

**BWL LIMITED**

**BWL**

***34th Annual Report 2004-2005***

## 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

176/2, Hari Nagar Ashram  
New Delhi-110014

### WORKS :

#### STEEL WIRE DIVISON :

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 Fourth Annual General Meeting of the company will be held at Sai Mangal Bhawan, Sector-6, Bhilai (Chhattisgarh) on 24th Feb. 2006 at 4.30 p.m. to transact the following :

**ORDINARY BUSINESS :**

1. To consider and adopt the accounts of company for the eighteen months period ended 30th September 2005 and the report of the Board of Directors and Auditors there on.
2. To appoint Director in the place of Shri. Manish Bahl who retire by rotation and is eligible for reappointment.
3. To appoint Director in the place of Shri Prabir Choudhary who retire by rotation and is eligible for reappointment.
4. To appoint auditors and fix their remuneration.

**AS SPECIAL BUSINESS :**

5. (a) Reappointment of Shri Sunil Khetawat, Managing Director :

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 provision, 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 accords its approval and consent to the reappointment with increased remuneration payable to Shri Sunil Khetawat, Whole time Director presently designated as Managing Director with effect from 01.04.2006 for a further period of 5 (five) years as specified in the explanatory statement attached here to (Annexure-1)".

- (b) Reappointment of shri Sandeep Khetawat, Executive Director :

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 provision, 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 Sandeep Khetawat, Whole time Director presently designated as Executive Director with effect from 01.06.2006 for a further period of 5 (five) years as specified in the explanatory statement attached here to (Annexure-1)".

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

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

Place : Bhilai  
Dated : January 27th, 2006

**BWL****BWL LIMITED****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 21st Feb. 2006 to 24th Feb. 2006 (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. 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.

**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. 5 of the accompanying notice dated 27th January 2006.

**Items No. 5(a)**

Shri Sunit Khetawat was reappointed as Managing Director of the company with effect from 01.04.2001 with a remuneration to Rs. 43,000/- per month with scale of Rs. 43,000/- Rs. 3,000/-, Rs. 55,000/- for further five years. Perquisites and allowance were as per rules. But in view of financial constraint of the company, he has last drawn remuneration @ Rs. 40,000/- per month.

As the terms of service of Shri Sunil Khetawat, Managing Director will be expire on 31.03.2006, it is necessary to accord the approval and consent to the remuneration payable to Shri Sunil Khetawat, Managing Director for a further period of five years i.e. from 01.04.2006 to 31.03.2011.

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

- (A) (i) Salary Rs. 50,000/- (Rs.Fifty thousand only) per month in the scale of Rs.50,000/- Rs.4,000/- Rs. 66,000/-
- (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 & Allowance :**

- (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 or house rent allowance. 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.

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- (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 month 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. 1,000/-
  - (vi) Company's Contribution towards Provident fund as per Rules of the Company had not exceeding 12% of the salary.
  - (vii) Company's contribution towards pension super annuation 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 personal long distance calls shall be billed by the company.
- (xi) Encashment of leave as per company's rules at the end of the tenure.
- (a) He shall not be paid any sitting fees for attending meeting of Board of Directors or Committee thereof.
- (b) 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 not 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, Shri H.P. Khetawat and Shri Sandeep Khetawat relatives of Shri Sunil Khetawat are concerned or interested in the said resolution.

**BWL****BWL LIMITED****Items No. 5(b)**

Shri Sandeep Khetawat was appointed as Whole time Director, designated as Executive Director with effect from 01.06.2001 with a remuneration of Rs. 25,000/- per month with scale of Rs. 25,000/- Rs. 2500/- Rs. 35,000/- for five years. Perquisites and allowances were as per rules. But in view of financial constraint of the company, he has drawn remuneration @ Rs. 27,500/- per month.

As the terms of service of Shri Sandeep Khetawat, Executive Director will be expired on 31.05.2006, it is necessary to accord the approval and consent to the reappointment and remuneration payable to Shri Sandeep Khetawat, Executive Director for a further period of five years i.e. from 01.06.2006 to 31.05.2011.

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

- (A) (i) Salary Rs. 46,000/- (Rs. Forty Six thousand only) per month in the scale of Rs.46,000/- Rs.4,000/- Rs.62,000/-
- (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 & Allowance :**

- (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 or house rent allowance. 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 month 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. 1,000/-
- (vi) Company's Contribution towards Provident fund as per Rules of the Company had not exceeding 12% of the salary.

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- (vii) Company's contribution towards pension super annuation 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 personal long distance calls shall be billed by the company.
- (xi) Encashment of leave 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 - Notwithstanding anything to the contrary contained in here, where in any financial year during the continuance of the tenure of Shri Sandeep 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, Shri H.P. Khetawat and Shri Sunil Khetawat relatives of Shri Sandeep Khetawat are concerned or interested in the said resolution.

