BWL LIMITED

31st Annual Report 2001-2002

LIMITED

BOARD OF DIRECTORS

Shri H.P. Khetawat	Chairman cum Managing Director
Shri Sunil Khetawat	Managing Director
Shri Sandeep Khetawat	Executive Director
Shri S.P.S. Dangi	Director
Shri Mukesh Behl	Director

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

SOLICITORS :
O.P. Khaitan & Co., New Delhi
R. Ginodia & Co., Kolkata

REGISTERED OFFICE :
Industrial Estate, Bhilai-490026
Chhattisgarh (India)

BANKERS :
State Bank of India
State Bank of Hyderabad
State Bank of Patiala

ADMINISTRATIVE OFFICE :
STEEL WIRE DIVISION.
Industrial Estate, Bhilai-490026
Chhattisgarh (India)

ADMINISTRATIVE OFFICE :
OPTICAL FIBRE CABLE DIVISION
OF/2, BFS Flats, Sidharth Enclave
Ashram, New Delhi-110014

WORKS :
STEEL WIRE DIVISION :
Industrial Estate, Bhilai-490026
Chhattisgarh (India)

OPTICAL FIBRE CABLE DIVISION :
Electronic Complex
Bhoj. Distt. Shimla
Himachal Pradesh-17329

BRANCHES :

MUMBAI :
411, Tulsiani
Chambers
Nariman Point
Mumbai-400021

CALCUTTA
11/1B Chakraberia
Road (North)
Kolkata-700020

CONTENTS :

NOTICE

Notice is hereby given that the THIRTY FIRST ANNUAL GENERAL MEETING of the Company will be held at ALAKSEK BHAWAN, Sector - 6, BHILAI (CHHATTISGARH) on Wednesday, 3rd July, 2002 at 4 P.M. to transact the following business :

01. To consider and adopt the Balance Sheet and Profit & Loss Account as at 31st March 2002 and the Report of the Board of Directors and Auditors thereon.

02. To appoint Director in place of Shri S P S Dang who retires by rotation and being eligible to offer himself for reappointment.

03. To appoint Auditors and to fix their remuneration.

By order of the Board
for BWL LIMITED

H.P. Vyawara
(Chairman Cum Managing Director)

Place : New Delhi
Dated : 6th May, 2002

Note :

01. 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.

02. 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.

03. The Register of Members and Share Transfer Books of the Company will remain closed from 25th June, 2002 to 3rd July, 2002 (both days inclusive).

04. The practice of distributing copies of Annual Reports 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.

05. Members are requested to notify any change of address and bank details to update our records as well as to serve the members efficiently.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors placed before members the Annual report in respect of the year ended 31st March,2002

1. The Financial Results for the year are as under

	2001-02 (Rs.)		2000-01 (Rs.)	
Turnover		6,63,66,299		16,66,26,034
Loss before Interest, Depreciation & Taxes		2,94,23,348		9,53,96,804
Add: Interest	9,84,66,396		9,23,39,496	
Depreciation	1,73,71,558	11,58,37,954	1,92,95,113	11,15,34,609
Loss for the year		14,52,61,302		20,68,41,499
Add: Misc. Expenses W/off	6,95,393		13,95,367	
Income Tax for Earlier Years	3,38,728	10,34,121	-	13,95,367
		14,62,95,423		20,82,36,866
Add: Balance Brought forward from Prev. year		51,96,85,842		31,14,48,976
Loss carried to Balance Sheet		66,59,81,265		51,96,85,842

2. In view of the 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. 663.66 Lacs as against Rs. 1666.26 Lacs in previous year.

With implementation of various cost effective measures, the loss for the year of the division has reduced to Rs.482 Lacs from Rs.1105 Lacs in preceding year. Inadequate working capital has led to operation of the division at low capacity level.

Because of absence of any stimulus till date and without possibility of fund, current year's operation of the company is unlikely to register any substantial improvement. Management will endeavour to reduce continuing cash loss by way of rationalisation of product cum customer mix.

