

BWL LIMITED

BWL

33rd Annual Report 2003-2004

BWL 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 Manish Bahl	-	Director
Shri Prabir Choudhury	-	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

GF79, SFS Flats, Sidharth Enclave
Ashram, New Delhi-110014

WORKS :

STEEL WIRE DIVISION :

Industrial Estate, Bhilai-490026
Chhattisgarh (India)

OPTICAL FIBRE CABLE DIVISION :

Electronic Complex,
Shogi, Distt. Shimla
Himachal Pradesh-173219

BRANCH :

KOLKATA :

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

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BWL**BWL LIMITED****NOTICE**

Notice is hereby given that the Thirty Third Annual General Meeting of the company will be held at Agrasen Bhawan, Sector-6, Bhilai (Chhattisgarh) on Thursday, 9th September 2004 at 4.00 p.m. to transact the following business :

1. To consider and adopt the Accounts of the company for the financial year ended 31st March, 2004 and the report of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Shri. S.P.S. Dangi who retire 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 Sh. Prabir Choudhury be and is hereby appointed as a Director of the Company whose period of office would be liable to be determined by retirement of Directors by Rotation."

By Order of the Board
For **BWL LIMITED**

Report

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H. P. KHETAWAT
(Chairman-cum-Managing Director)

Place : New Delhi
Dated : 30th June, 2004

NOTES :

1. 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.
2. Instrument appointing Proxy should be deposited at the Registered office of the Company not less than 48 hours before the time fixed for the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 2nd September 2004 to 9th September, 2004 (both days inclusive).
4. 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.
5. An explanatory statement pursuant to section 173 of the Companies Act, 1956, relating to the special business to be transacted of the Annual General Meeting is attached.
6. Members are requested to notify any change of address as well as Bank details to update our record as well as to serve them efficiently.

BWL _____ **BWL LIMITED**

EXPLANATORY STATEMENT UNDER SECTION 173 OF COMPANIES ACT, 1956

Attached to the Notice convening the **Thirty Third Annual General Meeting** to be held on **9th September 2004**.

Shri Prabir Choudhury who was appointed as an Additional Director of the Company by the Board of Director on 23.08.2003, vacates his office at the ensuing Annual General Meeting. Due notice under Section 257 of the Companies Act, 1956 with the requisite amount of deposit have been received from a member proposing the appointment of Sh. Prabir Choudhury as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Sh. Prabir Choudhury has filed his consent pursuant to the provisions of Section 264 of the Companies Act, 1956.

No Director of the Company other than Sh. Prabir Choudhury is interested in this resolution.

The Borad recommends this as ordinary resolution forming part of special business for your approval.

By Order of the Board
For **BWL LIMITED**

H. P. KHETAWAT
(Chairman-cum-Managing Director)

Place : New Delhi
Dated : 30th June, 2004

BWL**BWL LIMITED****REPORT OF DIRECTORS' & MANAGEMENT DISCUSSION AND ANALYSIS :**

Your Directors submit their report and Audited account for the year ended 31st March, 2004.

1. FINANCIAL RESULTS:

		Year ended 31st March 2004 (Rs.)		Year ended 31st March 2003 (Rs.)
Turn Over		12,67,84,840		9,69,26,623
Loss before interest depreciation & Taxes.		46,15,963		13,56,104
Add. : Interest	14,11,12,288		12,08,09,329	
Depreciation	1,39,79,608	15,50,91,896	1,57,15,256	13,65,24,585
Loss for the year		15,97,07,859		13,78,80,689
Add. : Misc. expenses w/off	7,90,220		8,75,390	
Income Tax for earlier years.	-	7,90,220	50,510	9,25,900
		16,04,98,079		13,88,06,589
Balance brought forwarded from last year.		80,47,87,854		66,59,81,265
Loss carried to Balance Sheet		96,52,85,933		80,47,87,854

2. DIVIDEND :

In view of the loss during the year together with accumulated loss carried forward, your directors regret their inability to recommend any dividend.

3. DIVISIONAL PERFORMANCE :

Segment results have been reported in the Notes to the Accounts for the year. The business Segments, for which the required disclosures have been made, are steel wire and optical fibre cable.

3.1. STEEL WIRE :

The turnover of this division for the year under review was Rs. 1267.85 lacs as against Rs. 968.01 lacs in previous year thereby displaying a rise of 31% on account of additional thrust laid on marketing to selected customers. With the implementation of various cost effective measures, read with incremental sale, the profit for the year of the division before interest and depreciation (aggregating to Rs. 458.24 lacs as against Rs. 399.12 lacs in previous year) has increased to Rs. 25.26 lacs from Rs. 2.89 lacs in previous year. The increase in turnover is mainly due to steep price increase in steel and not due to rise in physical terms.

Unfortunately rise in sale price was less than commensurate with drastic hike in cost of input. Consequently whole increase in input cost could not be passed to customers, situation being further aggravated by cut throat competition among entrepreneurs. Inadequacy of working capital further restricted the operation of the division at low capacity level.

