

13TH ANNUAL REPORT 1996-97

MD	✓		BKC	✓
CS	✓		ENV	✓
RO	✓		PL	✓
TRA	✓		AC	✓
AGM	✓	✓	SL	✓
YE	✓	✓		

Report  junction.com



AVS INDUSTRIES LIMITED



AVS INDUSTRIES LIMITED

13TH ANNUAL REPORT

BOARD OF DIRECTORS

G.D. Singi - *Chairman*
V.D. Goenka
Ravi Arora (IFCI Nominee)
M.T. Chiddarwar (*SICOM Nominee*)
M.K. Soni
A.V. Singi

GENERAL MANAGER & COMPANY SECRETARY

D.B. Jalan

REGISTERED OFFICE

S. No. 67, P.O.Vikramgad, Tal. : Jawhar,
Dist.: Thane 401 605.

CORPORATE OFFICE

204, Maker Bhavan No. 3,
New Marine Lines,
MUMBAI 400 020.

WORKS

- i) Village : Vikramgad
Taluka : Jawhar
Dist : Thane 401 605
- ii) Village : Madap
Taluka : Khalapur
Dist : Raigad (Maharashtra)

BANKER

Punjab National Bank

AUDITORS

Khandelwal Jain & Co.
Chartered Accountants
MUMBAI

REGISTRAR & SHARE TRANSFER AGENTS

Computrade Services Pvt.Ltd.
Wakefield House, 2nd Floor,
11, Sprott Road, Ballard Pier,
MUMBAI 400 038.

CONTENTS

Page

Notice	1-2
Directors' Report	3-5
Auditors' Report	6-7
Balance Sheet	8
Profit and Loss Account	9
Schedules to the Accounts	10-14
Notes to Accounts	15-17
Balance Sheet Abstract & Business Profile	18
Cash Flow Statement	19

AVS INDUSTRIES LIMITED**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 13th Annual General Meeting of the members of **AVS INDUSTRIES LIMITED** will be held at the Registered Office of the Company at S.No.67, P.O.Vikramgad, Tal.Jawhar, Dist. Thane - 401 605 on Tuesday, the 30th September, 1997 at 11.30 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and the Reports of Director's and Auditor's thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri. A. V. Singi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri M. K. Soni, who was appointed as an Additional Director of the Company pursuant to Article 92 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds the office upto the date of this Annual General Meeting, but being eligible for appointment and in respect of whom the Company has received notice in writing from a member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company Liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:
"RESOLVED THAT the Authorised Share Capital of the company be and is hereby increased from Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty Lacs only) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs. 9,00,00,000/- (Rupees Nine Crores only) divided into:-
a) 50,00,000 (Fifty Lacs only) Equity Shares of Rs.10/- (Rupees Ten only) each, and
b) 40,00,000 (Forty Lacs only) Unclassified Shares of Rs.10/- (Rupees Ten only) each with authority to the Board to decide the nature thereof e.g. Equity or Preference and in the case of later, the rate of fixed dividend and other terms in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company.
7. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary Resolution :
"RESOLVED THAT consequent upon the increase in the Authorised Share Capital and pursuant to the provisions of Section 16 and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company relating to the Share Capital be altered by substituting the following as new Clause V in place of the existing Clause V thereof:
The Authorised Share Capital of the Company is Rs.9,00,00,000/- (Rupees Nine Crores only) divided into 50,00,000 (Fifty Lacs only) Equity Shares of Rs.10/- (Rupees Ten only) each and 40,00,000 (Forty Lacs only) Unclassified shares of Rs.10/- (Rupees Ten only) each with power to the Company from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions or restrictions in such manner as may for the time being be permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf.
8. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:
"RESOLVED THAT the existing Article 3 of the Articles of Association of the Company be and is hereby replaced by the following:
The Share Capital of the Company is Rs. 9,00,00,000/- (Rupees Nine Crores only) divided into 90,00,000 (Ninety Lacs only) Shares of Rs.10/- (Rupees Ten only) each as under:-
a) 50,00,000/- (Fifty Lacs only) Equity Shares of Rs.10/- (Rupees Ten only) each; and
b) 40,00,000/- (Forty Lacs only) Unclassified Shares of Rs.10/- (Rupees Ten only) each with authority to the Board to decide the nature thereof e.g. Equity or Preference and in the case of later, the rate of fixed Dividend and other terms in accordance with the provisions of the Act and the Articles of Association of the Company".

