

MD	✓		BKC	✓
CS	✓		DPY	ND
RO	✓		DIV	✓
TRA	ND		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

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AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

BOARD OF DIRECTORS

Sri P.M.Patel - Chairman

Sri K.C.Patel - Managing Director

Sri S.C.Patel

Sri.V.C.Patel

Sri K.S.Udaykumar

Smt J.P.Patel

Sri.V.Kuppuswamy - Company Secretary

REGISTERED OFFICE & FACTORY

S.F.No.139 & 144/3, Thirumalayampalayam,
Coimbatore-Palghat Road,
Coimbatore-641 105.

BRANCH FACTORIES

Welding Division

Plot No.58, South Phase,
11th South Road,
Ambattur Industrial Estate,
Chennai-600 058

Textile Division

Kimura Textiles
Kim, Surat

AUDITORS

Messers. K.S.G.Subramanyam & Co.,
Chartered Accountants,
II Floor, United Shopping Complex,
94, Dr.Nanjappa Road,
Coimbatore-641 018.

BANKERS

IDBI Bank Ltd.,
Coimbatore.


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AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

Registered Office : S.F.139 & 144/3, Thirumalayampalayam, Colmbatore - Palghat Road, Coimbatore-641 105.

To

Shareholders,

Notice is hereby given, that a notice under section 257 of the Companies Act, has been lodged with the company by M/s.Synergy Securities Ltd.,No.3, 3rd Floor, Gokul Towers, 9 & 10, C.P. Ramaswamy Road, Alwarpet, Chennai-600 018, intending to propose the name of Mr.Y.G.Rajendraa and Mr.V.Venkatesh for election as Directors of the Company at the Annual General Meeting scheduled to be held on 26.9.1997.

Coimbatore
31st July 1997

By order of the Board
for Ahura Welding Electrode Manufacturers Limited

(Sd.) V.Kuppuswamy
Secretary

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AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

NOTICE OF THE THIRTY THIRD ANNUAL GENERAL MEETING

Notice is hereby given that the Thirtythird Annual General Meeting of the Company will be held on Friday, the 26th September 1997 at 10.00 a.m. at the Registered Office of the company at S.F.139 & 144/3, Thirumalayampalayam, Coimbatore- Palghat Road, Coimbatore -641 105 to consider the following Agenda. You are requested to attend the meeting.

AGENDA

ORDINARY BUSINESS:

1. To receive, approve and adopt the Audited Accounts of the Company for the year ended 31st March 1997 together with the Report of the Board of Directors and the Auditors.
2. To declare Dividend on Equity shares.
3. To elect Directors in the place of the following who retire by rotation at this meeting and are eligible for re-election.
 - i) Mr.V.C.Patel
 - ii) Mr.S.C.Patel
4. To appoint Auditor(s) to hold office from the close of the ensuing Annual General Meeting till the close of the next Annual General Meeting to audit the accounts of the Company and to fix his or their remuneration. The retiring Auditors M/s.K.S.G.Subramanyam & Co., are eligible for re-appointment.

SPECIAL BUSINESS:

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

Resolved that Mr.K.C.Patel, who fulfils the conditions specified in Part I and Part II of Schedule XIII of the Companies Act, 1956 read with the provisions of sections 198, 269, 309 and other applicable provisions of the Act, be and is hereby re-appointed as Managing Director of the company for a further period of five years from 1.6.1997 to 31.05.2002 upon the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and in such manner as may be agreed upon by the Board.

Terms & Conditions:

1. Remuneration : Rs.12,000/- per month.
2. Commission : As per provisions of Schedule XIII part-II read with Sec.198, 309 and other applicable provisions of the Companies Act, 1956 as amended from time to time.
3. Benefits :
 - a) Provident Fund Contribution : Not exceeding 10% of the salary or as applicable as per the provisions of the Provident Fund Act.
 - b) Pension/Superannuation fund : Not exceeding 25% of the salary together with the P.F.contribution.
 - c) Gratuity : Half a month's salary for every completed year of service subject to the ceiling prescribed by the Act from time to time.
 - d) Medical benefits for self and family : Not to exceed one month salary for every completed year of for service with effect from 1.6.97 and upto the expiry of the term of his re-appointment, ie., 31st May 2002.
 - e) Other benefits : As per Schedule XIII Part-II of the Companies Act, 1956.

AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

Resolved further that in the absence or inadequacy of profits in any year, the Managing Director shall be paid the aforesaid remuneration, benefits and perquisites as the minimum remuneration.

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

Resolved that Mr.P.M.Patel, who fulfils the conditions specified in Part-I and Part II of Schedule XIII of The Companies Act, 1956, read with sections 198, 269, 309 and other applicable provisions of the Act, be and is hereby appointed as the Executive Chairman of the Company for a period of five years effective from 1.7.1997 to 30.6.2002 and that he may be paid commission or such other remuneration as may be decided by the Board of Directors.

7. To consider and if thought fit, to pass with or without modification, the following as special resolution.

Resolved that in supersession of the resolutions passed at the Extra-Ordinary General Meeting held on 8th April 1987, consent be and is hereby accorded to the Board of Directors of the company pursuant to sec.293(1)(d) of the Companies Act, 1956, for borrowing from time to time any sum or sums of money which together with the money already borrowed by the company (apart from temporary loans obtained from the bankers of the company in the ordinary course of business) shall not exceed in the aggregate at any one time Rs.1000 lacs irrespective of the fact that such aggregate amount of borrowings outstanding at any one time may exceed the aggregate for the time being of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.

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

Resolved that the following Sub-clause 12(a) of the Company's Memorandum of Association be and is hereby amended by substituting the following clause viz.

Sub-Clause 12(a) of Sl.No.III of Memorandum of Association.

To take on lease, hire-purchase or acquire by licence quarries, rights over or connected with lands, mills, factories, plants, buildings, works, vessels, boats, barges, launches, lorries, cars, wagons, carts, machinery, stock-in-trade, patents, inventions, trade marks, rights, privileges, and movable and immovable property of any description which may be deemed necessary or convenient for any business which the company carries on.

By order of the Board,
for Ahura Welding Electrode Manufacturers Limited
(Sd) V.Kuppuswamy
Secretary

Coimbatore
28th June 1997

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

In respect of Item No.5

Your Managing Director Mr.K.C.Patel is a Masters' Degree holder in Mechanical Engineering from University of Texas A&I, U.S.A., and has practical knowledge in the manufacture and sale of welding electrodes. He has been guiding the company as a Director since March 1990. Further he has been the Managing Director of this company for a period of 5 years from 1.6.92 to 31.5.97. Hence your Directors propose for his re-appointment as Managing Director of your company for a further period from 1.6.1997 to 31.05.2002 on the terms and conditions given in the notice.

Hence the above resolution is brought before you.

Mr.K.C.Patel is the brother of M/s.V.C.Patel and S.C.Patel who are directors of the Company. Mr. K.C.Patel is interested in the above resolution to the extent of the remuneration, perquisites payable to him.

In respect of Item No.6

Your Chairman Mr.P.M.Patel is a B.Sc.,(Hons) Graduate in Chemical Engineering from University of Manchester U.K. and has 29 years of experience in the Industry. Due to the expansion of our Welding Industry, various types of Welding Electrodes are manufactured by our Company using innumerable chemicals. The expertise our Chairman has in Chemical Engineering goes a long way in development of the products of our company.

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Hence this resolution is brought before you.

Mrs.Jaswanti P. Patel is the wife of Mr.P.M.Patel and is an interested director. Mr.P.M.Patel is interested in the above resolution to the extent of commission or such other remuneration payable to him.

