



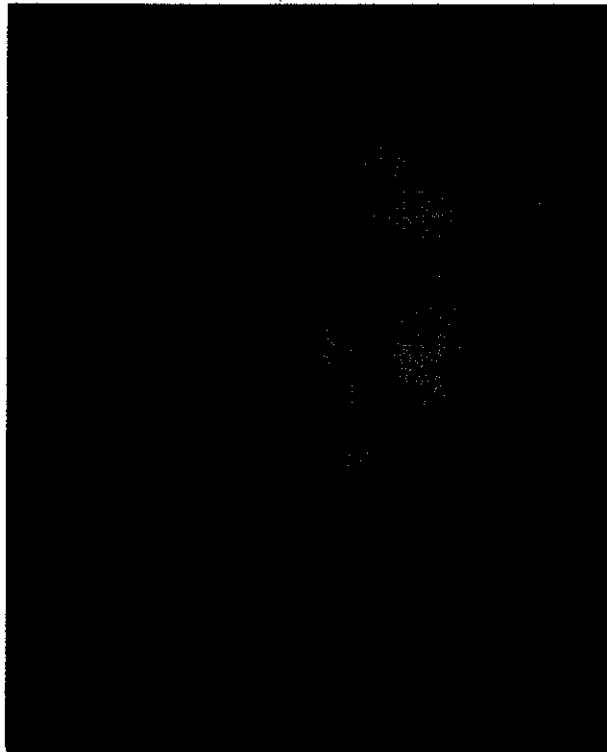
**SWIL**

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**36<sup>TH</sup>**  
**ANNUAL REPORT**  
**1998-99**

**SWIL LIMITED**

## *Our beloved Founder Chairman*



**Sri S. N. Khaitan**  
(1922 – 1999)

***H**e continues to guide us towards Excellence  
through Latest Technology, Customer  
Satisfaction and Exports.*

***H**e lives in the hearts of tomorrow.*

## Board of Directors

*Chairman & Mg. Director*  
A. K. KHAITAN

*Jt. Mg. Director*  
SUNIL KUMAR KHAITAN

### *Directors*

J. N. GODBOLE (Nominee Director representing IDBI)  
N. D. PINGE (Nominee Director representing ICICI)  
D. C. SANGHI (Nominee Director representing UTI)  
R. BANERJEE, IAS (Nominee Director representing GIIC)  
B. K. DUTTA (Nominee Director representing IIBI)  
PRAVINCHANDRA V. GANDHI  
M. M. A. KHAN, NAWAB OF PATAUDI  
L. R. VAIDYANATH  
G. K. ARORA, IAS (Retd.)  
UMAESH KUMAR KHAITAN

# SWIL LIMITED

### *Executives*

R. S. AGRAWAL - President (Corporate Affairs) & Secretary  
DEEPAK DASGUPTA - President - Group HRM  
K. C. JAIN - President - (Uttarpara Unit)  
R. L. KEDIA - President - (Nasik Unit)  
D. KHAITAN - President - Paper Machine Wire-  
Industries Division (Nasik)  
SANTOSH KUMAR KHAITAN - President - Paper Unit  
(Barotiwalla, H.P.)  
R. K. MITTAL - President - (Copper Project)  
B. K. SARKAR - President (Finance)  
A. K. SRIVASTAVA - Jt. President - (Copper Project)  
M. M. PACHISIA - General Manager - Finance  
S. N. MOHANTY - Company Secretary

### *Solicitors*

Khaitan & Co.  
L. P. Agarwalla & Co.

### *Auditors*

S. S. Kothari & Co.  
G. P. Agrawal & Co.

### *Bankers*

Allahabad Bank  
Bank of India  
Canara Bank  
Indian Overseas Bank  
State Bank of India  
Standard Chartered Bank  
Union Bank of India

### *Registered and Head Office*

27A Camac Street, Calcutta-700 016

Report

## Directors' Report

### To the Members

Your Directors have pleasure in presenting the 36th Annual Report of the working of the Company together with the audited accounts for the year ended 31st March, 1999.

