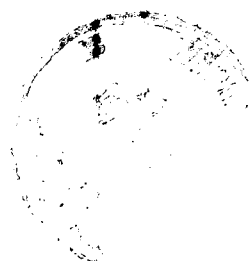


BWL LIMITED

(FORMERLY BHILAI WIRES LIMITED)

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓

BWL



27th Annual Report 1997-98

BWL LIMITED

(Formerly Bhilai Wires Limited)

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 Gautam Khaitan	-	Director

AUDITORS :

M/s. G. Basu & Co.
Chartered Accountants

SOLICITORS :

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

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

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

11/1B Chakraberia
Road (North)
Calcutta - 700 020

CHENNAI

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

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NOTICE

NOTICE is hereby given that the **TWENTY SEVENTH ANNUAL GENERAL MEETING** of the Company will be held at Agrasen Bhawan, Sector-6, Bhilai (M.P.) on Friday the 18th September- 1998 at 4.30 p.m. to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 1998, 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 Director in place of Shri S.P.S. Dangi and who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Director in place of Shri Manish Bahl and who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors and to fix their remuneration.

5. SPECIAL BUSINESS :

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

"Resolved that pursuant to Section 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company approves of the appointments and terms of remuneration of Shri. R. K. Himatsingka as whole-time Director of the Company designated as Executive Director for a period of Five Years with effect from 1st April 1998 upon the terms and conditions set out in the draft agreement submitted to this meeting and for identification signed by a Director thereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Shri R. K. Himatsingka.

By order of the Board

for BWL LIMITED

New Delhi
9th July 1998

(H.P. KHETAWAT)
CHAIRMAN AND MANAGING DIRECTOR

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 Wednesday the 9th September 1998 to Friday the 18th September 1998 (both days inclusive).
- iv. 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 dividend upto and including the Financial year 1993-94 have been transferred to the General Revenue Account of the Central Government.
- v. The practice of Distributing copies of Annual Report at the Annual 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 the members efficiently.

Folio No.

Address

Bank A/c. No.

Name and address of Bank

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956.

Shri. R. K. Himatsingka was appointed as an Additional Director of the Company on 9th July, 1998 pursuant to Section 260 of the Companies Act, 1956. He will be 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 Shri. R. K. Himatsingka as Director of the Company designated as "Executive Director". The Directors recommend passing of this resolution.

None of the Director other than Shri. R. K. Himatsingka is interested in this resolution.

Shri. R. K. Himatsingka is having wide experience in Industrial Management and Particular in Steel Wire Industry. He has very good exposure in marketing, production and operational matters. Keeping in view of his experience and expertise, the Board of Directors at its meeting held on 9th July 1998 appointed him as whole time Director of the Company designated as Executive Director for a period of 5 (Five) years with effect from 1st April 1998 on the remuneration and terms and conditions contained in the draft agreement proposed to be entered into between the Company and Shri. R. K. Himatsingka subject to the approval of the Shareholders.

The said draft agreement, inter-alia, contain the following terms and conditions :

1. **SALARY :**
Rs. 20,000/- (Rupees Twenty Thousand Only) per month in the scale of Rs. 20,000 - 2000-30,000. The Annual increment which will be effective 1st April each year, will be decided by the Board and will be merit-based.
2. **COMMISSION:**
Such amount as may be determined by the Board from time to time, subject to overall ceiling as prescribed in Section 198 and 309 of the Companies Act, 1956.

