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AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

Report

Annual Report 1997-98



AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

BOARD OF DIRECTORS

Mr. P.M.Patel - Executive Chairman
Mr. K.C.Patel - Managing Director
Mr. S.C.Patel
Mr. V.G.Patel
Mr. K.S.Udaykumar
Mrs. J.P.Patel
Mr. V.Kuppuswamy - Company Secretary
Mr. Ushir P.Patel
Mr. Sanjay S.Patel
Mr. Poorab S.Shah
Mr. Rajesh V.Patel

REGISTERED OFFICE & FACTORY

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

BRANCH FACTORY

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

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.

The logo for Report Junction.com is centered in the middle of the page. It features the word "Report" in a grey sans-serif font, followed by a yellow diamond icon containing a black curved arrow pointing upwards and to the right. To the right of the icon is the word "junction.com" in a green sans-serif font. The entire logo is enclosed within a light green rounded rectangular border.

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AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

NOTICE OF THE THIRTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirtyfourth Annual General Meeting of the Company will be held on Friday the 18th September 1998 at 10.15 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 1998 together with the Report of the Board of Directors and the Auditors.
2. To appoint a Director in the place of Mr. K.S. Udaykumar, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Mr. V. Kuppaswamy, who retires by rotation and being eligible offers himself for reappointment.
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 as an Ordinary resolution
Resolved that Mr. Ushir P. Patel, who was co-opted as an additional Director on the Board as per Article 25 of the Articles of Association and who holds office till the conclusion of the ensuing Annual General Meeting be and is hereby appointed as a Director of the Company.
6. To consider and if thought fit, to pass with or without modification the following as an Ordinary resolution
Resolved that Mr. Sanjay S. Patel, who was co-opted as an additional Director on the Board as per Article 25 of the Articles of Association and who holds office till the conclusion of the ensuing Annual General Meeting be and is hereby appointed as a Director of the Company.
7. To consider and if thought fit, to pass with or without modification the following as an Ordinary resolution
Resolved that Mr. Poorab S. Shah, who was co-opted as an additional Director on the Board as per Article 25 of the Articles of Association and who holds office till the conclusion of the ensuing Annual General Meeting be and is hereby appointed as a Director of the Company.
8. To consider and if thought fit, to pass with or without modification the following as an Ordinary resolution
Resolved that Mr. Rajesh V. Patel, who was co-opted as an additional Director on the Board as per Article 25 of the Articles of Association and who holds office till the conclusion of the ensuing Annual General Meeting be and is hereby appointed as a Director of the Company.
9. To consider and if thought fit, to pass with or without modification the following as Special resolution.
Resolved that Mr. Ushir P. Patel, who fulfills 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 appointed as Vice President (Production) of the Company for a period of 5 years from 2nd March 1998 on 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.

AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

Terms & Conditions:

1. Salary : Rs.8,000/- (consolidated) per month.
2. P.F., Gratuity, Bonus etc., : Will be applicable as per relevant Rules / Acts
10. To consider and if thought fit to pass with or without modification the following as Special resolution.
Resolved that pursuant to Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956, and subject to approval of the Central Government, if applicable, the Company hereby approves the payment to Directors who are not in the whole time employment of the Company, for a period of Five years from the financial year ended 31st March, 1998 commission of an amount calculated at 1% of the Net profit of the Company computed in the manner specified in the Act, to be divided equally.
11. To consider and if thought fit, to pass with or without modification, the following as Special Resolution.
Resolved that Sub-clause 12(a) of Sl. No. III 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 the 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.

Coimbatore,
14th August, 1998

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

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

In respect of Item No. 5

Mr.Ushir P. Patel was co-opted as an additional Director of the Company with effect from 26th September, 1997. He holds office upto the conclusion of the ensuing annual general meeting.

A notice proposing Mr. Ushir P. Patel as a Director has been received from a shareholder along with a deposit of Rs.500 as required under Section 257 of the Companies Act, 1956. Mr. Ushir P.Patel has given his consent to act as a Director if so appointed. The necessary resolution is placed before you for your approval.

