

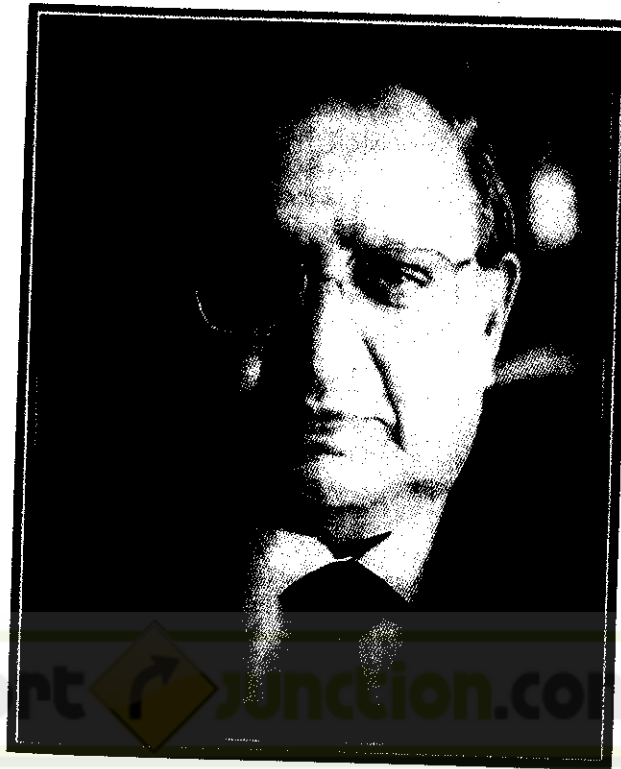
SWIL LIMITED



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37th ANNUAL REPORT 1999-2000

Our beloved Founder Chairman



Sri S. N. Khaitan
(1922 – 1999)

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

He lives in the hearts of tomorrow.

Board of Directors

Chairman & Mg. Director
A. K. KHAITAN

Jt. Mg. Director
SUNIL KUMAR KHAITAN

Directors
R. JAYARAMAN IYER (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.)
SUDIPTO SARKAR
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)
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 37th Annual Report on the working of the Company together with the audited accounts for the year ended 31st March, 2000.

Financial Results

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

	1999-2000 (Rs. in lacs)	1998-99 (Rs. in lacs)
Profit Before Depreciation and Taxation	369.16	933.22
Less : Depreciation (Net)	933.65	836.08
Profit/(Loss) Before Taxation	(564.49)	97.14
Less : Provision for Taxation	(3.36)	52.91
Profit/(Loss) After Taxation	(567.85)	44.23
Add : Balance of Profit brought forward from previous year	56.96	179.37
Investment Allowance (utilised) Reserve written back	133.50	-
Capital Redemption Reserve written back	40.00	60.00
Amount available for appropriation	(337.39)	283.60
Transfer to Debenture Redemption Reserve	-	211.00
Capital Redemption Reserve	-	-
Transfer to General Reserve	-	-
Preference Dividend	0.85	14.09
Equity Dividend	-	-
Corporate Tax on Dividend	0.09	1.55
Surplus carried to Balance Sheet	(338.33)	56.96
	(337.39)	283.60

Operational Review

During the year under review, the Company achieved a turnover of Rs.17636 lacs as compared to Rs.17119 lacs during the previous year resulting a moderate increase in turnover during the year. However, despite the increase in turnover, the Company suffered a loss of Rs.564 lacs in comparison to profit of Rs.97 lacs during the previous year. The change in system of valuation of goods, higher depreciation, increase in interest burden and overall continuance of adverse situation in the Paper & Automobile industries to which Company's products cater are the reasons attributed to such adverse performance.

However, with the favourable change in scenerio of Paper & Automobile industry and focused thrust on the International market the Company is looking forward for a significant improvement in performance in the current and future years.

Export

There is a significant improvement in export performance during the year under review. The Company achieved an export turnover of Rs.2564 lacs as compared to last year's turnover of Rs.1920 lacs. The Company's endeavour in exploring the markets in USA and other European countries is expected to yield positive results in coming years. During the current year, in the 1st four months ending on July, 2000, the Company has already achieved an export turn over of Rs.1351 lacs as against Rs.587 lacs during the same period last year.

Dividend

Due to absence of profit, your Directors regret to recommend payment of any dividend on Equity Shares for the year under review.

