

BWL LIMITED

(FORMERLY BHILAI WIRES LIMITED)

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BWL

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26th Annual Report 1996-97

BWL LIMITED

(Formerly Bhilai Wires Ltd.)

BOARD OF DIRECTORS

Shri H.P. Khetawat	-	Chairman cum Managing Director
Shri Sunil Khetawat	-	Managing Director
Shri S.P.S. Dangi	-	Director
Shri Manish Bahl	-	Director
Shri P.B. Menon	-	Director
Shri Gautam Khaitan	-	Director

AUDITORS :

M/s G.Basu & Co.
Chartered Accountants

SOLICITORS :

O.P. Khaitan & Co., New Delhi
Dubey & Co., Calcutta

COMPANY SECRETARY :

Shri B.R. Tarafdar

BANKERS :

State Bank of India
State Bank of Hyderabad
State Bank of Patiala

REGISTERED OFFICE :

Industrial Estate, Bhilai-490 026
Madhya Pradesh (India)

ADMINISTRATIVE OFFICE :

Optical Fibre Cable Division,
Kundan House, 101-A,
Hari-Nagar Ashram, Behind NAFED Building,
New Delhi - 110 014

WORKS:**WIRE DIVISION :**

Industrial Estate,
Bhilai - 490 026 (M.P.)

OPTICAL FIBRE CABLE DIVISION :

Electronics Complex,
Shogi, Distt. - Shimla,
Himachal Pradesh - 173 219.

BRANCHES :**DELHI**

705, Padma Tower-I
5, Rajendra Place,
New Delhi-110 008

MUMBAI

411, Tulsiani
Chambers
Nariman Point
Mumbai-400 021

CALCUTTA

408, Subham Bldg.
1 Rowdan Street,
Calcutta-700 017

CHENNAI

No.7, Third Floor
Velders Street
Anna Salai,
Chennai-600 002

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BWL LIMITED**NOTICE**

NOTICE is hereby given that the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the company will be held at Agrasen Bhawan, Sector-6, BHILAI(MP) on Thursday the 25th September-1997 at 4.30 p.m. to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 1997, the Profit & Loss Account for the year ended on that date and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Manish Bahl, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution :

"Resolved that Mr. Gautam Khaitan - Solicitor who was appointed as an additional Director on 3.8.97 and whose term of office expires at this Annual General Meeting be and is hereby appointed as a Director of the Company whose term of office shall be liable to be determined by rotation."

By Order of the Board
For BWL LIMITED

Haryana
3rd August, 1997

(B R TARAFDAR)
COMPANY SECRETARY

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4**

Mr. Gautam Khaitan - Solicitor was appointed as an additional Director of the Company on 3rd August, 1997 pursuant to Section 260 of the Companies Act, 1956. He will hold office upto the date of the ensuing Annual General Meeting.

The Company has received a Notice under Section 257 of the Companies Act, 1956, alongwith requisite amount from a member proposing the appointment of Mr. Gautam Khaitan as Director of the Company. The Directors recommend passing of this resolution.

None of the Directors other than Mr. Gautam Khaitan is interested in this resolution.



NOTES :

- i. 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 such proxy need not be a member.
- ii. Instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the meeting.
- iii. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 16th September-1997 to Thursday the 25th September-1997 (both days inclusive)
- iv. (a) Pursuant to the provisions of Section-205 A of the Companies Act, 1956 and Companies Unpaid Dividend (Transfer To General Revenue Account of the Central Government) Rules, 1978 all unclaimed dividends upto and including the Financial Year 1992-93 have been transferred to the General Revenue Account of the Central Government.
(b) Dividend Warrants dated 27.10.94 being Dividend for the Year 1993-94 remaining unclaimed are due to be transferred to General Revenue Account of The Central Government after 17.11.97.

Members who have not yet encashed the Dividend Warrant for the year 1993-94 are requested to apply for Duplicate/Revalidated Warrants before its transfer to General Revenue Account of the Central Government.

- v. The practice of Distributing Copies of Annual Report at the Annual General Meeting has been discontinued as a measure of economy. Members are therefore requested to bring their copies of Annual Report at the meeting.
- vi. Members are requested to notify any change of address as well as Bank details in the following format to update our record as well as to serve them efficiently.

Folio No.:

Address:

Bank A/c No.:

Name and address of Bank:

DIRECTOR'S REPORT

Dear Members,

Your Directors present the Twenty Sixth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 1997 and the Auditors' Report thereon.

