

**BWL LIMITED**

**BWL**

***35th Annual Report 2005-2006***

## BWL LIMITED

### BOARD OF DIRECTORS

Shri Sunil Khetawat  
Shri Sandeep Khetawat  
Shri S.P.S. Dangi  
Shri Manish Bahl  
Shri Prabir Choudhury

- Managing Director  
- Executive Director  
- Director  
- Director  
- 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 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 Fifth Annual Genrerel Meeting of the Company will be held at Sai Mangal Bhawan (adjacent to Sai Baba Mandir), Sector-6, Bhilai (Chhattisgarh) on 22.03.2007 at 4.30 p.m. to transact the following business :

**ORDINARY BUSINESS :**

1. To consider and adopt the accounts of company for the year ended 30th September 2006 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 S.P.S. Dangi who retire by rotation and is eligible for reappointment.
4. To appoint auditors and fix their remuneration.

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

**SUNIL KHETAWAT**  
(Managing Director)

Place : Bhilai,

Dated : November 29th, 2006

**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 19.03.2007 to 22.03.2007 (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.

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

Your Directors submit their report and Audited account for the year ended 30th September, 2006.

**1. FINANCIAL RESULTS:**

		12th month Financial Year ended 30th Sept. 2006 (Rs.)	18th months period ended 30th Sept. 2005 (Rs.)
Turn Over		13,31,97,877	20,79,65,014
Profit/(Loss) before interest depreciation & Taxes.		(39,17,340)	(2,02,42,645)
Add. : Interest net of written back	12,70,58,958	(24,28,74,268)	
Impirement Loss	(1,07,67,384)	(5,39,35,993)	
Depreciation	(40,07,675)	11,22,83,879	(90,17,752)
			(30,58,28,013)
Profit/Loss for the year		10,83,66,539	(28,55,85,368)
Add. : Misc. expenses w/off		-----	(6,24,505)
Less : Excess Tax provision for earlier year		65,856	-
		10,83,00,683	(28,62,09,873)
Balance brought forwarded from last year.		(1,25,14,95,806)	(96,52,85,933)
Loss carried to Balance Sheet		(1,14,31,95,123)	(1,25,14,95,806)

**2. DIVIDEND :**

In view of accumulated loss, 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 year. The required disclosure has been made for two primary segments Steel Wire and Optical Fibre Cable.

**3.1. STEEL WIRE :**

The turnover of this division for the year under review was Rs. 1331.98 Lacs as against Rs. 2076.20 Lacs in previous 18th months period thereby displaying a 4% decline on annualised basis towards sale value of production. Trend would have been otherwise if there was no drastic rise in input cost with particular reference to Wire Rod & Zinc. During the year under review profit before interest and depreciation has been reduced to Rs. 14.03 lacs from Rs. 37.29 lacs in previous period.

Unfortunately, rise in sale price was less than commensurate with the hike in cost of inputs. Consequently whole increase in input cost could not passed on to the customers. Situation has been further aggravated due to cut throat competition among manufacturers. Inadequacy of working capital is also providing another stumbling block in enhancing the capacity base. Stiff Competition from the large players those having backward integration facilities, accompanied by pocity of fund is likely to come in the way of registering any substantial improvement in our current year's performances. Management will continue its endeavor to increase profit through rationalisation of product mix and selective customer strategy as in year under Review.

**3.2. OPTICAL FIBRE CABLE**

The unit remained defunct for the whole of the year. Loss of the year before interest and depreciation (aggregating Rs. 128.52 lacs as against Rs. 1751.67 lacs in previous year) was Rs. 53.21 lacs as against profit of Rs. 166.25 lacs in previous year on account of recovery of Doubtful debts (Rs. 199.53 lacs).

**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 year.

**5. FINANCE :**

During the year under review, the company has made One Time Settlement (OTS) of dues with the secured creditors i.e. State Bank of India, State Bank of Hyderabad and State Bank of Patiala enjoining payment of Rs. 1000 lacs (bearing interest at PLR rate) against their entire outstanding in full & final settlement of dues payable in periodic instalments commencing from January 2006 and ending on August 2007. Till date of this report, the company has paid Rs. 571.57 lacs in total, Rs. 524.04 lacs towards principal and Rs. 47.53 lacs towards interest on OTS dues.