PERQUISITES & ALLOWANCES

- i) Shri. R. K. Himatsingka owns his own house and therefore he is entitled to 50% (Fifty Percent) of Salary as House Rent.
 - a) Water, Gas, Electricity etc. monetary value of which may be evaluated as per Rule 3 (a) of the Income Tax Rules, 1962. Subject to ceiling of 10% of the salary paid to him.
 - ii) Medical facilities of self and family : Reimbursement of expenses actually incurred, the total cost of which to the company shall not exceed one month salary for a year or three months salary over a period of three years.
 - iii) Leave travel concession for self, wife and minor children once a year and to and fro fare for any place in India subject to the conditions that only actual fare and no hotel expenses etc. will be allowed.
 - iv) Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
 - v) Personal accident Insurance of an amount the annual premium of which does not exceed Rs. 1000/-.
 - vi) Company's contribution towards Provident Fund as per the Rules of the Company but not exceeding 12% of the salary.
 - vii) Company's contribution towards pension superannuation fund as per rule of the Company but it shall not together with the Company's contribution to the Provident Fund, exceed 25% of the salary.
However, contribution to Provident Fund and Pension/Superannuation fund will not be included in the computation of the ceiling of perquisites to the extent there either singly or put together are not taxable under the income tax Act, 1961.
 - viii) Gratuity not exceeding one half months salary for each completed year of services, covered by Group Gratuity scheme with Life Insurance Corporation of India.
 - ix) Free use of Car with Driver for Company's business. The monetary value of which may be evaluated as per Income Tax Rules 1962.
 - x) Free telephone facility at residence, all personal long distance calls shall be billed by the Company.
 - xi) Encashment of leaves as per Company's rules at the end of the tenure.
3. He shall not be paid any sitting fees for attending the meeting of the Board of Directors of Committe thereof.
 4. **MINIMUM REMUNERATION:**
Notwithstanding anything to the contrary contained herein, where in any financial year during the continuance of the tenure of Shri. R. K. Himatsingka the Company has not earned profits or its profits are inadequate, the Company will pay salary and perquisites as specified above as permitted under the Companies Act, 1956.

DIRECTOR'S REPORT

Dear Members,

Your Directors are submitting the 27th Annual Report together with audited accounts of the Company for the year ended 31st March 1998 and the Auditors Report thereon.

1. FINANCIAL RESULTS :

	1997-98	1996-97
	(Rs.)	(Rs.)
Sales (Less, Return)	42,97,58,160	40,24,44,510
Profit before interest,		
Depreciation & Tax	3,67,98,181	5,49,62,590
Less : Interest	<u>5,62,80,212</u>	<u>5,35,71,112</u>
Cash Profit/(loss)	(1,94,82,031)	13,91,478
Less : Depreciation	<u>1,36,28,809</u>	<u>1,28,97,084</u>
Profit/(loss) before tax	(3,31,10,840)	(1,15,05,606)
Less : Provision for tax	-	-
Profit/(loss) after tax	(3,31,10,840)	(1,15,05,605)
Profit brought forward	-	50,67,823
Proposed Dividend for 1995-96	-	43,31,368
written back	<u>(3,31,10,840)</u>	<u>(21,06,415)</u>
Misc. Exp. written off	(13,95,369)	(13,95,369)
Profit/(Loss) available for	<u>(3,45,06,209)</u>	<u>(35,01,784)</u>
appropriation.		
APPROPRIATIONS :		
Proposed Dividend	-	-
Deduction from General Reserve	(1,45,16,077)	(35,01,784)
Balance shown under	(1,99,90,132)	-
Miscellaneous expenditure	<u>(3,45,06,209)</u>	<u>(35,01,784)</u>
in the Balance Sheet		

2. FINANCE**STEEL WIRE DIVISION :**

As reported earlier the Company had availed IDBI Bill Discounting facilities for supply of material to West Bengal State Electricity Board (WBSEB) from State Bank of India (SBI) 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 the 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 consequently squeeze in the operation. Due to the aforesaid reason and delay in sanction/ release of Working Capital facilities your Company has incurred a loss of Rs.18.7097 Crores upto July 1997 for which a claim dated 15.09.1997 has been given to the Banker for compensating this amount. The bank has declined to accept the claim vide letter dated 21.02.1998. The Directors are seized with the issue and shall take next course of action in the overall interest of the company and its share-holders.

Company's request to the Banker for enhancement of working capital credit facilities is pending for consideration since last nine months.

OPTICAL FIBRE CABLE DIVISION :

Since, last three years Optical Fibre Cable Division (OFCD) incurred cash loss of Rs.94.79 lacs against which the Company has repaid term loan amounting to Rs.664.46 lacs during that period resulting erosion of margin money for working capital and consequently irregularity in the account. In the current year also Company has paid towards instalment of Term loan amounting to Rs.189.03 lacs against (loss) of Rs.44.62 lacs leading to further irregularity. In view of delay in syndication by SBI Cap and delay in sanction/release of term loan and working capital credit facilities

by the consortium member Banks, the Company could not execute the order in time. Company's request to the bankers for deferment of instalment/ interest of Term Loan and renewal/enhancement of Working Capital Credit Facilities with Working Capital Term Loan pending with the bankers.