1. FINANCIAL RESULTS :

	1996-97 (Rs.)	1995-96 (Rs.)
Sales (Less, Return)	40,24,44,510	40,01,41,741
Profit before interest, Depreciation & Tax.	4,93,00,711	6,01,84,583
Less: Interest	4,79,09,233	4,04,29,005
Cash Profit	13,91,478	1,97,55,578
Less: Depreciation	1,28,97,084	1,03,02,036
Profit/(loss) before Tax	(1,15,05,606)	94,53,542
Less: provision for Tax	NIL	Nil
Profit/(loss) after Tax	(1,15,05,606)	94,53,542
Profit brought forward	50,67,823	13,41,018
Proposed Dividend for 1995-96 written back	43,31,368	—
	(21,06,415)	1,07,94,560
Misc. Exp. written off	13,95,369	13,95,369
Profit/(Loss) Available for appropriation.	(35,01,784)	93,99,191

APPROPRIATIONS :

Proposed Dividend	NIL	43,31,368
Balance Retained in Profit & Loss Account	—	50,67,823
Balance shown as deduction from General Reserve	(35,01,784)	—
	(35,01,784)	93,99,191

2. SHARE CAPITAL :

During the year 9695 FCDs were forfeited for non-payment of allotment money inspite of reminders and full conversion of 23,40,355 FCDs (Part-C) of Rs. 25 each was effected on 19.04.96.

The paid-up Capital at the end of the year stood at Rs. 9,32,27,588 comprising of 69,79,610 fully paid Equity Shares of Rs. 10 each and 23,40,355 fully paid zero Dividend Redeemable Preference Shares of Rs. 10/- each.

3. DIVIDEND :

Dividend recommended by the Directors for the year ended 31st March, 1996 was not approved by the Share Holders at the 25th Annual General Meeting held on 25.09.1996 in order to conserve cash resources of the company.



The Directors regret their inability to recommend any Dividend for the year 1996-97 in view of loss of the company.

4. FINANCE :

The Company had availed IDBI bill discounting facilities for supply of material to West Bengal State Electricity Board (WBSEB) from State Bank of India supported by a guarantee of Govt. of West Bengal in favour of SBI and consequently discounted pro-notes issued by WBSEB drawn on IDBI through SBI.

On due date the bills were returned unpaid and SBI kept on debiting the account of the company since 1994 and charged penal rate of interest on the entire outstanding in view of irregularity in the account for such debits.

IDBI sanctioned a Term Loan of Rs. 180 lacs in the previous year under equipment finance scheme. Against the same company has availed Rs. 122 lacs during the year under review for acquisition of balancing equipment for Optical Fibre Cable Division and D.G. sets for Steel Wire Division.

To reduce the debt burden the company has requested IDBI to reduce the Loan amount from Rs. 180 lacs to Rs. 135 lacs.

Company's request to the Bankers for need based Working Capital Credit Facilities was renewed and sanctioned/released by the lead banker SBI in the month of November 1996 after consistent follow up of nearly one year but the other consortium members did not sanction the renewed need based Working Capital Facilities as assessed by the lead banker.

Since, last two years Optical Fibre Cable Division (OFCD) earned a total cash profit of Rs. 126.70 lacs against which the company has repaid Term Loans amounting to Rs. 324.08 lacs during that period resulting in erosion of Margin Money for Working Capital. In the current year also company has paid towards installment of Term Loan amounting to Rs. 197.19 lacs against cash profit of Rs. 52.49 lacs leading to further erosion of margin money.

Third and final installment of interest on FCD's which was originally due on 19.04.96 rolled over to 19.04.97 and was paid on 19.04.97 involving an amount of Rs. 40.45 Lacs (including interest for the delayed period).

5. OPERATIONS :

a) Steel Wire Division :

During the year under review income from operation has been reduced from Rs. 3011.19 lacs to Rs. 2654.84 lacs and cash profit from Rs. 75.57 lacs to Rs. 9.20 lacs. Unusual debits by SBI on account of defaulted pro-notes of WBSEB caused severe liquidity crunch and the company could not operate smoothly throughout the year and consequent decline in operating results.

Due to reasons aforesaid production during the year drastically reduced from 12681 MT to 10282 MT and in spite of recessionary market condition, the company could pass on the increased input cost to the customers due to its commanding product image as well as balanced marketing strategy. Moreover, had the production been maintained at the last years level your company could earn profit more than the previous year.

During the first three months of operation in the current year company produced 3769 MT of wires at an average production of 1256 MT per month against average production of 857 MT per month of the earlier year. The company expected that the bank will refund the wrong debits made in our account for pro-notes defaulted by WBSEB but this did not materialise and there was a nominal production during July, 1997.

b) Optical Fibre Cable Division :

Income from full year of operations during the year was Rs. 1369.61 lacs as against Rs. 990.23 lacs in the previous year.

Cash profit has been reduced from Rs. 121.99 lacs to Rs. 4.71 lacs. The tender for 21000 CKm of Optical Fibre Cable has been scrapped by DoT against which company was expecting bulk order during the financial year under review.

During the year company has been able to secure an order for 644 CKm Duct Cable through Limited tender at substantial reduced rate, in view of stiff competition due to entry of number of manufactures (about 18 at present) in the Optical Fibre Cable Industry.