None of the Directors except Mr. Ushir P. Patel, Mr. P.M.Patel, Mrs. J.P. Patel and Mr.Poorab S.Shah are interested in the resolution.

In respect of Item No. 6

Mr.Sanjay S. Patel was co-opted as an additional Director of the Company with effect from 26th September, 1997. He holds office upto the conclusion of the ensuing annual general meeting.

A notice proposing Mr.Sanjay S. Patel, as a Director has been received from a shareholder along with a deposit of Rs.500 as required under Section 257 of the Companies Act, 1956. Mr. Sanjay S. Patel, has given his consent to act as a Director if so appointed.

The necessary resolution is placed before you for your approval.

None of the Directors except Mr.Sanjay S.Patel, Mr. K.C. Patel, Mr. V.C. Patel, Mr.S.C. Patel and Mr. Rajesh V. Patel are interested in the resolution.

In respect of Item No. 7

Mr.Poorab S.Shah was co-opted as an additional Director of the Company with effect from 26th September, 1997. He holds office upto the conclusion of the ensuing annual general meeting.

A notice proposing Mr.Poorab S.Shah, as a Director has been received from a shareholder along with a deposit of Rs.500 as required under Section 257 of the Companies Act, 1956. Mr.Poorab S.Shah has given his consent to act as a Director if so appointed.

The necessary resolution is placed before you for your approval.

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None of the Directors except Mr. Poorab S.Shah, Mrs.J.P.Patel, Mr.P.M.Patel and Mr.Ushir P. Patel are interested in the resolution.

In respect of Item No. 8

Mr. Rajesh V. Patel was co-opted as an additional Director of the Company with effect from 26th September, 1997. He holds office upto the conclusion of the ensuing annual general meeting.

A notice proposing Mr. Rajesh V. Patel, as a Director has been received from a shareholder along with a deposit of Rs.500 as required under Section 257 of the Companies Act, 1956. Mr. Rajesh V. Patel has given his consent to act as a Director if so appointed.

The necessary resolution is placed before you for your approval.

None of the Directors except Mr. Rajesh V. Patel, Mr. K.C. Patel, Mr. V.C. Patel, Mr.S.C. Patel and Mr. Sanjay S. Patel are interested in the resolution.

In respect of Item No. 9

Mr.Ushir P. Patel is a Bachelor of Business Administration. He has been co-opted as a Director on 26th September, 1997 to hold office till this Annual General Meeting. Meanwhile he has been appointed as Vice President (Production) of this company for a period of 5 years from 2nd March 1998 on the terms and conditions given in the notice. Since the said payment is subject to approval of the shareholders the above resolution is brought before you.

Mr.Ushir P. Patel is the son of Mr.P. M.Patel and Mrs.J.P. Patel.

Mr.Ushir P. Patel, Mr. P.M. Patel, Mrs. J.P. Patel and Mr.Poorab S.Shah are interested in the above resolution to the extent of remuneration and benefits payable to him.

In respect of Item No.10

The Directors of the Company, not being managing / whole time Director(s) of the Company were being paid a remuneration of 1% on the Net Profits of the Company for the period from 1st April, 1993 to 31st March, 1998 in terms of the resolution passed by the General Body on 20th September, 1993. The activities of the Company has increased substantially. The Directors are required to shoulder greater responsibilities apart from the normal guidance offered by them to the Company. Hence it is proposed to renew the payment of Commission at 1% of the Net Profits as ascertained according to the relevant provisions of the Companies Act to the Directors for services rendered by them.

The Directors are interested in the above resolution to the extent of remuneration receivable by them.

In respect of item No.11

The Company came out with the Public Issue during April 1995 and issued shares to 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 wanted to delete the objectionable words in clause 12(a) Sl.No.III of Memorandum of Association viz. "or otherwise any lands, plantations" To this effect necessary resolution was brought before you and approved in the 33rd Annual General Meeting of the company held on 26th September, 1997. Subsequently necessary forms were filed by the Company with the Registrar of Companies, Coimbatore. The Registration of Form No. 23 filed in time could not take place due to procedural lapse and hence the above resolution is placed before you for your approval.

