

BWL LIMITED
(FORMERLY BHILAI WIRES LIMITED)



28th Annual Report 1998-99

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BWL LIMITED

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(Formerly Bhilai Wires Limited)

BOARD OF DIRECTORS

Shri. H.P. Khetawat	-	Chairman cum Managing Director
Shri Sunil Khetawat	-	Managing Director
Shri R.K. Himatsingka	-	Executive 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

REGISTERED OFFICE :

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

BANKERS :

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

ADMINISTRATIVE OFFICE :**STEEL WIRE DIVISION :**

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

ADMINISTRATIVE OFFICE :**OPTICAL FIBRE CABLE DIVISION**

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

WORKS :**STEEL 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

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

CHENNAI

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



NOTICE

NOTICE is hereby given that the **TWENTY EIGHTH ANNUAL GENERAL MEETING** of the Company will be held at Agrasen Bhawan, Sector-6, Bhitai (M.P.) on Friday the 10th September- 1999 at 4.30 p.m. to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 1999, 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 auditor and to fix their remuneration.
5. To approve company reference to BIFR (Board for Industrial And Financial Reconstruction) under section 15(1) of Sick Industrial Companies (Special Provisions) Act 1985.

By order of the Board
for BWL LIMITED

New Delhi
The 18th July 1999

(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 1st September 1999 to Friday the 10th September 1999 (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 1994-95 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

BWL LIMITED**DIRECTOR'S REPORT**

Dear Members,

Your Directors are submitting the 28th Annual Report together with Audited Accounts of the Company for the year ended 31st March 1999 and the Auditors Report thereon.

1. FINANCIAL RESULTS

	1998-99 (RS.)	1997-98 (RS.)
Sales (Less: Return)	48,77,77,603	42,97,58,160
Profit before Interest, Depreciation & Tax	(2,20,46,234)	3,67,98,181
Less : Interest	7,63,68,237	5,62,80,212
Cash Profit (Loss)	(9,84,12,471)	(1,94,82,031)
Less : Depreciation (includes relating to earlier years Rs.4,05,77,011/-, Previous year Nil.)	6,49,89,187	1,36,28,809
Profit/(loss) before tax	(16,34,01,658)	(3,31,10,840)
Less : Provision for tax	-	-
Profit/(loss) after tax	(16,34,01,658)	(3,31,10,840)
Misc. Exp. written off	(16,34,01,658)	(3,31,10,840)
	(13,95,369)	(13,95,369)
Profit/(Loss) available for appropriation	(16,47,97,027)	(3,45,06,209)

APPROPRIATIONS

Proposed Dividend	-	(1,45,16,077)
Deduction from General Reserve	-	-
Balance shown under Miscellaneous expenditure in the Balance Sheet	(16,47,97,027)	(1,99,90,132)
	(16,47,97,027)	(3,45,06,209)

Considering financial results and statement, Board of Directors have discussed in detail with relevant Laws and enactments whether the company is required to be referred to BIFR. It was unanimously opined that the company is statutorily required to be referred to BIFR.

2. FINANCE**STEEL WIRE DIVISION :**

As reported earlier, in view of unusual debit of unpaid pronotes of West Bengal State Electricity Board the bank has charged penal interest on the entire outstanding and interest on unpaid pronotes aggregating Rs. 240.08 lacs. This has squeezed the operative working capital limit. The company in its judgement and prudence did not take legal recourse and has been trying to solve problem with bankers. Companies request to the banker for enhancement of Working Capital Credit facilities is pending since last twenty one months.

OPTICAL FIBRE CABLE DIVISION :

Since last four years Optical Fibre Cable Division (OFCD) incurred cash loss of Rs.770.39 lacs against which the company's cash credit account with the bank has been debited for repayment of instalment of foreign currency loan and rupee term loan amounting to Rs.1048.27 lacs during that period resulting erosion of margin money for working capital and consequently irregularity in the account. In the current year also the company's account has been debited towards final instalment of Foreign Currency loan amounting to Rs.201.81 lacs against loss of Rs.112.35 lacs leading to further irregularity. The rehabilitation proposal submitted by the company on being asked by bank was rejected by the State Bank of India The Lead Bank. Now they have appointed National Productivity Council for Techno-Economic Viability study.



3. DIVIDEND

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

4. OPERATIONS :

STEEL WIRE DIVISION :

During the year under review income from operation has been increased from Rs. 2951.32 lacs to Rs. 4027.91 lacs despite a market which is faced with sectoral recession and incurred a cash loss of Rs. 318.67 lacs in view of writing off doubtful debts amounting to Rs. 186.71 lacs and other changes in the accounting policies which has become mandatory as per amended provision of section 211 (3A), (3B) and (3C) of the companies (amendment) ordinance 1999. In view of sluggish demand the increase in input cost could not be passed on to the customers. Your directors are pleased to inform you that the division has obtained the IS/ISO 9002 certificate issued by Bureau of Indian Standards. Now both the divisions have been awarded IS/ISO 9002 certificate for Quality of international standard. In spite of depressed market condition and lack of unsatisfactory growth in the Power, infrastructure sectors since last several years, company have been able to achieve the increased volume of turnover during the year under review due to bulk order of P&T Deptt. However, current year of your company will be uncertain and may not be able to increase the volume due to inability to allow long credit to the customers as per market trend in view of squeeze of Working Capital Credit Facilities due to the reason indicated elsewhere in the report.

