 at which all members were present and in that meeting approved the increase in the remuneration of Mr. R K Gupta – Executive Director of the Company and subject to the approval of Central Government the said increase in remuneration was approved by the shareholders in the Annual General meeting held on 8th September 2006. Thereafter the company has received the approval of the Central Government in respect of the said increase in remuneration.

During the year the Executive Director, Shri R.K. Gupta was paid remuneration including salary, HRA, Contribution to Provident Fund and perquisites amounting to Rs. 14,46,450/-

NON EXECUTIVE DIRECTORS

The remuneration paid to non-executive directors for the financial year ended 31.3.2007 consist only the payment of sitting fees for attending the Board and Committee meetings. The details of such payments are as under :

Shri U.S. Bhartia	50,000
Shri B. Rai	50,000
Shri G.R. Goenka	6,000
Shri K M Lal	40,000

The Number of shares held by non executive Directors are (a) Mr. U S Bhartia 84,631 (b) Mr. G R Goenka 1024 (c) Mr. K M Lal 60, (d) B.Rai 100.

DISCLOSURES

The particulars of transactions between the Company and its related parties as per accounting standard 18 "Related Parties Disclosures" issued by the Institute of Chartered Accountants of India (ICAI) are set out in schedule 'I' of Notes on Accounts of the Annual Report. However, these transactions are not likely to have any potential conflict with the interest of the Company at large.

The Company has complied except to the extent mentioned in this report elsewhere with all the requirements of Listing Agreements with the Stock Exchanges as well as Regulations and guidelines prescribed by SEBI. During the year Bombay Stock Exchange has suspended the scrip of the company for trading due to non payment of listing fee in time. However, the company has paid the listing fees but the Stock Exchange has not yet revoked the suspension of trading in the script. The company is making necessary efforts to get the suspension revoked. There were no penalties or strictures imposed on the Company by any statutory authority for non-compliance or in any matter related to Capital market during the last three years.

The Company has complied with all the mandatory requirements of clause 49 of the listing agreement except to the extent mentioned in this report elsewhere relating to corporate governance. Further Company is already having a Remuneration Committee as per non - mandatory requirements of the clause.

CODE OF CONDUCT

The Board of Directors has adopted the code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the Directors and the members of the Senior Management.

CEO/CFO CERTIFICATION

CEO & CFO has given necessary certificate as required under clause 49 of the listing agreement which was placed before the Board.

SHAREHOLDERS**SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE**

The committee comprises of two directors i.e. Shri G.R. Goenka as chairman and Shri R.K. Gupta to look after the redressal of share holders and investors complaints. To expedite the process of share transfer the Board has delegated the power of share transfer to a Share Transfer Committee consisting of Shri G.R. Goenka and Shri S.K.Sharma (Manager Accounts). During the year Company has received two complaints and two complaints were resolved and no complaint was pending as on 31st March 2007.

MEANS OF COMMUNICATION

The quarterly, half yearly and the Annual audited financial results of the Company are sent to Stock Exchanges immediately they are approved by the Board. The results are published in one National daily and one local language news papers in accordance with the guidelines of Stock Exchanges.