In respect of Item No.7

Pursuant to the provisions of clause (d) of sub-section (1) of Section 293 of the Companies Act, 1956, the Board of Directors cannot borrow more than the aggregate amount of the paid up capital of the company and its free reserves at any one time except with the consent of the shareholders of the company in a General Meeting. At the Extra-Ordinary General Meeting of the company held on the 8th April 1987 consent of the members had been obtained for the Directors to borrow upto a maximum amount of Rs.300 lacs irrespective of the fact that such amount together with the moneys already borrowed by the company (apart from temporary loans obtained from the bankers of the company in the ordinary course of business) exceeded the aggregate of the paid up capital and free reserves of the company as on that date. Now the activities of the company have increased tremendously. Hence the company intends borrowing moneys from banks and financial institutions upto a limit of Rs. 1000 lacs to meet its commitments from time to time. The Directors therefore place before you the proposal to increase the maximum borrowing limit to Rs.1000 lacs.

None of the Directors of your company are interested, either directly or indirectly, in the said proposal and recommends your approval thereof in the interest of the company.

In respect of Item No.8

The company came out with the Public Issue during April 95 and issued shares to certain Non-Resident Indians also amongst others. Accordingly the company approached for the Reserve Bank of India's permission under Sec. 19(1)(d) of the FERA for issue of equity shares to Non-Resident Indians. In turn Reserve Bank of India has asked the company to comply with the following condition viz.

"The company shall neither carry on agricultural / plantation activities nor shall it undertake any real estate business except development of township / real estate covering construction of residential / commercial premises, roads / bridges etc". by deleting the objectionable items in the company's Memorandum of Association. Accordingly the company wants to delete the objectionable words in clause 12(a) Sl.No.III of Memorandum of Association viz. "or otherwise any lands, plantations"

Hence the above resolution is brought before you.

Coimbatore
28th June 1997

By order of the Board,
for Ahura Welding Electrode Manufacturers Limited
(Sd) V.Kuppuswamy
Secretary

Note :

- i) A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote on his behalf. Such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting.
- ii) The register of members and the Share Transfer Books of the company will remain closed from 25.9.97 to 26.9.97 (both days inclusive).

AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the Audited Accounts of your company for the year ended 31st March 1997.

Year ended 31st March 1997	Year ended 31st March 1996
(Rs. in Lacs)	

FINANCIAL RESULTS

INCOME

Operating profit before depreciation and tax	101.80	114.88
Less: Depreciation	28.50	20.52
Operating Profit	73.30	94.36
Less: Provision for tax	13.84	3.00
Less: Loss on sale of Assets (Net)	52.35	4.25
Profit After Tax	7.11	87.11
Add: Transfer from General Reserve	30.64	—
Profit available for appropriation	37.75	87.11

APPROPRIATION

Proposed Dividend	30.64	40.55
Transfer to General Reserve	—	46.56
Balance Carried forward	7.11	—
	37.75	87.11

PERFORMANCE OF THE COMPANY :

Welding Division

In spite of much fillip given by the Ministry of Finance and Reserve Bank of India, the overall progress and the business sentiment was affected by political instability. As a consequence industrial growth started to slow down beginning in the first half of 96-97. This slow down was further aggravated by the inadequate supply of credit to industry coupled with high interest rates, which in turn resulted in a drop in private and public investment. With the result our company reported a marginal drop in its turnover by 4.17%. Upto the first half of the year i.e. upto September 96 the company's performance was stable with an increase in turnover by 15.42% over the corresponding period of the previous year and was poised for substantial growth. But then, suddenly large projects, which formed a bulk consumer of our products, went on hold in the power, petrochem and steel sectors, also affected the turnover. The set-backs suffered by the industry could have crippled a weaker unit, but as a tough fighter, aided by more liberalised measures recently announced by the Government, we hope to achieve an increase in our turnover hereafter.

Textile Division

Due to the non-receipt of allotment money to the extent of 43.20% of Rs.800 lakhs issued to the public during April 1995, the company could not go ahead with the expansion of the Textile Division at Surat as envisaged in the prospectus. The Board of Directors, on the authority given by you in the last Annual General Meeting, have disposed