

BWL LIMITED

BWL

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30th Annual Report 2000-2001

BWL 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

AUDITORS:

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

REGISTERED OFFICE:

Industrial Estate, Bhilai - 490 026
Chhattisgarh (India)

ADMINISTRATIVE OFFICE:

STEEL WIRE DIVISION:
Industrial Estate, Bhilai - 490 026
Chhattisgarh (India)

WORKS:

STEEL WIRE DIVISION:
Industrial Estate, Bhilai - 490 026
Chhattisgarh (India)

BRANCHES:

MUMBAI
411, Tulsiani
Chambers
Nariman Point
Mumbai - 400 021

SOLICITORS:

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

BANKERS:

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

ADMINISTRATIVE OFFICE:

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

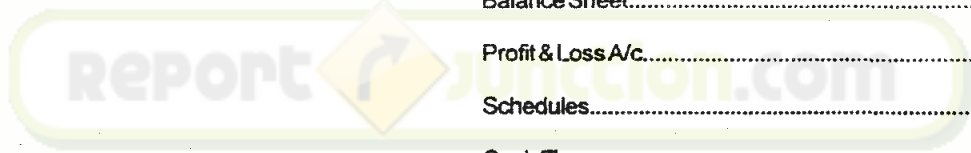
OPTICAL FIBRE CABLE DIVISION:

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

CALCUTTA

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

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NOTICE

NOTICE is hereby given that the **THIRTIETH ANNUAL GENERAL MEETING** of the company will be held at Agrasen Bhawan, Sector-6, Bhilai (Chhattisgarh) on 20th July, 2001 at 4.00 PM to transact the following business :

Ordinary Business :-

1. To consider and adopt the Balance Sheet and Profit & Loss Account as at 31st March 2001 and the report of the Board of Directors and Auditors there on :
2. To appoint Director in place of shri Manish Bahl and who retire by rotation and being eligible, to offers himself for reappointment.
3. To appoint Auditor and to fix their remuneration.
4. As Special Business :
 - a) To consider and if thought fit to pass with or without modification the following resolution as a special resolution : "Resolved that pursuant to the provisions of section 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the companies Act, 1956 (including any statutory modifications, or re-enactment thereof, for the time-being in force) and further subject to the provision of Schedule-XIII to the said Act, the company hereby accords its approval and consent to the reappointment with increased remuneration payable to shri H.P. Khetawat, Chairman cum Managing Director with effect from 01.04.2001 for a further period of 5 (five) years as specified in the explanatory statement attached here to (Annexure - 1)."
 - b) To consider and if through fit to pass with or without modification the following Resolution as a special Resolution : "Resolved that pursuant to the provisions of section 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the companies Act, 1956 (including any statutory modifications, or re-enactment thereof, for the time-being in force) and further subject to the provision of Schedule-XIII to the said Act, the company hereby accords its approval and consent to the reappointment with increased remuneration payable to Shri Sunil Khetawat, Managing Director with effect from 01.04.2001 for a further period of 5 (five) years as specified in the explanatory statement attached here to (Annexure - 2)."
 - c) To consider and if thought fit to pass with or without modification the following resolution as a special resolution : " Resolved that pursuant to the provision of Section 106 and other applicable provision, if any, of the Companies Act, 1956, the company hereby accords its approval and consent to keep abeyance the redemption of 23,40,355 Nos. Zero Dividend Redeemable Preference Shares of Rs. 10 Each fully paid at a premium of Rs. 10/- per share due for redemption on 18/11/2000 with reasons as specified in the explanatory statement attached hereto (Annexure-3).
 - d) To consider and if thought fit, with or without modification (s), the following resolution as a special resolution : "Resolved that pursuant to section 198, 269, 309 and 311 and other applicable provision, if any, of the companies Act, 1956, (including any statutory modifications, or reanactment thereof, for the time being in force) and further subject to the provision of schedule xiii to the said act. the company's hereby accords its approval of the appointment and terms of remuneration of Shri Sandeep Khetawat as a whole-time Director of the company designated as Executive Director for a period of five years with effect from 1st June,2001 upon the terms and conditions set-out in the draft agreement submitted to this meeting and for identification signed by a Director thereof " (Annexure-4)
 - e) To consider and if thought fit to pass with or without modification, following resolution as a special resolution : "Resolved that consent of the company be and is hereby accorded under section 314(1) to Shri Sandeep Khetawat confirming to receive rent from the company @Rs. 15,000 per month" (Annexure-5)