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

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

Place : Bhilai  
Dated : January 27th, 2006

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

Your Directors submit their report and Audited account for the eighteen months period ended 30th September 2005.

**1. FINANCIAL RESULTS:**

	<b>18 months period ended 30th Sept. 2005 (Rs.)</b>		<b>12 month Financial Year ended 31st March 2004 (Rs.)</b>
Turn Over	20,79,65,014		12,67,84,840
(Profit Loss) before interest depreciation & Taxes.	(2,02,42,645)		(46,15,963)
Add. : Interest	24,28,74,268	14,11,12,288	
Impirement Loss	5,39,35,993	-----	
Depreciation	90,17,752	30,58,28,013	15,50,91,896
		1,39,79,608	
Loss for the year	(28,55,85,368)		(15,97,07,859)
Add. : Misc. expenses w/off	6,24,505		7,90,220
	28,62,09,873		16,04,98,079
Balance brought forwarded from last year.	96,52,85,933		80,47,87,854
Loss carried to Balance Sheet	(125,14,95,806)		(96,52,85,933)

**2. DIVIDEND :**

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

**3. SEGMENT WISE PERFORMANCE :**

Segment results have been reported in the Notes to the Accounts for the period. 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 eighteen months period under review was Rs. 2076.20 lacs as against Rs. 1267.85 lacs in previous year thereby displaying a rise on annualised basis of 9% on account of steel price increase and not due to rise in production in physical terms. With the implementation of various cost effective measures, read with incremental sale, in value terms the profit for the period of the division before interest and depreciation (aggregating to Rs. 767.24 lacs as against Rs. 458.24 lacs in previous year) has increased to Rs. 67.55 lacs from Rs. 25.26 lacs in previous year.

Unfortunately rise in sale price was less than commensurate with 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 manufacturers. Inadequacy of working capital further restricted the operation of the division at low capacity level.

Negative growth of 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.



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Management will continue its endeavour to increase profit through rationalisation of product mix and selective customer strategy as in period under Review.

### **3.2. OPTICAL FIBRE CABLE**

During the period under review, there was a turnover of Rs. 3.45 lacs as against Nil in earlier year out of inventories carried forward from earlier period. Loss of the year before interest and depreciation (aggregating to Rs. 1751.67 lacs as against Rs. 1092.67 lacs in previous year) Rs. 403.58 lacs as against loss of Rs. 71.42 lacs in previous year after charging of impairment loss on fixed assets Rs. 539.36 lacs (Previous year Rs. NIL and recovery of doubtful debts Rs. 199.53 Lacs (previous year Rs. NIL).

### **4. HUMAN RESOURCES & INDUSTRIAL RELATIONS :**

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 period.

### **5. FINANCE :**

As decided in the consortium meeting between the Bank and the company had submitted the improved offer for compromise settlement of dues of the companies Bankers in accordance of the Quantum Conveyed by the lead Banker. Company has also submitted a compromise offer to IDBI in the same line. State Bank of India, the Lead Banker and Industrial Development Bank of India have conveyed their approval for one time settlement of dues. Approvals from State Bank of Hyderabad and State Bank of Patiala are awaited.

### **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 is also 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 IDBI (OA) has submitted techno Economic Viability Study Report and concluded rehabilitation of the company is possible 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. BIFR has also issued order for Change in Management of the company against that stay have been obtained from AAIFR.

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However, once the approval for OTS from all the secured creditors are obtained, and formalised by way of agreement between the company and the secured creditors, the cases filed before DRTs and notice issued under SRFAE'SI Act may be withdrawn by them. Consequently, the order issued by BIFR for change in management will also be withdrawn by the AAIFR.

#### **8. DIRECTORS :**

Shri Manish Behl and Shri P. Choudhary retire by rotation and being eligible, offer themselves for re-appointment. Shri H. P. Khetawat due to his old age desire to retire from Directorship of the company wef. 1.4.2006.

#### **9. AUDITORS :**

M/s G. Basu & Co. retires as auditor of the company and being eligible, offer themselves for re-appointment. Your directors on receipt of recommendation from the Audit committee, recommend their appointment for the ensuing year.

#### **10. CORPORATE GOVERNANCE :**

Your company has generally complied with the applicable provisions of the listing agreements with the Stock Exchanges where it's shares are listed. A separate report on Corporate Governance along with the auditors certificate on it's compliance is included as part of this Annual Report.

#### **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 included in 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 30th September, 2005 and of the Loss of the company for the period ended on that date.