

39th
Annual Report
1998 - 99

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ACROW



ACROW INDIA LIMITED

39TH ANNUAL REPORT AND ACCOUNTS 1998-99

BOARD OF DIRECTORS

Harshavardhan B. Doshi, *Chairman*

Narayan Varma

Vikram M. Bhat

Manohar B. Bhide

REGISTERED OFFICE/SHARE DEPT.

10, World Trade Centre, 'Arcade'

Cuffe Parade

Mumbai 400 005

CHAIRMAN'S OFFICE

Meher Chambers

III Floor, Sunder Lal Bahl Path

Ballard Estate

Mumbai 400 001

SECRETARY

V. K. Bodas

MARKETING OFFICE

10, World Trade Centre

'Arcade'

Cuffe Parade

Mumbai 400 005

AUDITORS

N. M. RAJI & CO.

Chartered Accountants

WORKS

At & Post : Ravalgaon

Tal. Malegaon

Dist. Nashik

Maharashtra State

Pin Code 423 108

BANKERS

Bank of Baroda

Industrial Finance Branch, Mumbai

Annual General Meeting

Wednesday, 22nd September, 1999 at 10.00 a.m.

M. L. Dahanukar Sabhagruha

Maharashtra Chamber of Commerce

K. Dubhash Road, Mumbai 400 001



NOTICE

NOTICE is hereby given that the THIRTY-NINETH ANNUAL GENERAL MEETING of the Members of Acrow India Limited will be held on Wednesday, the 22nd September, 1999 at 10.00 A.M. at M. L. Dahanukar Sabhagraha, Maharashtra Chamber of Commerce, K. Dubhash Road, Mumbai - 400 001, to transact the following business.

ORDINARY BUSINESS

1. To receive and adopt the Profit and Loss Account for the financial year ended 31st March, 1999, the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Narayan Varma, who retires by rotation, and who being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED that pursuant to the provisions of Section 146 and other applicable provisions, if any, of the Companies Act, 1956, the Registered Office of the Company be shifted from its present address at 10, World Trade Centre 'ARCADE', Cuffe Parade, Mumbai - 400 005 to At & P.O: Ravalgaon, Taluka - Malegaon, District - Nasik, Pin - 423 108, within the state of Maharashtra, with immediate effect."

By Order of the Board

V.K. Bodas

Company Secretary

Registered Office:

10, World Trade Centre, 'Arcade',
Cuffe Parade,
Mumbai - 400 005.

Date : 23rd July, 1999

NOTES:

- (a) A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, 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.
- (b) The Register of Members of the Company will remain closed from Tuesday, the 14th September, 1999 to 28th September, 1999, both days inclusive.
- (c) Dividend, if declared at the Annual General Meeting will be paid within a statutory period of 42 days to those Members, whose names appear in the Company's Register of Members as on 28th September, 1999.
- (d) Explanatory statement under Section 173 (2) of the Companies Act, 1956 is annexed hereto.

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS, PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 5:

It is proposed to change the Registered Office of the Company from Mumbai to Ravalgaon within the State of Maharashtra. This is considered desirable from the view point of administrative convenience and space constraint. The present Registered Office of the Company situated at 10, World Trade Centre 'ARCADE', Cuffe Parade, Mumbai - 400 005 is barely sufficient to accommodate few staff members and current records required for their day-to-day work. In view of the same, presently, Company's Books of Accounts are also maintained at the Ravalgaon Factory Office. Sufficient space and manpower would, as well, enable us to keep and maintain all the statutory records of the Company at the factory office.

Since the proposed change in the location of the Registered Office is outside the local limits but within the state of Maharashtra, under Section 146 of the Companies Act, 1956, approval of the shareholders by a Special Resolution will be required before such shifting of the Registered Office.

The Directors consider that the shifting of the Registered Office from Mumbai to Ravalgaon is in the best interest of the Company and accordingly recommend passing of the proposed Special Resolution at Item No. 5

None of the Directors is considered interested or concerned in the Resolution at item No. 5.

By Order of the Board
V.K. Bodas
Company Secretary

Registered Office:

10, World Trade Centre, 'Arcade',
Cuffe Parade,
Mumbai - 400 005.

Date : 23rd July, 1999



DIRECTORS' REPORT

To,
The Members.

Your Directors have pleasure in presenting their Thirty-ninth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	Current year 1998-99 Rs. in lacs	Previous year 1997-98 Rs. in lacs
Sales and other Income	585.16	257.22
Operating Profit before Interest, depreciation and extra-ordinary items	58.76	37.86
Less: Interest	9.25	0.70
Depreciation	27.08	17.44
Extra-ordinary items	13.54	0.00
Profit before tax	8.89	19.72
Less: Provision for Tax	1.00	2.10
Profit after Tax	7.89	17.62
Add: Balance brought forward from the previous year	17.62	17.87
Profit available for appropriation	25.51	35.49

APPROPRIATIONS

- Transfer to General Reserve	0.00	3.79
- Proposed Dividend	6.40	12.80
- Provision for Tax on proposed dividend	0.70	1.28
Balance carried to Balance Sheet	18.41	17.62

DIVIDEND

The Board is pleased to recommend payment of Dividend @ 10% for the year ended 31st March, 1999, absorbing a sum of Rs. 6.40 lacs.