By order of the Board
For, BWL Limited

Place : New Delhi
Dated : 26th May, 2001

(H.P. KHETAWAT)
CHAIRMAN CUM MANAGING DIRECTOR

BWL LIMITED**NOTES :**

1. A member entitle 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.
2. Instrument appointing proxy should be deposited at the registered Office of the company not less than 48 hours before the time fix for the meeting.
3. The Registers of members and Share Transfer Books of the company will remain closed from 14th July, 2001 to 20th July, 2001 (both days inclusive).
4. The practice of distributing copies of Annual Report of 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.
5. Members are requested to notify any change of address and bank details to update our records as well as to serve the members efficiently.

Annexure to Notice :**Explanatory Statement**

As required by section 173(2) of the Companies Act, 1956 the following explanatory statement set out material facts relating to the business under Item No.4 of the accompanying notice dated 26th May, 2001.

Item No. 4(a)

Shri H.P. Khetawat was reappointed as Chairman cum Managing Director of the company with effect from 01.04.1996 with a remuneration of Rs.35000/- per month with scale of Rs.35000 - Rs. 3000 - Rs. 47000 - for further five years. Perquisites and allowances were as per rules.

As the terms of service of Shri H.P. Khetawat, Chairman cum Managing Director expired on 31.03.2001, it is necessary to accord the approval and consent to the reappointment and remuneration payable to shri H.P. Khetawat, Chairman cum Managing Director for a further period of five years i.e. from 01.04.2001 to 31.03.2006.

The revised terms and conditions of remuneration of Shri H.P. Khetawat are as under :-

- A) i) Salary Rs.50000/- (Rs. Fifty thousand only) per month in the scale of Rs. 50000 - 4000 - 70000.
- ii) Commission : 1% of the net profits of the company as per section 309(5) of the companies Act, 1956 subject to a ceiling of 50% of the Annual Salary.

Perquisites & Allowances :-

- i) Furnished Residential Accommodation with water, Gas, Electricity etc. monetary value of which may be evaluated as per Rule 3(a) of the Income Tax Rules, 1962. The above is subject to the following :
 - a) The expenditure incurred by the company on having accommodation for him will be subject to ceiling of 50% of salary over and above 10% payable by him.
 - b) The expenditure incurred by the company of Gas, Electricity, water and furnishing will be evaluated as per the Income Tax Rules, 1962. This will, however, be subject to a 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 in 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 for to and fro any place in India subject to the conditions 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 member ship fees.
- v) Personnel 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 rules of the company but it shall not together with 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 month salary for each completed year of services, subject to a ceiling as per provisions of payments of gratuity Act or as the Board of the company decides.
- 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 facilities 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.
- c) He shall not be paid any sitting fees for attending meeting of Board of Directors or committee thereof.
- d) Minimum remuneration - Not with standing any-thing to the contrary contained here-in, where in any financial year during the continuance of the tenure of Shri H.P. Khetawat, the company has no profits or its profits are inadequate, the company will pay salary and perquisites as specified above as permitted under the companies Act, 1956.

The above may be regarded as an abstract of terms and memorandum of interest under section 302 of companies Act, 1956.

None of the Directors except Shri H.P. Khetawat himself and Shri Sunil Khetawat and Shri Sandeep Khetawat, relative of Shri H.P. Khetawat is concerned or interested in the said resolution.

Item No. 4(b)

Shri Sunil Khetawat was reappointed as Managing Director of the company with effect from 01.04.1996 with a remuneration of Rs.30000/- per month with scale of Rs.30000/- – Rs. 2500/-, Rs. 40000/- for further five years. Perquisites and allowances were as per rules.

As the terms of service of Shri Sunil Khetawat, Managing Director expired on 31.03.2001, it is necessary to accord the approval and consent to the reappointment and remuneration payable to shri Sunil Khetawat, Managing Director for a further period of five years i.e. from 01.04.2001 to 31.03.2006.