OPTICAL FIBRE CABLE DIVISION :

During the year under report there was no turnover of the product of the division as against annual sales of Rs.236.84 Lacs in the preceding year. Inadequate working Capital base coupled with lack of fund flow for backward integration i.e. in-house facility of Fibre production, came in the way of participating in Tenders floated by BSNL/MTNL and responding to enquiries from private parties.

4. [illegible] :

We reiterate our [illegible] in last year to the effect that our expectation for quick and favourable dispensation from secured creditors for expeditious disposal of a rehabilitation package who have not [illegible] for the unit, as is expected from an ally, met with our dismay in the light of their progress towards rehabilitating the unit. The [illegible] our company's [illegible] as on date can be traced to inability of the bankers to honour their commitment in the past to provide fund against fixed capital outlay and need based working capital support in time. Similarly, [illegible] made to company's account towards promissory notes received by [illegible] under [illegible] and covered by sovereign guarantee.

Due to aforesaid reasons company's credit rating [illegible] came down to SB-7. Consequently bankers started to charge much higher interest rate for fall in credit rating and penal interest on account of irregularities due to the said reasons. Thus company landed with sickness.

The company had first approached its chain of banks and loan syndication for these aforesaid reasons and as their denial in the same the company was compelled to approach the competent judicial authority for an amount of Rs.[illegible] crores as on date of filing suits towards penal interest wrongly charged and damages, etc., which are still pending.

We favourably hope that these Esteemed Creditors will take positive approach and subscribe to the company through BIFR in the overall interest of Bankers, Company, Employees, and Govt. Revenue.

5. REDEMPTION OF REDEEMABLE PREFERENCE SHARE:

The Preference Share Holders at their meeting held on 28th July,2001 have approved the postponement of redemption of [illegible] ZERO DIVIDEND REDEEMABLE PREFERENCE SHARES of Rs.[illegible] each which was due on [illegible] in view of financial crisis, the Company is passing through.

6. THE STATUTORY DUES:

The Directors wish to state that company continued to pay/deposit all statutory dues such as excise duty,sale tax,entry tax,income tax,tax deducted at source,[illegible] charges provident fund,ESI/Gratuity etc. in the extent lying undisputed generally in time in spite of being sick Company had also paid creditors for goods and services as and when funds permitted.Directors are pleased to state that due to the [illegible] of it's creditors has filed any case in the [illegible] years of it's existence and even after being sick against the company, except for Rs.[illegible] at Shimla which has since been settled.

7. BIFR STATUS:

Notwithstanding resistance from Bankers against certifying sick industries status to your company and rejection of petition of your company in this respect by Board of Industrial Financial Reconstruction (BIFR), AAIFR on admission of appeal made by your company has remanded the case of the company to BIFR. At present case of the company, to the effect of according of sick industries status in its favour, is pending with BIFR.

8. DIRECTORS :

Shri S.P.S.Dangi retires by rotation and being eligible offers himself for re-appointment.

9. AUDITORS :

M/s. G. [illegible] & Co., Chartered Accountants, retire 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 :

There is no change in the status during the year under review as reported in earlier year.

[illegible] provisions of Section 217 (1)(e) 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 outgo is given in the Statement annexed (Annexure-A) attached herewith and forming part of this 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) Rules 1975 are not required to be furnished as there is no employee who was in receipt of remuneration of Rs. 1,00,000/- per month.

13. CORPORATE GOVERNANCE :

a) The importance of Corporate Governance lies in its contribution both to business prosperity and to accountability. [illegible] these steps in the best interest of all Shareholders, Creditors & Employees. Directors are fully committed to implement all aspects of clause 49 of the listing agreement from the financial year ending 31st March 2003.