FOR AND ON BEHALF OF THE BOARD

PLACE : MUMBAI
DATE : 27th AUGUST, 1997

G.D.SINGI
CHAIRMAN



AVS INDUSTRIES 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 and the proxy need not be a member of the company. Proxies in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 24th September, 1997 to Tuesday, the 30th September, 1997 (both days inclusive).
3. The Dividend on shares as recommended by the Board of Directors, if declared at the meeting, will be paid to those shareholders whose name appears in the Company's Register of members as on 30th September 1997.
4. Members are requested to :
 - a) Notify immediately any change in their address to the Company's Share Transfer Agents ;
 - b) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of ITEM Nos. 5 to 8 is annexed hereto.
 - c) Bring their copy of Annual Report and Attendance slip with them at the Annual General Meeting ;

FOR AND ON BEHALF OF THE BOARD

PLACE : MUMBAI
DATE : 27th AUGUST, 1997

G.D.SINGI
CHAIRMAN

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956

As Required by Section 173(2) of the Companies Act, 1956 the following explanatory statement sets out the material facts relating to the business mentioned in Item Nos. 5, 6, 7 & 8 of the accompanying notice.

ITEM NO. 5

Shri M.K. Soni was appointed as an Additional Director of the Company by the Board of Directors on 26th November 1996 pursuant to Articles 92 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, he holds office as Director upto the date of this Annual General Meeting. Shri M.K. Soni is eligible for appointment and the company has received notice from some members signifying their intention to propose the candidature of Mr. Shri M. K. Soni as Director of the Company pursuant to Section 257 of the Companies Act, 1956.

The Directors are of the opinion that it is in the interest of the Company to continue to have the benefit of advice and guidance from Shri M. K. Soni. The Directors recommend his appointment.

Shri M. K. Soni is interested in his appointment. No other Directors are interested in the above resolution.

ITEM NOS. 6, 7 & 8

The Authorised Share Capital of the Company at present is Rs.5,00,00,000 (Rupees Five Crores only) divided into 50,00,000 (Fifty Lacs only) Equity Shares of Rs.10/- each.

It is proposed to increase the Authorised Share Capital of the Company to Rs. 9,00,00,000 (Rupees Nine Crores only) in the manner set out in the Notice by creation of Unclassified shares of Rs.4,00,00,000 (Rupees Four Crores only). The increased Authorised Share Capital would enable the Company to issue further Equity/Preference Shares as and when necessary to meet its future financial requirements. Authority to the Board is given to issue additional Equity/Preference Shares, should they consider this in the Company's interest in future.

The alteration of the capital clause of the Memorandum of Association is purely consequential and is in accordance with the provisions of Section 16 of the Companies Act, 1956.

A copy of the Memorandum of Association of the Company is available for the inspection at the Registered Office of the Company on any working day till the date of the ensuing Annual General Meeting.

Your Directors recommend the passing of these Resolutions. None of the Directors of the Company are concerned or interested in these items of business.

AVS INDUSTRIES LIMITED

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting the 13th Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS :

	1996-97 Rs.	1995-96 Rs.
Sales and other Income	67,15,03,763	46,51,56,643
Profit before Interest and Depreciation	5,37,18,620	4,25,61,621
Less : Interest	3,33,40,919	1,30,88,928
Less : Depreciation	1,11,07,062	48,74,061
Profit before Taxation	92,70,639	2,45,98,632
Less : Provision for Taxation	12,00,000	-
Profit after Taxation	80,70,639	2,45,98,632
Add: i) Excess provision for income Tax for earlier years written back.	60,568	-
ii) Balance profit brought forward from Previous Year	2,83,26,604	1,38,72,350
Amount available for appropriation	3,64,57,811	3,84,70,982
APPROPRIATION :		
Proposed Dividend	11,90,730	71,44,380
Tax on Proposed Dividend	1,19,073	—
Transferred to General Reserve	4,50,000	30,00,000
surplus carried to Balance Sheet	3,46,98,008	2,83,26,602
	3,64,57,811	3,84,70,982

DIVIDEND :

Your Directors have recommended a Dividend of 3% (P.Y. 18%), subject to approval of financial institutions, on the Equity shares for the financial year ended 31st March, 1997. The Dividend will absorb an amount of Rs. 11.91 Lacs. Your Company will be paying dividend Tax of Rs. 1.19 lacs.

OPERATIONS :

The sales during the year has increased to Rs.67.12 crores from Rs. 46.48 crores which is higher by 45 % in comparison to last year. This has been a very tough year for the business and industry. Despite the slackness in steel industry, your Company has been able to achieve higher sales due to smooth operations at both plants situated at Vikramgad and Madap and higher capacity utilisation of galvanising plant. The Company is also in the process of increasing its galvanising capacity of pipes. During the year company has also entered into trading activity of the pipes to capture the markets. The profitability of the Company for the year could not be sustained mainly due to squeezed margins and increased interest and financial charges.