### Financial Results

The financial results of the Company as disclosed in the said Accounts are summarised below :

	1998-99 (Rs. in lacs)	1997-98 (Rs. in lacs)
Profit Before Depreciation and Taxation	933.22	827.16
Less : Depreciation (Net)	<u>836.08</u>	<u>739.20</u>
Profit Before Taxation	97.14	87.96
Less : Provision for Taxation	<u>52.91</u>	<u>9.25</u>
Profit After Taxation	44.23	78.71
Add : Balance of Profit brought forward from previous year	179.37	323.25
Investment Allowance (utilised) Reserve written back	-	2.00
Capital Redemption Reserve written back	<u>60.00</u>	<u>0.11</u>
Amount available for appropriation	<u>283.60</u>	<u>404.07</u>
Transfer to Debenture Redemption Reserve	211.00	156.00
Capital Redemption Reserve	-	50.00
Transfer to General Reserve	-	-
Preference Dividend	14.09	17.00
Equity Dividend	-	-
Corporate Tax on Dividend	1.55	1.70
Surplus carried to Balance Sheet	<u>56.96</u>	<u>179.37</u>
	<u>283.60</u>	<u>404.07</u>

### Operational Review

During the year under review, the Company has achieved a turnover of Rs.17119 lacs as compared to Rs.17164 lacs during the previous year resulting a marginal decrease in turnover during the year.

The profit after depreciation but before taxation during the year under review is Rs.97.14 lacs as compared to Rs.87.96 lacs of the last year.

Due to higher provision of tax for the earlier year, profit after taxation during the year was Rs.44.23 lacs as compared to Rs.78.71 lacs in the year 1997-98. The main reason for the stagnant turnover and decline in profit is on account of continuing economic recession adversely affecting the industries. However, your Company continues its effort to

upstream its business activities by effecting significant improvement in production, sales and operating efficiency in the future years.

Your Company has received the Patent by USA authorities in respect of one of our product "EDM Wires". The Company has also applied for the patent in respect to the said product in European countries and is hopeful of the receipt of the same in near future. This will attribute significant export to these countries.

#### ***Redemption of Preference Shares***

1,00,000 - 17% Redeemable Cumulative Preference share of Rs.100/- each aggregating to Rs.100 lacs have been redeemed.

#### ***Dividend***

Due to inadequate profit, your Directors regret to recommend payment of any dividend on Equity Shares for the year under review. However, the dividend of 17% on preference share capital of the company have been paid.

#### ***Modernisation, Expansion and Diversification Programme***

At Nasik, during the year, the main thrust was to develop products to meet the technical requirement of the U.S. and other International market. At Uttarpara, commercial production of synthetic fabric for Paper Pulp Washers started. As a major diversification programme, trial production of woven dryer fabric started. Commercial production expected to start by October this year.

#### ***Diversification***

##### ***Copper Project***

As per the last report, the Company's ongoing Copper Cathode Project at Jhagadia Industrial Estate, Bharuch, Gujarat was to be completed in the last quarter of 1998; but, despite the best effort, the project could not be completed as per the schedule. The delay in availability of fund including the receipt of proceeds of Public and Rights issue made by the Company, affected the implementation of the project in time. This escalated the cost and resulted in time overrun of the project. The Company has since submitted application to ICICI, the lead financial institution, for its reappraisal of the cost of the project and financial assistance. The Company is hopeful in completing the project by December, 1999.

##### ***Right Cum Public Issue of FCDs***

To part finance the implementation of the Copper Project, the Company came out with the Rights issue of 62,41,348 17.5% Fully Convertible Debentures (FCDs) of Rs.100/- each aggregating Rs.62,41,34,800 on 13th March, 1999 and Public issue of 53,00,000 17.5% Fully Convertible Debentures (FCDs) of Rs.100/- each aggregating Rs.53,00,00,000/- on 31st March, 1999. The Public issue was closed on 12th April '99. The Right issue, however, was extended and closed on 26th April '99.