3. DIVIDEND

In view of loss during the year under review, your Directors do not recommend any dividend for the year.

4. OPERATIONS

a. Steel Wire Division :

Your Company has recorded satisfactory performance during the year under review. The turnover at Rs.2953.47 lacs for the year has grown by 11.25% as compared to Rs.2654.84 lacs in the previous year. The division generated cash profit Rs.26.67 lacs compared to previous year Rs.9.21 lacs. In spite of recessionary market condition, specially in steel industries, Company recorded better profitability only due to effective cost control & selective product mix and with diversification in customer base. The production during the year has been increased from 10282 MT to 10535MT in comparison with earlier year in spite of the fact there was a nominal production in July 97 due to the reason indicated in earlier year report. The Directors are happy that under overall adverse economic and financial situation, Division has performed well and satisfactory with sincere efforts of the team of management.

b. Optical Fibre Cable Division :

During the year under review, OFCD registered turnover (net of returns) Rs.1344.11 lacs as against previous year Rs. 1369.61 lacs. Due to intense competition, the price of fibre optic cable continues to reduce substantially. However, Company has achieved 1867.593 CKM & 1870.011 CKM respectively of production and sale compared to previous year 1682.626 CKM and 1546.876 CKM respectively. Thus capacity utilisation remains less than 20% of the installed capacity as per industry trend in the segment. Company could not even reach to the Break-even point due to higher finance cost & consequent to drastic fall in contribution & profitability resulting cash loss Rs.221.49 lacs. During the year Company has been able to secure an order for 1830 CKM Duct cable in open tenders at substantial reduced rate in view of stiff competition. In current year the DOT has introduced Vendor Rating System (VRS) in which though the Company has participated in Tenders but has to file writ petition in the Honourable High Court of Delhi for restraining the DOT either from VRS or issue orders to all the eligible bidders in the inverse ratio which is pending in the Honourable Court for orders.

During the year under review, the demand also did not pick-up as anticipated earlier due to problems of licence fees and funding of private basic Telecom operators. The company does not foresee any improvement in the current year.

5. RESTRUCTURE OF BUSINESS

To explore possibility of joint venture partnership with multinationals for acquiring Export and Private Basic Telephone operators market share in telecom sector, your Company requested the bankers/financial institutions on 20.8.1997 for granting in principal approval for demerger of Optical Fibre Cable Division from BWL Ltd. The Draft scheme of arrangement has been finalised in consultation with M/s O.P. Khaitan & Co. solicitors. On receipt of approval from the Bankers and financial institutions, the necessary approval will be obtained from the Members of the Company and other competent authorities.

6. DIRECTORS

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

7. AUDITORS :

M/s. G. Basu & Co., Chartered Accountants, 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 1997-98 and has no overdue deposits outstanding other than those unclaimed as on 31st March 1998.

9. POLLUTION & ENVIRONMENT CONTROLS :

The Company has taken adequate steps for waste water treatment and the Company has planted sufficient number of Babul, Neem and sapling plant to mitigate air pollution.

BWL LIMITED**10. AUDITORS REPORT :**

Note No. A-(6), B-1, B-4 & B-12 in Schedule-S of Accounts as referred in Auditors Report is self-explanatory, and, therefore, do not call for any further comments or explanations under section 217 (3) of the Companies Act 1956.

11. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION :

Pursuant to the Section 217(11) of the Companies Act 1956 read with Companies (Disclosure of particulars in the report of the Board of Director) Rule, 1988, regarding conservation of energy & technology absorption and foreign exchange earnings and outgo, your Directors are pleased to furnish the prescribed details, which are given in Annexure A attached herewith and forms part of the Directors Report.

12. 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 Rule) 1975 as amended are given in Annexure-B forming part of this Report.

13. 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.

14. ACKNOWLEDGEMENT :

Your Director gratefully acknowledge the co-operation and assistance received from various agencies, customers and vendors.

Your Directors would also like to acknowledge the continued support of the Company's Shareholders inspite of adverse conditions.

In conclusion your Directors would like to record their deep appreciation of the dedicated support and service rendered throughout the year by Company's personnel at all levels.