The demand also did not pick-up as anticipated due to delay in issuing licence by DoT to private operators.

In our last report we mentioned that delay in releasing Working Capital Facilities by the consortium banks, commercial production was delayed and the purchaser reduced the order value at the then selling price and consequent drastic fall in profitability. If this fund would have been available the company could have reduce the finance cost and quote competitive rate to secure more order and improve the bottom line.

6. DIRECTORS :

In accordance with the requirement of the Companies Act 1956 and articles of Association of the Company, Shri Manish Bahl will retire by rotation and being eligible offer himself for reappointment.

Shri P.B. Menon, Senior Advocate, Supreme Court of India was Appointed as a Director at the 25th annual general meeting held on 25.09.96 whose period of office is Liable to determination by retirement of Directors by rotation.

Mr. Gautam Khaitan - Solicitor was co-opted as an additional Director of the Company and holds office upto the date of this Annual General Meeting.

7. AUDITORS :

M/s G. Basu & Co., Chartered Accountant, Auditor of the Company hold office until the conclusion of the ensuing annual General Meeting and are recommended for reappointment. Certificate from the Auditors has been received to the effect that their reappointment If made would be within the prescribed Limits under section 224 (IB) of the Companies Act, 1956.

8. PUBLIC DEPOSITS :

Company has not accepted any fresh deposits from the public during the year 1996-97 and has no over due deposits outstanding other than those unclaimed as on 31st March 1997.

9. POLLUTION & ENVIRONMENT CONTROLS :

During the year Company has planted 200 No. of sapling & Neem trees to diffuse the impact of hazardous and obnoxious gases on environment. Three bathes have been reconstructed, one for waste water treatment and other two as sludge drying bed.

Hazardous waste management license received by the Company during the year from Madhya Pradesh pollution control board - Bhopal.

10. AUDITOR'S REPORT :

The Notes No. B-1, B-2, B-3 & B-12 referred to in Schedule -S Notes on accounts are self explanatory and do not call for any further explanation under section 217(3) of the Companies Act, 1956.

**11. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION :**

Information in accordance with the provisions of section 217(1) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rule, 1988, regarding conservation of energy, Technology absorption and foreign exchange earnings and outgo is given in the statement annexed here to (Annexure-A) forming part of this report.

12. STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT :

The statement under clause 43 of the listing agreement with the stock exchanges, is annexed here to (Annexure-C) forming part of this report.

13. PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 :

Information as per section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees Rules) 1975 as amended are given in Annexure-B forming part of this Report.

14. ACKNOWLEDGEMENT :

Yours Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from various Government authorities, Bankers, Financial Institution and other Agencies. The Directors also thanks all the employees of the Company for their valuable services and Continued Support throughout the year.

For and on behalf of the Board

Place : Haryana
Date : 3rd August 1997

H.P. KHETAWAT
Chairman and Managing Director

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BWL LIMITED**ANNEXURE - A****ANNEXURE TO THE DIRECTORS REPORT :**

Particulars required under the companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988.

I. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken :

In compliance with the recommendation of Energy Auditor, installation of capacitor at Steel Wire Division completed during the year.

(b) Additional investments and proposals, if any, for reducing consumption of energy :

Individual machine losses are closely monitored. Internal energy audit as preventing steps will be taken for improving voltage regulation and resistive losses.

(c) Impact of measures at (a) & (b) above for reducing energy consumption and consequent impact on the cost of production of goods:

Installation of capacitors at Steel Wire Division has improved the power factor and consequently consumption of power per unit of production has been reduced from 276.27 to 243.86 KWH/MT.

Similarly, due to fitting of latest automatic burners consumption of furnace oil reduced from 86.98 to 72.28 Ltr/MT of production.

(d) Total energy consumption and energy consumption per unit of production are given below:

A. POWER AND FUEL CONSUMPTION :

		1996-97	1995-96
Electricity			
(a) Purchased :			
Unit	(in KWH)	2521708	3753000
Total amount	(Rs. in lacs)	91.447	115.69
Rate per unit	(in Rs.)	3.63	3.08
(b) Own generation :			
(i) Through Diesel Generator :			
Unit	(in KWH)	634110	151760
Unit generated/ltr of diesel		2.92	1.97
Cost/Unit	(in Rs.)	2.98	3.57
(ii) Furnance Oil :			
Quantity	(in k. ltrs)	743.172	1103
Total amount	(Rs. in Lacs)	52.80	69.37
Average rate/K.ltr	(in Rs.)	7104.68	6289.21

B. CONSUMPTION PER UNIT OF PRODUCTION :

		1996-97	1995-96
Steel Wire Division :			
Production	(MT)	10282	12681
Electricity	(KWH/MT)	243.86	276.27
Furnance Oil	(Ltrs/MT)	72.28	86.98
Optical Fibre Cable Division :			
Production	(CKM)	1682.626	919.16
Electricity	(KWH/CKM)	385.40	436.74