OPTICAL FIBRE CABLE DIVISION :

During the year under review, OFCD registered turnover of Rs. 649.87 lacs as against previous year of Rs. 1344.11 lacs. As reported earlier on imposition of Vendor Rating System by DoT, the company could not secure adequate orders during the year under operation due to delivery lapses in the past. Board is pleased to inform that company has already secured orders for Rs.25.00 crores and hopeful of receiving further orders worth about 5.00 crores during the year in view of increase in demand of company's products. However execution and turnover during the year is subject to availability of adequate Working Capital facilities with concessions from the Bankers.

RESTRUCTURING OF BUSINESS

The company filed an application to the Hon'ble High Court of Jabalpur for demerger of Optical Fibre Cable Division due to reasons explained in the earlier report. First due to delay in receipt of required approval from the bankers and Institution and then prolonged decision by Hon'ble High Court of Madhya Pradesh, further action has been kept in abeyance as company is being referred to BIFR.

5. MILLENNIUM

Your company have already modified the existing packages and taken care of century on. As a result modified the dates/years in all the software which are based on dates/years calculation and hopeful to rectify the work process in respect of Y2K complaint by end of September 1999.

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 Behl will retire by rotation and being eligible to 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 (1B) of the Companies Act, 1956.

8. PUBLIC DEPOSIT

Company has not accepted any fresh deposits from the public during the year 1998-99 and has no overdue deposits outstanding other than those unclaimed as on 31st March 1999.

9. POLLUTION AND ENVIRONMENT CONTROL

Keeping in mind the concept and importance of environment protection, Pollution control and monitoring systems are used to ensure smoke free environment. The Company has also 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

The Notes on Accounts are self explanatory in regard to the remarks of the auditors 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 amended are given in Annexure-B forming part of this Report.

13. ACKNOWLEDGMENT

Your directors take this opportunity to express their grateful appreciation for the excellent support by the customers, vendors and other agencies. Your directors would also like to acknowledge the continued support of the company's shareholders inspite of adverse conditions. Your directors also thank all the employees of the company for their valuable service and support during the year.

For and on behalf of the Board

(HP KHETAWAT)
CHAIRMAN-CUM-MANAGING DIRECTOR

PLACE : NEW DELHI
DATE : THE 18TH JULY, 1999.

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ANNEXURE TO THE DIRECTORS REPORT

Statement pursuant to Section 217 (1) (e) read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors report for the year ended 31st March 1999.

1. CONSERVATION OF ENERGY

- a) Due to continuous energy conservation measures adopted, the company has been able to achieve significant reductions in consumption of electricity, fuel and water at all its unit. Energy conservation and planning measures is an on-going process at the company.

- b) Additional Investments and Proposals, if any, for reducing consumption of energy.

Regular Inspection and Audit of the Plant are undertaken for reducing consumption of energy and regular in-house training programmes are conducted for the awareness regarding the importance of conservation of energy amongst the employees. The company plans to install 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 :

Employment of modern technology has given the company benefits of low energy consumption. All critical equipments have built in controls for optimum utilisation of energy.

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

A. POWER AND FUEL CONSUMPTION

		1998-99	1997-98
Electricity			
a) Purchased			
Unit	(in KWH)	2751296	2259210
Total Amount	(Rs.in lacs)	121.38	96.358
Rate per Unit	(in Rs.)	4.41	4.27
b) Own generation :			
(I) Through Diesel Generator :			
Unit	(in KWH)	1001010	914796
Unit generated/ltr or diesel		4.50	3.67
Cost/Unit	(in Rs.)	2.42	2.92
(II) Furnace Oil :			
Quantity	(in K.Ltrs)	1021.838	901.661
Total amount	(Rs.in lacs)	73.47	66.62
Average rate/K.Ltr.	(in Rs.)	7189.98	7388.59

B. CONSUMPTION PER UNIT OF PRODUCTION :

Steel Wire Division :

Production	(MT)	13937	10535
Electricity	(KWH/MT)	230.36	249.65
Furnace Oil	(Ltrs/MT)	73.32	85.59

Optical Fibre Cable Division :

Production	(CKM)	844.488	1867.593
Electricity	(KWH/CKM)	641.56	291.23

2. 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 Cable in an attempt to control cost.
- iii) Indigenisation of raw material, spares & stores.

b) Benefit derived as a result of above R&D.

- i) Improved productivity
- ii) Reduction in cost of production
- iii) 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.

3. FOREIGN EXCHANGE EARNINGS AND OUT GO :

219.958 Kms. of 7/3.15mm Earth Wire valued Rs. 31,96,693/- has been sold (Deemed Export) through Galada Power & Telecommunications Limited, Hyderabad during the year under review.

Earned : Nil

Out go : Nil

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