

BWL LIMITED

BWL

36th Annual Report 2006-2007

BWL LIMITED

BOARD OF DIRECTORS

Shri Manish Bahl	-	Chairman (Non-executive)
Shri Sunil Khetawat	-	Managing Director
Shri Sandeep Khetawat	-	Executive Director
Shri S.P.S. Dangi (Since Resigned)	-	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 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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NOTICE

Notice is hereby given that the Thirty Six Annual General Meeting of the company will be held at Sai Mangal Bhawan (Adjacent to Sai Baba Mandir), Sector-6, Bhilai (Chhattisgarh) on 1-2-2008 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 2007 and the report of the Board of Directors and Auditors there on.
2. To appoint Director in the place of Shri Prabir Choudhury who retire by rotation and is eligible for reappointment.
3. To appoint auditors and fix their remuneration.

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

SUNIL KHETAWAT
(Managing Director)

Place : Kolkata

Dated : November 29th, 2007

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 29.01.2008 to 01.02.2008 (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.

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

Your Directors submit their report and Audited account for the year ended 30th September, 2007.

1. FINANCIAL RESULTS:

	Financial Year ended 30th Sept. 2007 (Rs.)	Financial Year 30th Sept. 2006 (Rs.)
Turn Over	11,06,17,289	13,31,97,877
Profit/(Loss) before interest depreciation & Taxes.	73,87,317	(39,17,340)
Add. : Interest net of written back Impirement Loss	(73,83,749)	12,70,58,958
Depreciation	(31,04,260)	(1,07,67,384)
	(1,04,68,009)	(40,07,695)
Profit/Loss for the year	(31,00,692)	11,22,83,879
Less : Excess Tax provision for earlier year	--	65,856
Balance brought forwarded from last year.	(1,14,31,35,123)	(1,25,14,95,806)
Loss carried to Balance Sheet	(1,14,62,95,815)	(1,14,31,95,123)

2. DIVIDEND :

In view of accumulated loss, your Directors regret their inability to recommend any dividend.

3. SEGMENTWISE 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 i.e. Steel Wire and Optical Fibre Cable.

3.1. STEEL WIRE :

The turnover of this division for the year under review was Rs. 1106.17 Lacs as against Rs. 1329.41 Lacs in previous year thereby displaying about 16% decline in annual sale value.

Deployment of resources mobilised by promoters substantially for meeting the OTS of dues to banks and financial institutions discussed in appropriate part of this report has been straining the working capital base so seriously that augmenting production of the division is proving too difficult a task at this moment there by leading to decline in production. After OTS is complete, the management will be in a position to focus all its attention towards operational improvements by way of consolidating its moves only in required direction.

3.2. OPTICAL FIBRE CABLE :

The unit remained defunct for the whole of the year. Profit of the year before interest and depreciation was Rs. 61.56 lacs (against loss of Rs. 53.21 lacs in previous year) on account of profit on sale of substantial plant & machinery Rs. 72.34 lacs.

The unit has been declared discontinued operation. Assets therein are held for sale or realisation at present.

BWL**BWL LIMITED****4. HUMAN RESOURCES & INDUSTRIAL RELATIONS :**

Industrial relationship remained more or less cordial except for stray resistance from a section of workmen faced by the management subsequent to the date of balance sheet against company's contemplated measure of rationalisation of workforce and cost reduction which the management expects to be amicably sorted out in near future.

5. BANK & INSTITUTIONAL DUES :

As reported earlier, 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, the latter date has been subsequently extended to 31st December 2007 by two Secured Creditors. Till date of this report, the company has paid Rs. 948.05 lacs in total, Rs. 840.67 lacs towards principal and and Rs. 107.38 lacs towards interest on OTS dues.

To honour payback obligation of OTS of dues to the Banks and financial institution the company has already availed unsecured loan of Rs. 454.10 lacs from the promoters sources and with the consent of the secured creditors and your approval in the extra ordinary general meeting held on 7th May, 2007 in terms of section 293 (i) (a) of the companies Act, 1956, substantial plant and machinery of Optical Fibre Cable Division has been exported at a consideration of Euro 300000 rupee (equivalent to rs. 16700383/-) and the proceeds have been directly appropriated towards OTS dues of the secured creditors by the Lead Banker (State Bank of India) against part of balance payment. Profit on sale of this assets amounting to Rs. 7234428/- (net of reversal of impairment loss of Rs. 41929186/-) has been credited under the head Misc. Income which is an extraordinary item. The management is sincerely making efforts to dispose of the land and building of Optical Fibre Cable Division at Shoghi, Shimla (HP) for payment of residual dues.

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 not-withstanding 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 that 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 AAIFR to remand back the pending appeal cases filed before them which has been accepted and Hon'ble AAIFR has directed to the company to submit Draft Rehabilitation Scheme to BIFR which has been submitted. 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 S.P.S. Dangi resigned from the Directorship w.e.f. 29.05.2007 due to his personnel reason.

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The directors place on record their appreciation for enlightened guidance and advice provided by Mr. S.P.S. Dangi from time to time during his tenure of office of Director.

9. AUDITORS :

M/s G. Basu & Co. the auditor retire in ensuing annual general meeting 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 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, 2007 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

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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 : Kolkata

Dated : November 29th, 2007

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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, 2007.

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

		Financial Year ended 30th Sept. 2007 (Rs.)	Financial Year ended 30th Sept. 2006 (Rs.)
ELECTRICITY :			
(a) Purchased			
Unit	(in KWH)	582394	808968
Total Amount	(Rs. in Lacs)	26.71	33.03
Rate per Unit	(in Rs.)	4.59	4.08
(b) Own generation :			
(i) Through Diesel Generator :			
Unit	(in KWH)	10740	18580
unit generated/lr. of diesel		1.72	1.43
Cost/Unit	(in Rs.)	19.83	24.49
(ii) Furnance Oil :			
Quantity	(in K. Ltr.)	231.219	303.581
Total Amount	(Rs. in Lacs)	38.80	59.74
Average rate/K. Ltr.	(in Rs.)	16782	19680

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

Production	(MT)	1942	2820
Electricity	(KWH/MT)	299.89	293.46
Furnance Oil	(Ltrs/MT)	119.06	107.65

Optical Fibre Cable Division :

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

BWL**BWL LIMITED****2. TECHNOLOGY ABSORPTION :**

- (a) Benefit derived as a result of 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. 1,67,00,383
Out go	Rs. Nil


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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. barring few exceptions referred to in audit certificate which were beyond control of the management.

2. BOARD OF DIRECTORS - COMPOSITION

As on the date of this report the Board of Directors of your Company consists of 4 (four) members comprising of 2 (two) Executive Directors and 2 (two) Non-executive Directors. Chairman of Board of directors is a non-executive independent director. 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.
Manish Bahi	Non-executive, Chairman (independent)	2	6	4
S.P.S. Dangi (Since Resigned)	Non-executive, (independent)	1	2	1
Sunil Khetawat	Executive Managing Director	2	-	-
Sandeep Khetawat	Executive Whole Time Director	2	-	-
Prabir Choudhury	Non-executives (independent)	-	-	-

Board Meetings held during the year :

Five Board meetings were held during the year ended 30th September 2007, 29th Nov. 06, 31st Jan. 07, 22nd Mar. 07, 28th May 07 and 31st July 07.

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

Name	Number of Board meeting attended	Attendance of the last AGM.
Sunil Khetawat	4	Yes
Sandeep Khetawat	4	Yes
S.P.S. Dangi	2	Yes
Manish Bahi	2	No
Prabir Choudhury	3	No