For better Corporate Governance, the concept of Audit Committee has been introduced by insertion a new section 292 A under Companies (Amendment) Act 2000. In compliance, your company has formed Audit Committee on [illegible] 2001. The terms of reference of the Audit Committee are to review with the management and the Internal Auditor and the Statutory Auditors:

i) the statutory Annual and Quarterly reporting by the company.

ii) change in the statutory accounting policy of the company.

iii) the audit programs of the external auditors and any material issues rising from the auditors.

iv) the adequacy and effectiveness of accounting and financial controls of the company and compliance with the company's policies and applicable laws and regulations.

v) recommend to the Board the appointment of internal/external auditors and remuneration payable to them.

During the year the Audit Committee comprised of two Non-executive Independent Directors and one Executive Director. The Chairman of the Committee is an Independent Director. The Committee met three times during the financial year 2001, viz. 25th May 2001, 27th November 2001 and 25th January 2002.

Attendance of Members at the meeting of the Audit Committee held during the year under review was as under :

Members	No. of Meetings attended
[illegible]	3
[illegible]	3
[illegible]	3

b) Board of Directors - Composition

[illegible] Executive Director and two Non-executive Directors. The details are as under :-

Name	Executive/Non-Executive/Independent	Number of Outside Directorships	Total Number of Memberships in other board committees	Number of Chairmanships in other board committees
H.P. Khetawat	Executive Chairman	1	–	–
Sunil Khetawat	Executive Managing Director	1	–	–
Sandeep Khetawat	Executive Director	–	–	–
Manish Bahl	Non-Executive (Independent)	2	3	–
S.P.S. Dang	Non-Executive (Independent)	1	1	1

Board Meeting held during the year :

The Board Meeting were held on 26th May 2001, 30th July 2001, 25th November 2001, and 25th January 2002

Name	Number of Board Meeting Attended	Attendance at the last Annual General Meeting	
H.P. Khetawat	3	Yes	
Sunil Khetawat	3	No	
Sandeep Khetawat	1	Yes	appointment - w.e.f. 26.05.01
Manish Bahl	3	No	
S.P.S. Dang	4	Yes	

Re Remuneration Committee :

The Remuneration Committee has not been formed during the year under review. The same is going to be formed at the Board Meeting dated 06.05.2002

Non-Executive Directors

Non-executive Directors receive sitting fees for attending Board Meetings. The details of the fees paid and/or payable to the Non-executive Independent Directors for the year under review are as under :-

Name	Sitting Fees for Board Meeting	Sitting Fees For Committee Meeting
S.P.S. Dang	4000	3000
Manish Bahl	3000	3000

Share [illegible]

The Share Transfer Committee was been constituted in 1972. The Committee deals with various matters relating to Transfer of Share, Transmission, Deletion/Issue of Duplicate Share certificates, approving the Split and Consolidation requests and other matters including Share Holder's complaints and grievances.

As on date the committee comprises of

i) Shri [illegible] Khaitan — Chairman cum Managing Director
ii) Shri Sunil Khaitan — Managing Director
iii) Shri Sandeep Khaitan — Executive Director
iv) Shri S Nigam — Dy General Manager (F&A) / designated Compliance officer

During the year the Company received [illegible] complaints from Share Holders. All the complaints were attended to promptly and resolved to the satisfaction of the Share Holders.

v) General Body Meeting :

The last three Annual General Meeting were held at Agrasen Bhawan, Sector-6, Bhilai (C.G.) Pin - 490 006 on the following dates and time :-

[illegible] Annual General Meeting on 20.07.2001 at 4.00 P.M.
[illegible] Annual General Meeting on 04.07.2000 at 4.30 P.M.
[illegible] Annual General Meeting on [illegible] 1999 at 4.30 P.M.

No special Resolution was passed by the Company through postal Ballot at any of the above meetings. At the ensuing Annual General Meeting, no resolution is proposed to be passed through postal Ballot.

vi) Disclosure :-

The company has not entered in to any transactions of a material nature with any Promoters/Directors or the Management their subsidiaries or relatives that may have potential conflict with the interest of the company at large.

vii) Means of Communication :

The Quarterly Results published in the proforma prescribed by the Stock Exchanges are approved and taken on record by the Board of Directors of the company within one month of the close of the relevant quarter. The approved results are forthwith sent to all Stock Exchanges with whom the Company has listing arrangements.