The revised terms and conditions of remuneration of Shri Sunil Khetawat are as under :-

- A) i) Salary Rs.43000/- (Rs. Forty Three Thousand only) per month in the scale of Rs. 43000/- Rs. 3000/- – Rs. 58000/-.
- ii) Commission : 1% of the net profits of the company as per section 309(5) of the companies Act, 1956 subject to a ceiling of 50% of the Annual Salary.

Perquisites & Allowances :-

- i) Furnished Residential Accommodation with water, Gas, Electricity etc. monetary value of which may be evaluated as per Rule 3(a) of the Income Tax Rules, 1962. The above is subject to the following :
- a) The expenditure incurred by the company on having accommodation for him will be subject to ceiling of 50% of salary over and above 10% payable by him.
- b) the expenditure incurred by the company of Gas, Electricity, water and furnishing will be evaluated as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary paid to him.
- ii) Medical facilities of self and family reimbursement of expenses of expenses actually incurred, the total cost of which to the company shall not exceed one month salary for in 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 for to & fro any place in India subject to the conditions only actual fare and no Hotel expenses etc. will be allowed.

BWL LIMITED

- iv) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- v) Personnel 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 rules of the company but it shall not together with 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 month salary for each completed year of services, subject to a ceiling as per provision of payment of gratuity Act or as the Board of the Company decide.
- 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 facilities at residence, all personnel long distance calls shall be billed by the company.
- xi) Encashment of leaves as per company's rules at the end of the tenure.
 - c) He shall not be paid any sitting fees for attending meeting of Board of Director's or committee thereof.
 - d) Minimum remuneration - Not with standing any thing to the contrary contained here-in, where in any financial year during the continuance of the tenure of Shri Sunil Khetawat, the company has no profits or its profits are inadequate, the company will pay salary and perquisites as specified above as permitted under the companies Act, 1956.

The above may be regarded as an abstract of terms and memorandum of interest under section 302 of companies Act, 1956.

None of the Directors except Shri Sunil Khetawat himself and Shri H.P. Khetawat & Shri Sandeep Khetawat, relative of Shri Sunil Khetawat is concerned or interested in the said resolution.

4(c) Considering reference of the company to BIFR following total erosion of net worth base due to confirming loss, redemption of 2340355 number of Zero Dividend Redeemable Preference Shares of Rs. 10/- per share (due for redemption 18/11/2000) have been kept in abeyance pursuant to legal opinion obtained in this connection.

Directors is concerned or interested to the extent of their holding in the said resolution.

Item 4 (d)

Shri Sandeep Khetawat was appointed as an additional Director of the Company on 26th May, 2001 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 Sandeep Khetawat as Director of the Company designate as "Executive Director. The Directors recommended passing of this resolution.

Shri Sandeep Khetawat was earlier worked in the Company as an Executive Secretary of CMD for a period of 3 years w.e.f 1993 to 96. He has very good exposure in Marketing, Production and Operational matter particularly in Steel Wire Industry. Keeping in view of the above the Board of Director at its meeting held on 26th May, 2001 appointed him as whole time Director of the Company designated as Executive Director for a period of 5 (five) years with effect from 1st June, 2001 on the remuneration and terms and conditions contained the draft agreement proposed to be entered into between the company and Shri Sandeep Khetawat subject to the approval of the Shareholders.

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

- (i) Salary Rs.25000/- (Rs. Twenty Five Thousand only) per month in the scale of Rs. 25000/- Rs. 2500/- -- Rs. 35000/-.
- (ii) Commission : 1% of the net profits of the company as per section 309(5) of the companies Act, 1956 subject to a ceiling of 50% of the Annual Salary.