Due to the depressed stock market, both the public and the rights issue needed the support of underwriters and stand by underwriters. With the subscription made by them in fulfilment of their underwriting/stand by underwriting commitment both public and the rights issue met the requirement of minimum subscription of 90%.

Your Directors allotted 47,71,379 FCDs and 56,49,276 FCDs against the public and the rights issue respectively.

##### ***The year 2000 issue (Y2K)***

Your Company has given top priority to Y2K compliance and initiated effective steps for ensuring such compliance. This exercise is being carried out principally through internal resources. The product manufactured and sold by the Company does not directly involve any software or electronic components. The Y2K exercises is therefore focused mainly on evaluation and remediation of system hardware and related software used in business applications. Your company is also vigilant about the contingency factor and taking appropriate steps in this regard. The total cost involved for Y2K compliance is not very significant.



### *Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo*

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to the Report.

### *Statement Under Clause 43 of the Listing Agreement*

A statement containing particulars pertaining to the projections made in the Letter of Offer for the Rights Issue of FCD of Rs.59 crores in the year 1996 and the subsequent projections made in the Letter of Offer and Prospectus for Rights Issue of FCDs of Rs.62.41 crores and Public Issue of FCDs of Rs.53 crores and actual performance thereof as required under clause 43 of the Listing Agreement is annexed.

### *Deposits*

The total deposits held by the Company as on 31st March, 1999 stood at Rs. 60,000/-. There was no overdue deposit. There has not been any claim for repayment against unclaimed deposits amounting to Rs. 15,000/-.

### *Industrial Relations*

The Company continued to have cordial relations with the employees at its plants, head office and branch offices and the Board records its appreciation for the useful contribution made by them.

### *Directors*

Mr. S. N. Khaitan, founder Chairman and Managing Director of the Company who steered the Company to its phenomenal growth over three decades, passed away on 13th May, 1999. Your Directors express their profound sorrow and grief on the sad demise of Mr. S. N. Khaitan. They also place on record their deep appreciation on the valuable services rendered by Mr. S. N. Khaitan for the growth of the Company.

Consequent upon the said demise of Mr. S. N. Khaitan, Mr. A. K. Khaitan was appointed as the Chairman of the Company on 5th June, 1999. Mr. D. K. Guha Roy was appointed as the Nominee Director of Industrial Investment Bank of India on 14th April, 1998 and he was succeeded by Mr. B. K. Dutta as such Nominee Director effective 3rd August, 1999. Mr. N. D. Pinge was appointed as the Nominee Director of ICICI Ltd., on 31st October, 1998 in place of Mr. V. A. Gore. Dr. R. Banerjee, IAS, has been appointed as Nominee Director of Gujarat Industrial Investment Corporation Ltd. on 11th January, 1999.

Mr. G. K. Arora, IAS (Retd.), was appointed as Additional Director of the Company on 28th April, 1999 who holds office upto the date of this Annual General Meeting. The Company has received due notice proposing the appointment of Mr. Arora as Director under section 257 of the Companies Act, 1956.

Mr. Sushil Kumar Khaitan, Dy. Managing Director resigned from the Board of Directors of the Company and ceased to be Director of the Company with effect from 1st November, 1998. Messrs C. D. Khanna and Mr. K. K. Roy, Directors resigned from the Board of Directors of the Company effective from the close of business hours on 19th August, 1999.

Your Board places on record its deep appreciation of the valuable contributions made by Mr. V. A. Gore, Mr. Sushil Kumar Khaitan, Mr. D. K. Guha Roy, Mr. C. D. Khanna and Mr. K. K. Roy during their tenure as Directors of the Company.

Mr. Umaesh Khaitan, Mr. P. V. Gandhi and Mr. M.M.A. Khan, Nawab of Pataudi, Directors, retire from the Board pursuant to section 255 of the Companies Act, 1956 read with Article 106 of Articles of Association of the Company and being eligible offer themselves for reappointment.

### *Auditors*

Messrs. S. S. Kothari & Co., and Messrs G.P. Agarwal & Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible have expressed their willingness to be re-appointed.

***Auditors' Report***

The Auditors in their report have referred to the notes forming part of the Accounts which are self-explanatory and do not require any elucidation.