PERFORMANCE

During the year under review, construction of the factory at Ravalgaon, taking over of the Industrial Machinery Division of The Ravalgaon Sugar Farm Ltd. and shifting of the Company's manufacturing activities including the Plant and Machinery from Aurangabad to Ravalgaon were completed as scheduled. The new unit at Ravalgaon became operational with effect from 17th August, 1998. Since then, all the ACROW range of products, viz. Industrial Storage Systems, Scaffoldings, Weighing and



Bagging Machines as well as the products of the Industrial Machinery Division, viz. Graders, Conveyors, Elevators, Hoppers, Feeders, Pumps etc are now manufactured under one roof at Ravalgaon.

The sales during the year were at Rs. 488.81 lacs as compared to Rs. 130.23 lacs during the previous year, registering an increase of over 375%. The operating profit was at Rs. 22.43 lacs as compared to Rs.19.72 lacs during the previous years. The profit before tax was, however, substantially lower at Rs. 8.89 lacs in view of the provision for Rs. 13.54 lacs made towards settlement of disputed Sales tax dues under the Maharashtra Rajya Kar Vivad Nivaran Yojana 1999 relating to earlier years. The profit for the year also would have been higher but for the higher interest burden, higher charge on account of Depreciation and substantial decrease in Other Income.

CURRENT YEAR

The prospects for the current year are optimistic. The Order book at Rs. 223 lacs at the beginning of the current year is satisfactory. The tight profit margins due to severe competition in the market, however, would affect the overall profitability of the Company. Efforts are being made to improve the productivity and control the costs to maximise the profitability.

INCOME TAX

The Income Tax Assessments of the Company have been completed upto the Accounting Year 1995-96.

FIXED DEPOSITS

The Company did not accept/renew any deposits from the public during the year under review. As of date 20 deposits amounting to Rs. 76,000/- have remained unclaimed. The Company has been writing regularly to these deposit-holders to surrender their FD receipts and claim refund.

LISTING OF EQUITY SHARES

The equity shares of the Company are listed on the Stock Exchange, Mumbai situated at Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The listing fee for the year 1998-99 has already been paid by the Company.

STATUTORY DISCLOSURES

A Statement giving the details regarding the Conservation of Energy and Technology Absorption, Foreign Exchange Earnings and Outgo as required by the Companies (disclosure of particulars in the report of the Board of Directors) Rules, 1988, is annexed hereto as 'Annexure A' and forms part of this report.

YEAR 2000 (Y2K) RELATED ISSUES

The Company's major Computer Hardware and the Operating Software systems are perfectly compatible to tackle the Year 2000 related issues.

PERSONNEL

The relations with the employees continue to remain extremely cordial. The Directors express their appreciation for the support given, and the contribution made by the employees at all levels.

Particulars of employees under Section 217 (2A) of the Companies Act, 1956, read with the (Particulars of employees) Rules, 1975, as amended, are not given, since there are no employees drawing remuneration stipulated under the said rules.

DIRECTORS

During the year under review, Mr. V.A. Advani, Executive Director and President of the Company resigned w.e.f. 31st August, 1998 after a short span of five months, for personal reasons.

In accordance with the provisions of the Companies Act, 1956 and Article 152 of the Company's Article of Association, Mr. Narayan Varma would retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS

Pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s. N.M. Rajji & Co., Chartered Accountants would retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

The Board places on record its appreciation for the continued support extended to the Company by the Shareholders, Banks, Suppliers and Customers.

For and on behalf of the Board of Directors.

Harshavardhan B. Doshi
Chairman

Registered Office:

10, World Trade Centre, 'Arcade'
Cuffe Parade,
Mumbai - 400 005
23rd July, 1999

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ANNEXURES TO DIRECTORS' REPORT**ANNEXURE 'A'**

Particulars as per Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

- I. In order to conserve energy, preventive maintenance of the Plant & Machinery is carried out on a regular basis. The production is taken in batches to obtain optimum output. Electrical power is mainly used for the manufacture of Company's products. Diesel oil is also used to a little extent for operating mobile crane and other material handling equipments.
- II No additional investment to implement any proposal for reduction of energy consumption is envisaged during the year.
- III The average cost of energy consumed in relation to the total cost of production is negligible. Consequently there will not be any significant impact on the cost of production on account of reduction in the consumption of energy.

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

- I **Specified areas in which R & D carried out by the Company** - Efforts are continued for further improvement in quality of the products on a regular basis. Improving and maintaining the quality of certain key raw materials, mainly steel, paints etc. also continue to receive close attention.
- II **Benefits derived as a result of the above R & D** - Maintenance of quality standards.
- III **Future Plan of Action** - Steps are continuously being taken for the Development of new products, upgradation of technology and improvement of product quality with an aim of offering better products to the customers.
- IV. **Expenses on R & D** - The expenses of the Company on R & D are incurred primarily for testing of the product quality and specifications. Amount spent on such activity will not therefore, reflect the true expenses on Research and Development.

b. Technical Absorption, Adaptation and Innovation:

- I **Effort, in brief, made for Technical Absorption, Adaptation and innovation on the basis of the Company's own R & D activities** - Absorption and adaptation of the new technology is a continuous process to meet the specific needs of the local market.
- II **Benefit derived as a result of the above efforts** - Improvement of product quality, cost effectiveness and energy conservation are the major benefits.
- iii. **Imported Technology:**
 - a. Technology Imported : For Automatic weighing and bagging machines.
 - b. Year of Import : 1995-96
 - c. Has Technology been fully absorbed? : No.
 - d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action : The manufacture of retail weighing and bagging machines (1, 2, 5 kgs.) is in the development stage. The Technical Collaboration Agreement with M/s. Budpak Pty. Ltd., Australia is valid for period of 7 years. The Company would absorb the entire Technology during this period.