Perquisites & Allowances :-

- i) a) Shri Sandeep Khetawat owns his own house and therefore, he is entitled to 50% (fifty percent) of salary as House Rent.
- b) the expenditure incurred by the company of Gas, Electricity, water and furnishing will be evaluated as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary paid to him.
- ii) Medical facilities of self and family reimbursement of expenses of expenses actually incurred, the total cost of which to the company shall not exceed one month salary for in 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 & fro any place in India subject to the conditions 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) Personnel 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 rules of the company but it shall not together with 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 extend there, either singly or put together are not taxable under the Income Tax Act, 1961.
- viii) Gratuity not exceeding one half month salary for each completed year of services, subject to a ceiling as per provision of payment of gratuity Act or as the Board of the Company decide.
- 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 facilities at residence, all personnel long distance calls shall be billed by the company.
- xi) Encashment of leaves as per company's rules at the end of the tenure.
- c) He shall not be paid any sitting fees for attending meeting of Board of Director's or committee thereof.
- d) Minimum remuneration - Not with standing any thing to the contrary contained here-in, where in any financial year during the continuance of the tenure of Shri Sunil Khetawat, the company has no profits or its profits are inadequate, the company will pay salary and perquisites as specified above as permitted under the companies Act, 1956.

The above may be regarded as an abstract of terms and memorandum of interest under section 302 of companies Act, 1956.

None of the Directors except Shri Sandeep Khetawat himself and Shri H.P. Khetawat and Shri Sunil Khetawat, relative of Shri Sandeep Khetawat is concerned or interested in the said resolution.

4(e) The company has taken a part of house situated at Nehru Nagar, Bhilai in Plot No. 18 owned by Shri Sandeep Khetawat for the purpose of residential accommodation provided by the company to Shri H P Khetawat and Chairman's Office @ Rs. 15,000/- per month.

None of the Directors except Shri Sandeep Khetawat himself and Shri H.P. Khetawat and Shri Sunil Khetawat, relative of Shri Sandeep Khetawat is concerned or interested in the said resolution.

By Order of the Board
for BWL LIMITED

(H.P. KHETAWAT)
CHAIRMAN & MANAGING DIRECTOR

BWL LIMITED**DIRECTORS' REPORT TO THE SHAREHOLDERS :**

The Directors place before you the Annual Report in respect of the year ended 31st March 2001:

1. The working results for the year are as under :

	2000-01 (Rs.)	1999-2000 (Rs.)
Turnover	16,65,26,030	31,37,41,431
Loss before Interest, Depreciation and taxes	9,53,06,890	2,31,45,517
Add : Interest	9,22,39,496	8,00,99,929
Depreciation	1,92,95,113	11,15,34,609
		2,20,21,002
Loss for the year	20,68,41,499	12,52,66,448
Add : Misc. Expenses w/off	13,95,367	13,95,369
	20,82,36,866	12,66,61,817
Add : Balance Brought Forward From last year	31,14,48,976	18,47,87,159
Loss carried to Balance Sheet	51,96,85,842	31,14,48,976

2. In view of loss for the year under report, your Directors regret their inability to recommend any Dividend on Equity Shares.

3. **REVIEW OF OPERATION :**

STEEL WIRE DIVISION

The turnover of the division for the year under review was Rs.809.42 lacs as against Rs. 2492.70 lacs in previous year. Therefore, the directors decided to reduce operational fixed overhead of the division which included, inter-alia curtailment of employees related cost and voluntary sacrifice of remuneration on the part of the Directors. This give rise to discontent among a section of workman culminating in subversive, go slow tactics on production floor, subversive and sabotaging measures. This took a heavy toll including damage of plant and equipments, finished products. When show cause notice were issued against culpable workman, they resorted to wildcat illegal strike w.e.f. 29.08.2000. However, the factory resumed operation from January 2001 was commenced at a substantial reduced capacity level. The loss of the Division rose to Rs. 11.19 Crores from Rs. 4.9 crores in preceding year due to under absorption of fixed overheads on account of idle facility, disposal of old stock at low price as a measure of improving liquidity and increased scenario of debts and advances proving doubtful of recovery in consequence of stagnant Industrial syndrome in the nation as a whole.

In the absence of any silverline till date from any corner, current year operation of your company is unlikely to display any improved trend and in the face of severe financial crunch, the strategy of the management to reduce continuing cash loss will be limited to rationalisation of products cum customer mix.

