

ANNUAL REPORT

FOR THE YEAR ENDED 31ST March 2008

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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 eighth 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 10th Sept, 2008 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, 2008 and Balance Sheet as at 31st March, 2008 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri K M Lal 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 a Special Resolution :

"Resolved that subject to the provisions of section 198, 269, 309 and 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accord its approval for the re-appointment of Shri Raj Kumar Gupta as a Whole time director of the Company designated as "Executive Director" w.e.f. 1st November 2007 for a further period of three years on the terms and conditions including remuneration and perquisites as set out in the agreement entered into between the Company and Mr. Raj Kumar Gupta.

Further "Resolved that Board of Directors be authorised to alter or vary the terms and conditions including managerial remuneration as they consider fit and necessary so as not to exceed the limit of managerial remuneration as specified in schedule XIII of the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder"

Further "Resolved that in the absence or inadequacy of profits in any financial year, Mr. Raj Kumar Gupta be paid the same remuneration as minimum remuneration for a period of three years w.e.f. 1st November 2007"

By Order of the Board of Directors

Regd. Office:
3A, 5th Floor Shakespeare Sarani, Kolkata - 71
The 30th May 2008.

(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 8th Sept. 2008 to 10th September 2008 (both days inclusive).
3. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business to be transacted at the meeting is Annexed hereto

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting;

Name of the Director	Shri K M Lal	Shri R K Gupta
Date of Birth	22 nd June 1940	14 th September 1954
Date of Appointment	7 th September 2005	1 st November 2002
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 Govt. of India for eight years.	24 years experience in Financial and Commercial matters.
Qualification	M.Sc. (Chemistry) & IAS.	Chartered Accountant
Shareholding in HWL	60	586
Directorship in other Public Limited Companies	Panacea Biotech Ltd, Srei Capital Ltd. Polylink Polymers (I) Ltd, Gem Sugar Ltd, Gem Spinners Ltd, Ram Sarup Industries. Ltd.	NIL
Chairman/Member of the Committees of the Board of the Public Limited Companies on which he is a Director	Member Audit Committee of Srei Capital Ltd. Polylink Polymers (I) Ltd, Gem Sugar Ltd, Gem Spinners Ltd.	NIL

Explanatory statement under Section 173 (2) of the Companies Act, 1956.**Applicable to Item No. 4**

The present term of office of Shri Raj Kumar Gupta whole time Director of the Company designated as Executive Director expired on 31st October 2007. The Board of Directors of the Company, on the recommendation of Remuneration Committee, at their meeting held on 29th October 2007 have re-appointed Shri Raj Kumar Gupta as Whole time Director to be designated as Executive Director of the Company for a further period of three years w.e.f. 1st November 2007, subject to the approval of shareholders. Further as per Schedule XIII of the Companies Act, 1956 it is mandatory to pass special resolution for payment of Remuneration as per effective capital and for payment of minimum remuneration even in the absence or inadequacy of profits.

The information and particulars needed to be provided to the shareholders are given below :

1. General Information :

- a) **Nature of Industry :** Refilling Station of Industrial Gases
- b) **Date of commencement of commercial production :** May 2007
- c) **Financial performance based on given indicators :** Broadly the financial performance as at 31st March 2008 is as given below :

	Rs. In Lacs
Gross Sales	176.12
Other Income & liabilities and provisions no longer required	236.07
Expenses	384.36
Depreciation	7.76
Profit before tax	20.07
Profit after tax	17.19

- d) **Export performance & Net Foreign exchange collaborations -** NIL
- e) **Foreign investments or collaborators, if any. -** NIL

2. Information about the appointee

a) Background details : Shri Raj Kumar Gupta is a Chartered Accountant having more than 30 years of experience in Financial, Commercial and operational areas of the Industry. He is having more than 24 years long association with the Company. Presently he is working as Executive Director of the Company since last more than 5 years.

b) Past Remuneration - Mr. Raj Kumar Gupta was appointed as a Whole time Director of the Company designated as Executive Director w.e.f. 1st November 2002 for a period of five years at a remuneration consisting of Basic Salary of Rs. 35,500/- per month plus perquisites i.e. HRA 50% of Basic salary, Medical allowance and LTA at 10% and 12.5 % of Basic salary respectively, besides other benefits as per the Rules of the Company. His Remuneration was revised w.e.f. 1st April 2006 at a Basic salary of Rs. 67,500/- per month with other allowances and perquisites remaining the same.