The Annual Audited Accounts of the Company are likewise [illegible] in the prescribed proforma to the concerned stock exchanges.

viii) General Share Holders Information :-

a) Annual General Meeting :

Day	Wednesday, 3rd July, 2002
Venue	Agrasen Bhawan, Sector-6, Bhilai (C.G.) - 490 006
Time	04.00 P.M.
Book Closure Dates	27th June, 2002 to 3rd July, 2002
Dividend Payment Date	Not Applicable

b) Profile of Directors retiring by Rotation :-

Shri S P S Dangi

The Board of Directors appointed Shri S.P.S.Dangi as a Director with effect from 11th August,1992.

[illegible] being eligible offers himself for re-appointment.

Shri P.S. Dangi is a leading Financial and Management consultant. He is a qualified Cost Accountant [illegible] Managing Director of Madhya Telelinks Limited and has over 18 years of experience in Finance and Cost consultancy. He has served on the Boards of many reputed companies. The Directorship & Committee Membership of other companies as on date are as follows:

Company	Position	Committee Membership
[illegible] Communications Ltd	Director	Audit Committee

c) Financial Calendar (tentative and subject to change)

Particulars		Date
Financial Reporting for		
Quarter ended 30th June 2002	-	Jul. 2002
Audited Half year ended 30th Sept.2002	–	Nov. 2002
Quarter ended 31st Dec.2002	–	Jan. 2003
Audited Year ended 31st March 2003	-	May 2003
AGM for the year ended 31 March 03	–	July 2003

d) Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

i) Madhya Pradesh Stock Exchange
201, Palika Plaza
Phase II, M.T.H Compound,
Indore - 452 001

ii) The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Tower
Dalal Street,
Mumbai - 400 001

The listing fees for the year 2002-2003 to these stock exchanges have been paid.

e) The Stock Code for the Company's Shares is as follows:
Stock Exchange Mumbai Code No. [illegible]

f) Registrar and Share Transfer

The Company has been carrying out Transfer of its Shares in-house. All the correspondence relating to Shares should be sent to the following address:

Share Department,
BWL LIMITED,
Industrial Area,
Bhilai - 490 026
(Chhattisgarh)

g) Registered Office: Industrial Area,
Bhilai - 490 026
(Chhattisgarh)

[illegible]	
Steel Wire Division,	Optical Fibre Cable Division
Industrial Area,	Electronics Complex,
Hisar - 490 026,	Nagri Dhar - Shimla,
Chhattisgarh (India)	Himachal Pradesh - 173 219

14. AUDITORS'S REPORT

The Notes on Accounts are self explanatory as regard to the remarks of the Auditors and therefore do not call for any further comments of explanation under Section 217 (3) of the Companies Act, 1956.

15. DIRECTORS'S RESPONSIBILITY STATEMENT

Your Directors would like to inform Members that the audited accounts containing the financial statement for the year ended 31st March 2002 are in conformity with the requirement of the Act and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the financial condition and results of operations. Your Directors further confirm that

i) in the preparation of the annual accounts, applicable accounting standards have been followed.

ii) the accounting policies are consistently applied and reasonable prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the company at the end of the financial year.

iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.

iv) that the Directors had prepared the annual accounts on a going concern basis.

16. PERSONNEL

Company had introduced voluntary retirement scheme in respect of the employees in Optical Fibre Cable Division and settled their dues according to the scheme.

17. ACKNOWLEDGEMENT

Your directors express their deep appreciation for support extended by the Customers, Vendors, and other Agencies.

The members wish to place on record their sincere appreciation for the active counsel, guidance and co-operation extended from all the quarters. The Board express thanks and gratitude to share holders for their continued confidence posed on the management.

For and on behalf of the Board

([illegible])
Chairman-cum-Managing Director

Place : New Delhi
Date : [illegible] May 2002