Negative growth in power sector, our major customer, accompanied by paucity of fund is likely to come in the way of registering any substantial improvement in our current year's performance. Management will continue its endeavour to reduce the loss through rationalisation of product mix and selective customer strategy as in year under Review.

3.2. OPTICAL FIBRE CABLE

During the year under review, there was no turnover as against meager sale of Rs. 1.25 lacs executed in preceding year out of inventories carried forward from earlier periods. Loss of the year before interest and depreciation (aggregating to Rs. 1092.67 lacs as against Rs. 966.13 lacs in previous year) has increased to Rs. 71.42 lacs from Rs. 16.45 lacs in previous year.

In view of Technological evolution replacing cable by wireless in Local Loop the future of optical fibre cable industry seems ending in catastrophe in the country and the industry has no new silverline to be held under existing status of techno economic metamorphosis. The division is also not expected to turn round unless there is fundamental change in demand scenario.

4. HUMAN RESOURCES & INDUSTRIAL RELATIONS :

The company at present employs over 27 heads. Best efforts have been taken for optimum utilization of human resources.

Emphasis continued to be laid on cultivation of healthy industrial relationship within existing workforce and the company was free from any employee's unrest during the year.

5. FINANCE :

As reported earlier company has submitted the OTS proposal to the Lead Bank for settlement of their dues. We fervently hope that they will take positive approach to rehabilitate the company through BIFR in the overall interest of Banks, Financial institution, Company, employees and Govt. Revenue.

6. STATUTORY DUES :

The Directors have pleasure to state that the company continues to pay / deposit all statutory dues to the extent lying undisputed generally in time though the company is under the purview of BIFR and declared SICK.

There has also been no default in payment to creditors for goods and services.

7. BIFR STATUS :

As reported earlier the company has been declared Sick by the Hon'ble BIFR. Consultant appointed by the IDBI (OA) has submitted techno Economic Viability Study Report and recommended rehabilitation of the company only through OTS if not lone. The company's appeal before AAIFR against a few directions imposed by BIFR is still pending. As reported in the notes on accounts two secured creditors have issued notices u/s 13(2) of securitisation of Financial Assets and enforcement of security interest Act, 2002 to recover their dues. Three secured creditors have also filed recovery application u/s 19 of Recovery of Debts (Due to Banks & Financial Institutions) Act, 1993 before the Debt Recovery Tribunals. Company has promptly initiated appropriate steps to protect its interest.

8. DIRECTORS :

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

9. AUDITORS :

M/s G. Basu & Co. retires as auditor of the company and being eligible, offer themselves for re-appointment.

10. CORPORATE GOVERNANCE :

Your company has generally complied with the applicable provisions of the listing agreements with the Stock Exchanges where its shares are listed. A separate report on Corporate Governance along with the auditors certificate on its compliance is annexed hereto.

BWL**BWL LIMITED****11. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT & TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The particulars as prescribed under sub-section (i) (e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, are set-out in the annexure to this report.

12. PARTICULARS OF EMPLOYEES :

No one was employed during the whole or part of the year under review drawing remuneration attracting disclosure of particulars under section 217 (2A) of Companies Act. 1956.

13. AUDITORS REPORT :

The observation of the Auditors when read with corresponding reference in Notes on Account will be found self explanatory.

14. DIRECTORS RESPONSIBILITY STATEMENT :

As required under section 217 (2AA) of the companies Act, 1956, your directors confirm having.

- (a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to departures, if any.
- (b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company as at 31st March, 2004 and of the Loss of the company for the year ended on that date.
- (c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
- (d) Prepared the Annual Accounts on a going concern basis : The internal Auditors have conducted periodic audit to provide reasonable assurance that the company's established policies and procedures were followed. The audit committee of your company meets periodically with the internal auditors and the statutory auditors to review the manner in which the auditors are discharging their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the statutory auditors and the internal auditors have full and free access to the members of the audit committee to discuss as matter of substance.

15. ACKNOWLEDGEMENT :

Your directors express their appreciation for support extended by the customers, vendors, employees and other quarter. The members wish to place on record their sincere appreciation for the wise counsel, guideline and cooperation extended by all. The Board express thanks and gratitude to share-holders for their continued confidence posed on the management.

For and on behalf of the Board

H.P. KHETAWAT
(Chairman cum Managing Director)

Place : New Delhi
Dated : 30th June, 2004

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BWL LIMITED

ANNEXTURE OF 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 Director's Report for the year ended 31st March, 2004

1. CONSERVATION OF ENERGY :

- (a) As suggested by petroleum Conservation Research Association (Under the ministry of Petroleum and Natural Gas, Government of India) a few modification has been done in the Galvanishing Plant.
- (b) Additional investment and proposals, if any, for reducing consumption of energy. The company intend to make investment during the current fiscal as suggested by the energy auditors to reduce the energy consumption.
- (c) Impact of measures at (a) & (b) above for reducing energy consumption and consequent impact on the cost of production of goods. The impact is expected during the current fiscal.
- (d) Total energy consumption per unit of production are given below :