OPTICAL FIBER CABLE DIVISION :

During the year under report, the division registered a turnover of Rs. 858.84 lacs which is higher by 33% than preceding year. The year has also witnessed substantial reduction of inventory carried from earlier years. Paucity of need based working capital fund came in the way of executing the order of DoT worth Rs. 5.57 crores culminating in cancellation of the same. Due to extreme crisis of liquidity, compounded further by forfeiture of Security Deposit of Rs. 23,14,000, rise in input cost and increased burden of interest, the division had to close the year with a loss of Rs. 9.28 crores as against Rs. 7.58 crores sustained in preceding year. The shortage of Optical Fibre, the basic raw-material for Optical Fibre Cable is a worldwide phenomena. Present scenario ensures survival of units having backward integration i.e in-house facility of fibre production. This comes in the way of your company's participating in the tenders of BSNL and even secure bulk orders from the private operators. We hope that the depressing trend will change for the better in the light of visible slowing down of world economy.

4. FINANCE :

The company, while referring its case to BIFR expected quick and favourable dispensation from secured creditors as expected from any ally for expeditious disposal of a rehabilitation package, the lone remedial measure left for the unit. This expectation from banks, to mend their earlier conduct of non-cooperation and dishonouring of terms of sanction which proved disastrous to the destiny of the company, was no doubt not unusual as any reasonable man will appreciate. But to our dismay we hereby record the unabated resistance from bank on one pretext or other to delay any step towards rehabilitating the unit.

5. REDEMPTION OF REDEEMABLE PREFERENCE SHARE :

23,40,355 Nos. Zero Dividend Redeemable Preference Shares of Rs. 10 each was due for redemption on 18/11/2000 at a premium of Rs.10 per share. The repayment has been kept in abeyance due to financial crisis arising out of negative net worth and legal opinion obtained in this connection in the context of status of BIFR jurisdiction.

6. STATUTORY DUES :

The Directors and management wishes to state that company continues to pay/deposit all statutory dues such as Excise Duty, Sales Tax, Entry Tax, Income Tax, Tax Deducted at source, Rates and Taxes, Electricity Charges, Provident Fund, ESI, Gratuity, etc. to the extent lying undisputed generally in time inspite of being sick. Company had also paid creditors for goods and services as and when funds permitted.

7. BIFR STATUS

As reported in earlier year, the company's appeal before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR), New Delhi against Board of Industrial and Financial reconstruction (BIFR) order dated 8.5.2000 (under case No. 237/99) was admitted and remanded back to BIFR vide order dated 31.10.2000. The same was kept pending by the Hon'ble BIFR in view of pending decision of the second appeal. Your Company filed a fresh reference to the Hon'ble BIFR based on the audited accounts for the year ended 31st March, 2000 which was registered under case No.207/2000. In the first hearing held on 28.09.2000, all secured creditors, excepting IDBI objected against conferring of sick industrial status in favour of your company and BIFR ordered the company to submit reply to the secured creditors in respect of the points raised in the meeting which was submitted in time in terms of the order. But Hon'able BIFR vide order dated 19.12.2000 rejected the company's reference (No. 207/2000) against which your company again filed appeal with Hon'ble AAIFR. Company's appeal was admitted and heard on 23/5/2001 and remanded back to BIFR.

8. DIRECTORS

Shri Manish Bahl retires by rotation and being eligible offers himself for re-appointment.

9. AUDITORS

M/s G Basu & Co., Chartered Accountants, retires and have expressed their willingness to continue in office if re-appointed. The Audit Committee of your company has recommended their reappointment and authorised CMD to fix their remuneration.

10. PUBLIC DEPOSIT

Company has not accepted any term deposit from the Public during the year 2000-2001 and has no over-due deposit outstanding other than those unclaimed Rs. 21842 of 06 Nos. depositors as on 31st March, 2001. The earmarked investment in schedule Banks have been made for that amount pending notification of Rules in respect of Investors Education and Protection Fund by the Central Government as a prudent accounting practice.

11. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION.

Information in accordance with the provision of Section 217(1) (d) of the companies Act, 1956 read with Companies (Disclose of Particularly in the Report of the Board of Directors) Rule 1988 regarding conservation of Energy, Technology Absorption and foreign exchange out go is given in the statement annexed (Annexure-A) attached herewith and forming part of the report.

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

Particulars of employees in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.