c) Recognition or awards : None

d) Job Profile and his suitability : Mr. Raj Kumar Gupta is associated with the Company since last more than 24 years and is working as Executive Director of the Company since last more than 5 years. Considering his vast experience in the field of Financial, Commercial and Operational areas of the Industry, it is in the interest of the Company that he be retained in service as Executive Director of the Company at the proposed remuneration which is comparable with the prevailing Industry norms.

e) Remuneration proposed :

Basic Salary	Rs. 92,000/- per month with increase of 12.5% per annum each year or such suitable increases as may be determined by the Board from time to time.
Perquisites	Following perquisites shall be allowed in addition to salary with suitable increases as may be determined by the Board from time to time.
Category - A	
House Rent Allowance	50% of Basic Salary
Medical reimbursement	Expenses incurred for self and family subject to a ceiling of 10% of basic salary per year
Leave Travel Assistance	For self and family to and from any place in India once in a year subject to 12.5% of the basic salary
Category - B	
Provident Fund	Company's contribution towards Employees Provident Fund at such rate as may be prescribed under the EPF and Misc. Provisions Act, 1952 from time to time.
Gratuity	Payment of gratuity shall be allowed at the rate of 15 days last drawn Basic salary calculated as per explanation in Section - 4 of the payment of Gratuity Act, 1972 notwithstanding any ceiling of gratuity amount in the said section and shall be in continuity of his earlier service with the Company.
Leave	Leave with full pay and allowances or encashment thereof of basic salary as per Rules of the Company.
Category - C	
Car	Free use of Company car with Driver for Company's business subject however to deduction of charges for personal use, if any.
Telephone	Free telephone facility at residence subject to deduction of personal long distance calls.
Personal Accident Insurance	Shall be covered under the Group Personal Accident insurance policy arranged by the Company for its employees.

The terms and conditions of appointment and remuneration given herein above may be altered and / or varied from time to time by the Board as it may, at its discretion deemed fit, so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956 or any amendment made thereto from time to time.

The Executive Director will not be entitled to receive any sitting fees for attending meetings of the Board of directors of the Company or any committee thereof.

The above stated remuneration shall be paid to Shri Raj Kumar Gupta, Executive Director, as minimum remuneration notwithstanding no profits or inadequate profits in any financial year.

- f) **Comparative Remuneration profile with respect to Industry, size of the Company, profile of the position and person :** Mr. Raj Kumar Gupta is a Whole time Director of the Company designated as Executive Director since last more than 5 years. He is associated with the Company since last more than 24 years and has vast experience in the functional areas of Finance, Commercial and operations of the Industry. The Company has set up a refilling station of Industrial gases which has commenced production in May 2007. Considering his experience and responsibilities given, the remuneration proposed to be paid is reasonable considering the availability of professionals at Senior Level in the private sector and is comparable with the prevailing industry norms. Under the circumstances, the Company is seeking your approval to pay the same remuneration as minimum remuneration even in the event of the profits being inadequate or if the Company incurs losses during his tenure as Whole time Director designated as Executive Director.
- g) **Pecuniary relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any :** Mr. Raj Kumar Gupta is not having any pecuniary relationship directly or indirectly with the company or relationship with any of the managerial personnel. He is not in receipt of any remuneration from any Company other than Hindustan Wires Ltd.
- 3) **Other information :**
- a) **Reasons for inadequate profits :** The Company was declared a Sick unit under the provisions of SICA, 1985 on 14th September 1999. A Rehabilitation scheme was sanctioned on 8th November 2002 by BIFR. The Company has sold its unviable Plant & Machinery and other fixed assets under the said sanctioned rehabilitation scheme. The sale proceeds were mainly utilised for repayment dues of the Banks. The net worth of the Company turned positive in December 2006. The Company has diversified its business activities and has started a re-filling station of Industrial gases since May 2007. Since it was the first year of operations in the diversified business, the Company has incurred operational loss, though after considering the amount of other income and provisions no longer required there is a net profit of 17.19 lacs.
- b) **Steps taken for improvement :** The Company has further expanded the business of Industrial Gases and has also started sale of Carbon dioxide. There is a good demand of Industrial gases in and around Faridabad and as such the Company expects to improve its performance in this area in the coming years.
- c) **Expected increase in productivity/profitability.** The sales of Industrial gases for the year ended 31st March 2008 was Rs. 176.12 lacs. The expected sales for the current year will be around Rs. 300 lacs and consequently there will be increase in profits as compared to last year.