A. POWER AND FUEL CONSUMPTION**ELECTRICITY :**

		<u>2003-04</u>	<u>2002-03</u>
(a) Purchased			
Unit	(in KWH)	1077604.00	904532.00
Total Amount	(Rs. in Lacs)	50.31	41.59
Rate per Unit	(in Rs.)	4.67	4.60
(b) Own generation :			
(i) Through Diesel Generator :			
Unit	(in KWH)	12640.00	10350.00
unit generated/lr. of diesel		2.90	2.46
Cost/Unit	(in Rs.)	7.58	8.46
(ii) Furnance Oil :			
Quantity	(in K. Ltr.)	346.633	292.402
Total Amount	(Rs. in Lacs)	41.37	36.02
Average rate/K. Ltr.	(in Rs.)	11935.00	12119.00

B CONSUMPTION PER UNIT OF PRODUCTION :**Steel Wire Division :**

Production	(MT)	3857.00	3628.00
Electricity	(KWH/MT)	282.67	252.17
Furnance Oil	(Ltrs/MT)	89.87	80.59

Optical Fibre Cale Division :

Production	(CKM)	-	-
Electricity	(KWH/CKM)	-	-

2. TECHNOLOGY ABSORPTION :

- (a) Benefit derived as a result of above R & D :
The brightness in the finished wires have been improved.
- (b) Future plain 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.
- (c) Expenditure on R & D :
Expenditure on R&D has not been separately accounted

3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Earned	Rs. Nil
Out go	Rs. Nil

BWL**BWL LIMITED****CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

Your company has consistently followed the principal of good corporate governance through transparency in dissemination of information to stakeholders.

Your company believes that the Code on Corporate Governance provides a structure based on which the rights and responsibilities amongst different participants in the organisation, such as the Board, employees, shareholders and other stakeholders, are distributed. By doing so, it helps to ensure that the Company's objectives are well defined and performance for achievement of these objectives are adequately measured and monitored.

As a publicly listed company, BWL Limited adheres to listing requirements. It has generally complied in all material respects with the requirements of corporate Governance specified in the Listing Agreement with the B.S.E.

2. BOARD OF DIRECTORS - COMPOSITION

As on the date of this report the Board of Directors of your Company consists of 6 (six) members comprising 3 (three) Executive Directors including the Chairman and 3 (three) Non-executive Directors. No Director is a member of more than 10 companies or Chairman of more than 5 companies. The details in this respect are as under :

Name	Executive/Non-Executive/ Independent	Number of out side Directorship	Total No. of membership (s) in other Board committees	Number of Chairmanship(s) in other board committees.
H.P. Khetawat	Executive Chairman	1	-	-
Sunil Khetawat	Executive Managing Director	1	-	-
Sandeep Khetawat	Executive Whole Time Director	-	-	-
S.P.S. Dangi	Non-executive, (independent)	1	2	1
Manish Bahi	Non-executive (independent)	2	2	-
Prabir Choudhury	Non-executives (independent)	-	-	-

Shri. Prabir Choudhury joined the Board on and from 23rd August, 2003.

Board Meetings held during the year :

Five Board meetings were held during the financial year ended 31st March, 2004, on 30th June, 2003, 1st July 2003, 23rd August, 2003, 23rd October, 2003 and 28th January, 2004.

Attendance of Directors at the Board Meetings and the last AGM :

Name	Number of Board meeting attended	Attendance of the last AGM.
H.P. Khetawat	4	Yes
Sunil Khetawat	4	No
Sandeep Khetawat	2	Yes
S.P.S. Dangi	5	Yes
Manish Bahi	4	No
Prabir Choudhury	1	No

BWL**BWL LIMITED****3. AUDIT COMMITTEE**

The Audit Committee was constituted on 31st January, 2001 and has been entrusted with the roles as hereunder :

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the annual financial statement before submission to the board, focusing primarily on;
 - (a) any changes in accounting policies and practices.
 - (b) Major accounting entries based on exercise of judgement by management.
 - (c) Qualifications in draft audit report.
 - (d) Significant adjustments arising out of audit.
 - (e) The going concern assumption.
 - (f) Compliance with accounting Standards.
 - (g) Compliance with stock exchange and legal requirements concerning financial statements.
 - (h) Any related party transactions.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Discussion with internal auditors any significant findings and follow up thereon.
7. Reviewing the finding of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
8. Discussion with external auditors before the audit commences about nature and scope of audit as well as post audit discussion to ascertain any area of concern.
9. Reviewing the company's financial and risk management policies.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

The audit committee is comprised of three Non-executive independent Directors, the Chairman an independent thereof naturally being an independent Director. The committee met four times during the financial year ended 31st March, 2004, i.e. on 30th June, 2003, 1st July, 2003, 23rd October, 2003 and 28th January, 2004.

Attendance of Members at the meeting of the Audit Committee held during the year ended 31st March 2004 were as under :

Members	No. of Meetings attended
S.P.S. Dangi	4
Manish Bahl	4
*Sunil Khetawat	3
**Prabir Choudhury	1

* Shri Sunil Khetawat was a member till 23.10.2003.

** Shri Prabir Choudhury joined the committee on and from 23.10.2003.