Modernisation, Expansion and Diversification Programme

At Nasik, during the year, the new pickling line was installed, which will give quality product for export. 20 Hi Mill was successfully commissioned which promises to increase production capacity as well as quality product.

Copper Project

As per the last report, the Company was hopeful of completing the project by December '99 subject to early reappraisal of the project cost followed by the timely disbursement of funds by participating Financial Institutions. ICICI, the lead institution, reappraised the project cost at Rs.1024 crores and the same was approved in the Institutional's level meeting held in March, 2000.

The enhanced project cost is proposed to be financed through Optionally Fully Convertible Debentures (OFCDs) to be subscribed by various participating institutions on private placement basis not exceeding Rs.202 crores and funding of interest upto 31.12.2000 i.e. the revised commissioning date of the project through issue of Cumulative Optionally Convertible Redeemable Participating Preference Shares (COCRPPS) not exceeding about Rs.200 crores. The Company so far received the sanction letters for subscription of OFCDs and COCRPPS from ICICI, IDBI, IFCI and LIC for Rs. 167.06 crores and Rs.175.53 crores respectively. The sanction letter for the balance amount of subscription of OFCDs and COCRPPS from the other institutions are still awaited.

Demerger/Spin Off

As a major corporate restructuring, as advised by Financial Institutions, it is proposed to demerge the existing operation of the Company save and except copper division to a separate company by way of a scheme of arrangement to be approved by the Hon'ble High Court of Calcutta pursuant to sections 391/394 of the Companies Act, 1956 while keeping the Copper Division under SWIL Ltd. The detailed scheme in this respect is being finalised. After finalisation of the detailed scheme, the Company will take steps in accordance with the provisions of law.

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, 2000 stood at Rs. 15,000/-. 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.



Dematerialisation of Shares

Securities & Exchange Board of India (SEBI) advised the Company for compulsory dematerialisation of shares held by the Institutional Investors (FLs, FILs, Mutual Funds & Banks) and OCBs by 17th January, 2000. The Company, accordingly, entered into two separate tripartite agreement(s) involving the Company, Demat Registrar and Share Transfer Agent and two depositories namely National Securities Depository Limited (NSDL) and Central Depository Services Ltd (CDSL) and complied with other formalities. The aforesaid shares are now transacted in Demat form. Further as per directive of SEBI, the entire shares of the Company will be compulsorily traded in demat form from 28th August, 2000.

Directors

Mr. R. Jayaraman Iyer was appointed as the Nominee Director of Industrial Development Bank of India (IDBI) on 4th February, 2000 in place of Mr. J.N. Godbole. Dr. R. Srinivasan and Mr. Sudipto Sarkar were appointed as the Additional Directors of the Company on 28th January, 2000. Dr. Srinivasan however resigned and ceased to be the Director of the Company with effect from the close of business hours on 31st July, 2000. Mr. Sudipto Sarkar will hold office up to the date of this Annual General Meeting. The Company has received due notice proposing the appointment of Mr. Sarkar as Director under section 257 of the Companies Act, 1956.

Your Board places on record its deep appreciation of the valuable contributions made by Mr. J.N. Godbole and Dr. R. Srinivasan during their tenure as Directors of the Company.

Dr. L. R. Vaidyanath, Mr. Sunil Khaitan and Mr. P.V. Gandhi, 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. Agrawal & 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, 2000 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 : 31st July, 2000

For and on behalf of the Board

A. K. Khaitan

Chairman

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. The existing electric chock has been replaced by electronic ballast in wire unit. This will reduce consumption of electricity by 15 Watt per every tube light as 50 nos. of tube lights has been replaced.
2. FRP Fan was provided for the cooling tower in place of metal fan which results into reduction in rotation and helps faster cooling and will automatically reduces power consumption.
3. Capacitors were provided on some of the machines to control power factor.

At Uttarpur -

1. Modified high power consuming furnaces to reduce power consumption without hampering the requirements of production department for the quality/quantity of products.
2. Investment of proposals being implemented for reduction in consumption of energy. Subject is under study. Any fruitful outcome of the study shall be implemented.
3. Impact of measures at (1) and (2) 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.