To source the likely increase in working capital requirements of the Company in future, it is proposed to increase the Authorised Share Capital from Rs. 5 Crores to Rs. 9 Crores. The requisite Resolutions to be passed by the members at the Annual General meeting are included in the Notice. The Directors recommend the same for members favourable consideration.



AVS INDUSTRIES LIMITED

DEPOSITS :

The company has not invited or accepted any Public Deposits during the year.

INSURANCE :

All the properties of the company including plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

DIRECTORS :

Shri A.V.Singh, Director of the Company retires by rotation and being eligible offer himself for re-appointment.

Shri M.K.Soni was appointed as an additional director of the Company by the Board of Directors in their meeting held on 26th November 1996 and retires at the ensuing Annual General Meeting. The Company has received a requisite notice under section 257 of the companies Act 1956 from a member signifying his intention to propose the candidature of Shri M.K.Soni for the office of the director, he is eligible for appointment.

Shri P.R.Damani submitted his resignation as a director of the Company with effect from 12th August, 1997. The Board places on record its appreciation for the valuable service rendered by him during his tenure as a director of the Company.

PARTICULARS OF EMPLOYEES :

Particulars in accordance with requirement of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended have not been furnished as there was no employee in the aforesaid category during the year.

STATUTORY INFORMATION :

Information in accordance with the provisions of 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 requiring disclosure of particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the prescribed format annexed hereto (Annexure I) and forms part of this report.

The information as required in terms of clause 43 of the listing Agreement executed with The Stock Exchanges is annexed hereto (Annexure II) and forms part of this report.

AUDITOR'S REMARKS :

The observation made by the auditors with reference to notes to the Accounts for the year under report are self explanatory and need no further comments from the Directors.

AUDITORS :

M/s. Khandelwal Jain & Co., Chartered Accountants, the Auditors of the Company will retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The members are requested to appoint the Auditors and fix their remuneration.

ACKNOWLEDGMENTS :

Your Directors place on record their appreciation of the valuable Co-operation and support of Customers, Shareholders, Company's Banker, Financial Institutions and Government Authorities. The Board also places on record its profound admiration and sincere appreciation of the continued hard work put in by the employees and workers at all levels.

FOR AND ON BEHALF OF THE BOARD

PLACE : MUMBAI
DATE : 27th AUGUST, 1997

G.D.SINGH
CHAIRMAN



AVS INDUSTRIES LIMITED

**ANNEXURE TO THE DIRECTOR'S REPORT****ANNEXURE - I**

Information 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 :**

The Company is committed to conserving energy and making best use of it. Various measures like providing automatic power factor controllers, replacing Diodes, improving efficiency of H.F. Welder by provision of efficient cooling tower, trial runs of energy conserving devices etc. were undertaken. A consultant was appointed to study and advice for savings in electrical energy.

(b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy :
New investments are being planned on findings of the studies undertaken and the results of the trials taken.**(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :**

Since energy accounts for a significant part of the total overhead cost to the Company, the measures taken have contributed to a good extent in terms of amount, though they have definitely reduced and helped to arrest the cost.

(d) Details of total energy consumption and energy consumption per unit of production :

As per Form 'A' given below :

FORM 'A'**POWER AND FUEL CONSUMPTION**

	1996-97	1995-96
1. Electricity		
(a) Purchased		
Units (KWH)	4,92,648	4,40,995
Total Amount (Rs.in Lacs)	22.12	18.85
Rate per Unit (Rs.)	4.49	4.28
(b) Own Generation		
i) Through Diesel Generator		
Units (KWH)	1524	3045
Diesel Oil (Rs. in Lacs)	0.13	0.26
Cost per unit (Rs.)	8.46	8.37
ii) Through Steam/Turbine Generator	Nil	Nil
Units (KWH)		
Unit per Ltr. of fuel		
Oil / Gas		
Cost per unit (Rs.)		
2. Coal (Specify quality & where used)	Nil	Nil
Quantity (Tonnes)		
Total Cost (Rs. in lacs)		
Average Rate (Rs.)		
3. Furnace Oil LDO		
Quantity (Ltrs)	2,19,670	2,61,830
Total Cost (Rs.in Lacs)	16.03	17.37
Average Rate (Rs.)	7.30	6.63
4. Others (L/D. Oil)	Nil	Nil
Quantity (Ltrs.)		
Total Cost (Rs.in lacs)		
Average Rate (Rs.)		

(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :**1. Efforts made in brief towards technology absorption, adoption and innovation :**

Priority has been accorded to absorption and adoption of technology and the company has made significant efforts to achieve efficiencies.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development import substitution, etc. as mentioned above.**3. Imported technology :**

Nil

Nil

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO;

Total Foreign Exchange earned :

Rs. 36,64,721

Nil

Total Foreign Exchange used :

Nil

Nil