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

Coimbatore,
14th August, 1998

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 16th September, 1998 to 18th September, 1998 (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 1998.

| Year ended 31st March 1998 | Year ended 31st March 1997 |
|-------------------------------|-------------------------------|
| (Rs. in Lacs) | |

FINANCIAL RESULTS

INCOME

| | | |
|--|-------|--------|
| Operating profit before depreciation and tax | 72.72 | 101.80 |
| Less: Depreciation | 32.69 | 28.50 |
| Operating Profit | 40.03 | 73.30 |
| Less: Provision for tax | 15.00 | 13.84 |
| Less: Loss on sale of Assets(Net) | — | 52.35 |
| Profit After Tax | 25.03 | 7.11 |
| Add: Transfer from General Reserve | — | 30.64 |
| Profit available for appropriation | 25.03 | 37.75 |

APPROPRIATION

| | | |
|-------------------------------|-------|-------|
| Proposed Dividend | — | 30.64 |
| Balance Carried forward | 25.03 | 7.11 |
| | 25.03 | 37.75 |

PERFORMANCE OF THE COMPANY :

Due to Recession in Engineering Industry, Non-implementation of new projects, the overall progress and the business of the company during the year is very much affected. With the result our Company has reported a turnover of Rs.1775 lacs when compared to Rs.1794 lacs of the previous year 1996-97 with a marginal drop in its turnover by 1.06%. For the aforesaid reasons, again the company's turnover in the first quarter of the ensuing year is also not much encouraging. We hope the economy will improve and expect to achieve an increase in our turnover hereafter.

EXPORTS :

The export sales during the year is only Rs.7.54 lacs when compared to Rs.31.20 lacs in 1996-97. Since we were unable to compete with the International market price the export sales have fallen down very much.

FIXED DEPOSITS :

All fixed and cumulative deposits which matured during the year and claimed by the depositors have been repaid on the due dates except for Rs.0.26 lacs including interest in respect of three deposits which remain unclaimed by the depositors.

DIVIDEND :

Your Directors regret to inform that for the first time in the history of the company they have not recommended any dividend for the year (previous year 10% on pro-rata basis).

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RESEARCH & DEVELOPMENT :

- (1) The Company's Research and Development wing has recently developed a special type of stainless steel electrode for critical application and the company hopes to market this electrode in considerable quantity.
- (2) The following electrodes have also been developed by the Company's R & D Wing.
 - (a) 9Cr - 1 MO for use in power plants
 - (b) AWS E-7018 -1 Class of electrodes
 - (c) Special electrode for welding galvanised steels.

PERSONNEL :

The industrial relations were harmonious during the year and it will be an endeavour of the company to continue to maintain good industrial relations with its employees. There is no employee who was in receipt of remuneration exceeding Rs. 3,00,000/- per annum and employed throughout the year or Rs.25,000/- per month and employed for part of the year.

DIRECTORS

- a) The following Directors retire by rotation at this meeting and are eligible for re-appointment.
 - i) Mr.K.S.Udaykumar
 - ii) Mr.V.Kuppuswamy
- b) The following Directors being co-opted during the year retire at this meeting and are eligible for appointment.
 - i) Mr.Ushir P.Patel
 - ii) Mr.Sanjay S.Patel
 - iii) Mr.Poorab S.Shah
 - iv) Mr.Rajesh V.Patel

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The required particulars are furnished in the annexure to this report.

AUDITORS

The present Auditors of the company M/s.K.S.G.Subramanyam & Co., retire at this meeting and are eligible for re-appointment.

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their deep appreciation for the valuable contribution made by the employees at all levels, Dealers and Suppliers in the progress of the company during the year 1997-98. The Directors also express their gratitude for the assistance and support extended to your company by IDBI Bank Ltd., Financial Institutions and the Government.

Coimbatore
27th June 1998

By Order of the Board
(Sd) P.M.PATEL
Executive Chairman