Pursuant to the provisions of the Companies Act, 1956 your approval is also required for the proposed business. Your directors, therefore, recommend the Special resolution for your approval.

Save and except Shri R K Gupta, none of the directors of the Company, in any way, concerned or interested in this resolution.

This explanatory statement along with relevant resolution may be treated as an abstract of the terms and conditions of contract of appointment of Executive Director to be disclosed to the members in compliance of the provisions of section 302 of Companies Act, 1956.

Regd. Office
3A, 5th Floor, Shakespeare Sarani,
Kolkata
Dated 30th May 2008

By order of the Board of Directors

U S Bhartia
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, 2008

FINANCIAL RESULTS

The Results are summarised below:

	<u>Year ended</u> <u>on</u> <u>31.03.2008</u>	(Rs. in Lacs) <u>Year ended</u> <u>On</u> <u>31.03.2007</u>
Gross Sales (including excise duty)	176.12	67.28
Other income & Liabilities & provisions no longer required written back	236.07	842.81
Expenses	383.55	137.55
Interest	0.81	0.73
Profit/(Loss) before Depreciation & Tax	27.83	771.81
Depreciation	7.76	13.90
Provision for fringe benefit Tax	0.81	0.75
Provision for income tax (MAT)	2.07	--
Net Profit after tax	17.19	757.16
Add : Deferred Tax credits	--	150.00
Net Profit/(Loss) Carried to Balance Sheet	17.19	907.16

OPERATIONS & GENERAL REVIEW

During the year, the Company diversified its activities and had set up a Re-filling station of Industrial Gases and commenced production in May 2007. It was the first year of its new business in the field of Industrial Gases and as such the Company faced difficulty in getting orders for its full capacity. The sales for the year ended was Rs. 176.12 Lacs. However, in the current year the Company expects to improve its performance

REHABILITATION SCHEME

During the previous year the net worth of the Company became positive and the Company applied to BIFR for de-registration of the Company from the purview of Sick Industrial Companies (Special Provisions) (SICA) Act, 1985. The Company expects that the matter shall be decided by the BIFR in the current year.

DIVIDEND

In view of accumulated losses, your Directors are not in a position to recommend any dividend for the year ended 31st March, 2008.

PUBLIC DEPOSITS

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

HINDUSTAN WIRES LIMITED

DIRECTORS

Shri K M Lal 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, the term of appointment of Mr. R K Gupta - Whole Time Director of the Company expired on 31st October 2007. However the Board of the Company has re-appointed him as a Whole Time Director to be designated as Executive Director of the Company w.e.f. 1st November 2007 for a period of three years, subject to the approval of Shareholders in the General Meeting.

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 Company has commenced the manufacturing of Industrial Gases at its Faridabad unit . The turn over for the year is Rs. 176.12 lacs and the income from services is Rs. 40.82 lacs. The net profit at the year end is Rs. 17.19 lacs. During the year, the Company has sold part of the old machinery and equipments at Rs. 131.20 lacs pertaining to Liquefied Petroleum Gas Cylinder unit which was no more viable due to various factors. However, the Company has diversified its business activities in the similar line of business and utilised the said sale proceeds towards capital expenditure incurred for its industrial Gas cylinder refilling unit.

Business/ Industry Outlook

As stated above, the Company has set up a Re-filling station of Industrial Gases which has commenced production in May 2007. There is a good demand of Industrial Gases in and around Faridabad. Hence the Company expects to improve its performance in this area in the coming years. The Company also expects to generate income from its industrial sheds by providing warehousing and storage services.

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.

HINDUSTAN WIRES LIMITED

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 L 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, 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 30th May 2008

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, 2008

ENERGY CONSERVATION

- (a) The following energy conservation measures 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 is 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) Putting up of CFL lamps in place of conventional bulbs and tubes
 - (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 consumption of Energy is not significant.
- (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.
- (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 30th May 2008

R. K. Gupta
Executive Director

G.R.Goenka
Director