To honour payback obligation of OTS due to the Banks and financial institution the company has already availed unsecured loan of Rs. 311.11 lacs from the sources of associate companies. To facilitate the cause of balance payment, consent has been obtained from the secured creditors to initiate sale of optical fibre cable unit at Shoghi H.P. Advertisements have also been published in the all India Edition of Economic Times and the Journal of Few Business associations to the effect. The company will seek your approval required U/s 293(1) (a) of the Companies act 1956 in due course. Besides the company has paid entire due on account of principal and interest amounting to Rs. 32.00 lacs and Rs. 0.12 lac respectively to IDBI pursuant on One Time Settlement of dues arrived at with the said financial institution during the year.

**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 notwithstanding Sick status accorded to it by BIFR.

There has also not been any 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 IDBI (OA) has submitted techno Economic viability report and concluded OTS of dues to banks and financial institution to be lone remedy of rehabilitation of the company. The company has requested the AAIFR to remand back the pending appeal cases filed before them by the company against a few directions (including change in management) issued by BIFR to adhere to the OTS agreement. One Time Settlement by its natural implication renders cases filed before DRTs, notices issued under SRFAESI Act and order of BIFR for change in management infactious.

**8. DIRECTORS :**

Shri Manish Behl and Shri S.P.S. Dangi retire by rotation and being eligible, offer themselves for re-appointment. Shri H.P. Khetawat due to his age has retired from directorship of the company w.e.f. 01.04.2006.

**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, will recommend their 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 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, 2006 and of the profit 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.

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- (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 agencies. The members of the board wish to place on record their sincere appreciation for the wise counsel, guideline and co-operation extended, by all. The Board express thanks and gratitude to shareholders for their continued confidence posed on the management.

For and on behalf of the Board

(SUNIL KHETAWAT)  
(Managing Director)

Place : Bhilai,  
Dated : November 29th, 2006

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**BWL****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 30th September, 2006.

**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**

		12th month Financial Year ended 30th Sept. 2006 (Rs.)	18th months period ended 30th Sept. 2005 (Rs.)
<b>ELECTRICITY :</b>			
(a) Purchased			
Unit	(in KWH)	808968	1291272
Total Amount	(Rs. in Lacs)	33.03	61.31
Rate per Unit	(in Rs.)	4.08	4.75
(b) Own generation :			
(i) Through Diesel Generator :			
Unit	(in KWH)	18580	41080
unit generated/lr. of diesel		1.43	2.30
Cost/Unit	(in Rs.)	24.49	13.08
(ii) Furnance Oil :			
Quantity	(in K. Ltr.)	303.581	455.444
Total Amount	(Rs. in Lacs)	59.74	63.99
Average rate/K. Ltr.	(in Rs.)	19680	14049

**B CONSUMPTION PER UNIT OF PRODUCTION :**

Steel Wire Division :

Production	(MT)	2820	5106
Electricity	(KWH/MT)	293.46	260.94
Furnance Oil	(Ltrs/MT)	107.65	89.20

Optical Fibre Cable 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 plan on R & D :

R&D activities will be continued in the specific area and for production of the various quality of wires.

- (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 Principles of good corporate governance through transparency in dissemination of information to stakeholders.

Your company believes that the Code on Corporate Governance provides a structure by 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 against those objectives adequately measured and monitored.

As a 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 5 (five) members comprising of 2 (two) Executive Directors and 3 (three) Non-executive Directors including Chairman. No Director is a member of more than 10 committees or Chairman of more than 5 committees across all companies in which they are Directors. The details 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.
S.P.S. Dangi	Non-executive, (independent)	1	2	1
Sunil Khetawat	Executive Managing Director	2	-	-
Sandeep Khetawat	Executive Whole Time Director	2	-	-
Manish Bahi	Non-executive (independent)	2	6	4
Prabir Choudhury	Non-executives (independent)	-	-	-

Shri. H.P. Khetawat Executive Chairman & Managing Director has retired from Directorship of the Company w.e.f. 1st April 2006.

**Board Meetings held during the year :**

Six Board meetings were held during the year ended 30th September 2006, 28th Oct. 05, 27th Jan. 06, 25th Feb. 06, 18th May 06, 29th July 06 and 16th Sept. 06.

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	3	Yes
Sunil Khetawat	6	Yes
Sandeep Khetawat	6	Yes
S.P.S. Dangi	5	Yes
Manish Bahl	3	No
Prabir Choudhury	4	No