***Particulars of Employees***

Information pursuant to Section 217(2A) of the Companies Act, 1956 is given in the Annexure forming part of the Report.

***Subsidiary Company***

As required under section 212 of the Companies Act, 1956, the audited statement of Accounts as on 31st March, 1999 alongwith the Auditors' report thereon and the report of the Board of Directors of SWIL International (Pte) Ltd and Swil International (Yangon) Ltd. are annexed.

***Registered Office :***

27A, Camac Street

Calcutta 700 016

Dated : 19th August, 1999

For and on behalf of the Board

A. K. Khaitan

Chairman

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## Annexure to the Directors' Report

### Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo

In accordance with The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

#### A. Conservation of energy

##### a) Energy Conservation measures taken :

###### At Nasik -

1. AC variable frequency drive (1 No.) provided for 15 HP Inductor Cooling Motor in Continuous Casting Line-II. By closing the by-pass completely and reducing the speed of the motor, the required pressure of about 4 kg/cm is maintained.
2. Temperature Controller (PT-100) provided in Wire (Pickling). Water Tank for controlling the water temperature.
3. In Strip (Pickling), Temperature Controller provided for Hot Water tank for controlling the water temperature.
4. In Cooling Tower, 100 HP pump pressure was monitored and maintained continuously by throttling the suction line.
5. In 20 Hi (Old) control room, one additional thermostat was provided to package type Air Conditioner for controlling the room temperature, so that the compressor should remain off.
6. Revamping of 2 Hi Mill in Wire Unit also save energy substantially.

###### At Uttarpara -

Installation/replacement of Power capacitors to maintain the power factor above 0.94.

##### b) Investments and proposals being implemented for reduction in consumption of energy

Nil

##### c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Implementation of the above measures has resulted in reduction in maximum demand, loss of power due to reactive load and overall decrease in power consumption and better efficiency in saving fuel.

##### d) Total energy consumption and energy consumption per unit of production as per FORM A in respect of Pamwi Tissue (Lessee - SWIL Ltd.) at Barotiwalla :

### FORM - A

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### POWER AND FUEL CONSUMPTION

##### 1. Electricity

###### (a) Purchased

	<u>Current Year</u>	<u>Previous Year</u>
Unit	11943760	14604640
Total Amount	Rs. 2,97,03,561.15	Rs. 3,25,05,520.85
Rate/unit	Rs. 2.49	Rs. 2.23

###### (b) Own generation

###### (i) Through diesel generator -

Unit		
Units per ltr. of diesel oil	Nil	Nil
Cost/unit		

###### (ii) Through steam turbine/generator -

Units		
Units per ltr. of fuel oil/gas	Nil	Nil
Cost/units		

##### 2. COAL

Quantity (Tonnes)	1111 MT	2243 MT
Total Cost	Rs. 33,45,386/-	Rs. 65,26,514/-
Average rate	Rs. 3,011/-	Rs. 2,910/-



	<u>Current Year</u>	<u>Previous Year</u>
3. <b>Furnace Oil</b>		
Qty. (K. ltrs.)		
Total Amount	Nil	Nil
Average rate		
4. <b>Others (Rice Husk)</b>		
Quantity	7890 MT	8596 MT
Total Cost	Rs. 92,28,037/-	Rs. 1,12,09,237/-
Rate/unit	Rs. 1,170/-	Rs. 1,304/- PMT

<b>CONSUMPTION PER UNIT OF PRODUCTION</b>			
	<u>Standards (if any)</u>	<u>Current Year</u>	<u>Previous Year</u>
Products (with details)	-	3134 MT	3831 MT
unit	-		
Electricity	-	3812	3811
Furnance Oil	-	-	-
Coal	-	0.35	0.58
Others (Rice Husk)	-	2.52	2.24

**B. TECHNOLOGY ABSORPTION**  
*Research & Development (R&D)*

- Specific areas in which R&D carried out by the Company.*  
NIL
- Benefits derived as a result of the above R&D.*  
NIL
- Future plan of action*  
NIL
- Expenditure on R&D*  
NIL