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 in respect of Pamwi Tissue (Lessee - SWIL Ltd.) at Barotiwala :

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

POWER AND FUEL CONSUMPTION

1. Electricity

(a) Purchased

Unit
Total Amount
Rate/unit

Current Year

12748565
Rs. 3,40,99,060.32
Rs. 2.67

Previous Year

11943760
Rs. 2,97,03,561.15
Rs. 2.49

(b) Own generation

(i) Through diesel generator -

Unit
Units per ltr. of diesel oil
Cost/unit

Nil

Nil

(ii) Through steam turbine/generator -

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

Nil

Nil



2. COAL		
Quantity (Tonnes)	932 MT	1111 MT
Total Cost	Rs. 28,36,368/-	Rs. 33,45,386/-
Average rate	Rs. 3,043/-	Rs. 3,011/-
3. Furnace Oil		
Qty. (K. ltrs.)		
Total Amount	Nil	Nil
Average rate		
4. Others (Rice Husk)		
Quantity	8864 MT	7890 MT
Total Cost	Rs. 1,00,00,097.73	Rs. 92,28,037/-
Rate/unit	Rs. 1,128/-	Rs. 1,170/- PMT

CONSUMPTION PER UNIT OF PRODUCTION

	Standards (if any)	Current Year	Previous Year
Products (with details) unit	-	3400 MT	3134 MT
Electricity	-	3750	3812
Furnance Oil	-	-	-
Coal	-	0.27	0.35
Others (Rice Husk)	-	2.61	2.52

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. *Specific areas in which R&D carried out by the Company.*
- Development of new weave designs of Forming Fabrics
2. *Benefits derived as a result of the above R&D.*
- Prototype production has given sufficient increase in the life of Forming Fabrics.
3. *Future plan of action*
- Modification of production machinery for better efficiency.
4. *Expenditure on R&D*
Approximately Rs.5.50 lacs.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. *Efforts in brief towards technology absorption, adaptation and innovation*
A cross functional team has been created within the factory who have been entrusted to upgrade the technological aspects of various products produced at Uttarpara.
2. *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.
3. *Information regarding imported technology :*

Product	Year of Import	Technology from	Status of Implementation
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

1. *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.
2. *Total foreign exchange used and earned.*

	(Rs. in lacs)
Foreign exchange earned	2564.90
Foreign exchange used	1296.26

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 1999-2000 are given below :

Particulars	(Rs. in lacs)		
	Projected for the yr 1999-00 as per Right issue of Rs. 59 crore	Projected for the yr 1999-00 as per Right issue of Rs. 62.41 crore and Public issue of Rs. 53 crore	Actuals for the year 1999-00
Profit before Depreciation, Lease, Interest and Tax	15,488	18,592	3,042
Profit after Tax	4,868	1,961	(568)

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 (explained in the Report).

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Annexure to the Directors' Report - Particulars of Employees U/S 217 (2A) Year 1999-2000

Name	Age	Designation/Nature of Duties	Remuneration received/receivable (Rs.)	Qualification/ experience (years)	Date of commencement of employment	Particulars of last employment held
Employed throughout the financial year						
Khaitan Anil Kumar	44	Managing Director	11,06,915	B.Com MBA (Geneva) 25 years	30.01.91	Pamwi Tissues Ltd. Managing Director
Khaitan Sunil Kumar	41	Jt. Managing Director	10,38,611	B.Com 20 years	04.07.89	Sunil Synchem Ltd. Managing Director
Agarwal R. S.	60	President (Corporate Affairs) & Secretary	8,56,475	M.Com, B.L., FCS 37 years	01.01.85	Shalimar Industries Ltd. Company Secretary
Mittal R. K.	50	President - Copper Division	7,40,003	Msc. PGDIT (IIFT) 26 years	14.10.96	Shalimar Industries Ltd. President
Employed Part of the year						
Late Khaitan S. N.	77	Managing Director	11,25,200	Experience in Trade and Industry 52 years	01.01.65	Shalimar Industries Ltd. Managing Director
Jain K. C.	49	President - Uttarpara Unit	5,92,194	B.E.(Mech.) PGDIE DBA (Xavier) 28 Years	01.06.99	Shalimar Industries Ltd. Executive Director
Sarkar B. K.	53	President - Finance	5,00,466	B.E. (Chemical Engineering) 28 years	01.06.99	BKS Enterprises Management Consultant, Director
Sangar K. D.	64	Sr. Vice President (Commercial)	6,56,481	Diploma in Mech. & Elect Technology (AMIEF) 40 years	01.08.78	Greaves Fosco Ltd. All India Sales Manager

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