For and on behalf of the Board

PLACE : NEW DELHI
DATE : 9TH JULY 1998

(H.P. KHETAWAT)
CHAIRMAN CUM MANAGING DIRECTOR

ANNEXURE TO THE DIRECTORS REPORT

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

1. CONSERVATION OF ENERGY :

a. Energy conservation measures taken :

In compliance with the recommendation of Energy Auditor, installation of Power capacitors at Steel Wire Division has already been installed and commissioned during last year and continued making vigorous efforts to conserve the energy resource.

b. Additional Investments and proposals, If any, for reducing consumption of energy :

individual machine losses are closely monitored. The Company plans to install further energy saving transformers, Digital Temperature Indicators, equipment to check burning loss etc.

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

Installation of Power capacitors at Steel Wire Division has improved the power factor.

d. Total energy consumption per unit of production are given below :

A. POWER AND FUEL CONSUMPTION :

		1997-98	1996-97
Electricity			
a. Purchased			
Unit	(in KWH)	2259210	2521708
Total amount	(Rs. in lacs)	96.358	91.447
Rate Per Unit	(In Rs.)	4.27	3.63
b. Own generation :			
(I) Through Diesel Generator :			
Unit	(in KWH)	914796	634110
Unit generated/ltr of diesel		3.67	2.92
Cost/Unit	(in Rs.)	2.92	2.98
(II) Furnance Oil :			
Quantity	(in k. ltrs)	901.661	743.172
Total amount	(Rs. in lacs)	66.62	52.80
Average rate/K. ltr.	(in Rs.)	7388.59	7104.68

B. CONSUMPTION PER UNIT OF PRODUCTION :

Steel Wire Division :

Production	(MT)	10535	10282
Electricity	(KWH/MT)	249.65	243.86
Furnance Oil	(Ltrs/MT)	85.59	72.28

Optical Fibre Cable Division :

Production	(CKM)	1867.593	919.16
Electricity	(KWH/CKM)	291.23	436.74

BWL LIMITED**II. TECHNOLOGY ABSORPTION :**

- a. Specific area in which R & D carried out by the Company
 - i. Improving process parameters and production techniques in all production facilities.
 - ii. Re-design the Cable structure of Optical Fibre Cables in an attempt to control cost.
 - iii. Indigenisation of raw material, spares & stores.
- b. Benefit derived as a result of above R & D.
 - i. Reduction in cost of production.
 - ii. Improvement in product quality and reduced scrap generation.
- c. Future plan on R & D.
R & D activities will be continued in the specific area and for production of the various quality of wire and wide range of optic fibre cable.
- d. Expenditure on R & D.
Expenditure on R & D has not been separately accounted.

III. FOREIGN EXCHANGE EARNINGS AND OUT GO :

- a. Out of total deemed export order for 1822 KM of earth wire through Power Grid Corporation of India 1225.16 KM has been executed during the year 1996-97 and balance 596.84 KM in year under review for a total value of Rs.215.63 lacs and balance yet to be executed is 198.002 KM.

- b. Total foreign exchange used and earned :

(Rs. In Lacs)

Used	:	For Raw Material & Stores	513.18
		For Repayment of instalment of foreign currency loans and interest charges.	397.83
			<u>911.01</u>
Earned	:		<u>Nil</u>

ANNEXURE TO THE DIRECTORS REPORT

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT-1956 FOR THE YEAR ENDED 31ST MARCH 1998

Name/Age (Years)	Qualification/ Experience (Yrs.)	Date of Employment	Designation/ Nature of Duties	Gross Re- muneration Recd (Rs.)	Last Employment Held (Previous) Designation/ Previous Co.
Shri H.P. Khetawat (63 Yrs.)	B.Com. (41 Years)	10.11.1971	Chairman & Managing Director	6,71,590	-
Shri Sunil Khetawat (33 Yrs.)	B.E. (Ind. Production) (11 Years)	01.07.1987	Managing Director	4,32,900	-
Shri R.K. Himatsingka (54 Yrs.)	B.Sc.(Engg.) Mechanical (30 Years)	19.11.1992	President	3,01,002	Vice-President Hindustan Development Corpn.Ltd

Note :

As per the provisions of Section 217 (2A) (b) read with section 6 of the Companies Act, 1956 Shri Sunil Khetawat Managing Director is a relative of Shri H.P. Khetawat - Chairman & Managing Director of the Company.