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- Efforts in brief towards technology absorption, adaptation and innovation*  
Exchange of know-how with the collaborators and technical experts from abroad at regular intervals has helped the Company in upgrading its products, developing new designs and improving upon quality.
- Benefits derived as a result of the above efforts.*  
The above efforts have enabled the Company to upgrade its technology and produce better quality of products to match international standards.
- Information regarding imported technology :*

<u>Product</u>	<u>Year of Import</u>	<u>Technology from</u>	<u>Status of Implementation</u>
Multi Layer Forming Fabrics	1992-93	Metco Form Oy Finland	Absorbed
Copper cathode through secondary route	1996-97	Boliden Contech Sweden	Under imple-mentation.
Spirally Linked Canvas	1997-98	O-Sung Trade Co., South Korea	Absorbed

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- Activities relating to exports, initiative taken to increase export, development of new export market for products and services and export plans.*  
The activities for promotion of exports have already been covered in the main section of the Directors' Report.
- Total foreign exchange used and earned.*

	(Rs. in lacs)
Foreign exchange earned	1925.50
Foreign exchange used	4624.67



**Annexure to the Directors' Report**  
(Statement under clause 43 of the listing Agreement)

**PROJECTIONS VS PERFORMANCE**

The projections as given out in the Letter of Offer pertaining to Rights Issue of 65,56,568 - 15% Fully Convertible Debentures (FCDs) of Rs.90/- each aggregating to Rs. 59,00,91,120/- and subsequent Right issue of 62,41,348 17.5% Fully Convertible Debentures (FCDs) of Rs.100/- each aggregating Rs.62,41,34,800 and Public issue of 53,00,000 17.5% Fully Convertible Debentures (FCDs) of Rs.100/- each aggregating Rs.53,00,00,000/- as per the appraisal made by ICICI, the lead financial institution, and the actual performance thereof for the financial year 1998-99 are given below :

Particulars	(Rs. in lacs)		
	Projected for the yr 1998-99 as per Right issue of Rs. 59 crore	Projected for the yr 1998-99 as per Right issue of Rs. 62.41 crore and Public issue of Rs. 53 crore	Actuals for the year 1998-99
Profit before Depreciation, Lease, Interest and Tax	13,794	7068	3675
Profit after Tax	2,865	880	44

The projected result could not be achieved mainly due to continuing economic recession prevailing in the industries as well as delay in implementation of the Copper project.

**Annexure to the Directors' Report - Particulars of  
Employees U/S 217 (2A) 1998-99**

Name	Age	Designation/Nature of Duties	Remuneration received/ receivable Rs.	Qualification/ experience (in years)	Date of commencement of employment	Particulars of last employment held
<b>Employed throughout the financial year</b>						
Khaitan S. N. (Since deceased)	76	Managing Director Overall Management of the company - subject to superintendence and control of the Board of Directors	635,538	Experience in Trade and industry 51 years	01.01.65	Shalimar Industries (Pvt) Ltd. Managing Director
Khaitan Anil Kumar	43	Jt. Managing Director Overall management of the company's Copper Project and duties assigned by the board	793,832	B.Com MBA (Geneva) 24 years	30.10.91	Pamwi Tissues Ltd Managing Director

**Notes :**

- |                                       |   |
|---------------------------------------|---|
| i) Nature of employment               | : Contractual   |
| ii) Other terms and conditions        | : Terms of employment are as per rules of the Company. The Company has also entered into specific agreements with the Managing/Joint Managing Directors.  |
| iii) Remuneration received/receivable | : It includes Salary, bonus, contribution to Provident Fund, Superannuation Fund (excluding contribution to Gratuity) and other perquisites as per the Income tax Act, 1961.                                      |
| iv) Relative of Directors             | : None of the employees named above is relative of any Director, except Mr. S. N. Khaitan (since deceased), Mr. Anil Kumar Khaitan, Mr. Sunil Kumar Khaitan and Mr. Umaesh Khaitan who are related to each other. |

For and on behalf of the board  
A. K. Khaitan  
Chairman