



AHURA WELDING ELECTRODE MANUFACTURERS LIMITED



Annual Report 1998 - 99

AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

BOARD OF DIRECTORS

Mr. P.M. Patel - Executive Chairman
Mrs. J.P. Patel - Vice Chairman
Mr. Ushir P. Patel - Managing Director
Mr. Poorab S. Shah

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,
Chennai - 600 058.

AUDITORS

Messrs. K.S.G.Subramanyam & Co.,
Chartered Accountants,
II Floor, United Shopping Complex,
94/36, Dr.Nanjappa Road,
Coimbatore - 641 018.

BANKERS

IDBI Bank Ltd.,
Coimbatore.

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CONTENTS	Page
Notice.....	3
Directors' Report	5
Annexure	7
Auditors' Report.....	9
Annexure to Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	13
Schedules.....	14
Balance Sheet Abstract & Company's General Business Profile ...	24
Cash Flow Statement.....	25

AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

NOTICE OF THE THIRTY FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-fifth Annual General Meeting of the Company will be held on Monday, the 23rd August 1999 at 11.00 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 1999 together with the Report of the Board of Directors and the Auditors.
2. To appoint a Director in the place of Mrs. J.P.Patel who retires by rotation and being eligible, offers herself for reappointment.
3. 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 and to fix their remuneration. The retiring Auditors M/s. K.S.G.Subramanyam & Co., are eligible for re-appointment.

SPECIAL BUSINESS :

4. 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 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 Managing Director of the Company for a period of 5 years from 28th May 1999 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 including the remuneration and perquisites within permissible statutory limits and in such manner as may be decided by the Board".

Terms & Conditions :

1. Remuneration : Rs. 15,000/- per month in the scale of Rs.15,000 — 2,500 — 25,000.
2. Benefits :
 - a) Provident Fund Contribution : Not exceeding 12% of the salary or as applicable as per provisions of the Provident Fund Act.
 - b) Gratuity : Half a month salary for every completed year of service subject to the ceiling prescribed by the act from time to time.
 - c) Medical Benefit : Not to exceed one month salary for every completed year of service.

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

By order of the Board,
for Ahura Welding Electrode Manufacturers Limited.,

Coimbatore,
28th May 1999

(Sd) P.M.Patel,
Executive Chairman

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 August, 1999 to 22nd August, 1999. (both days inclusive).

AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

Explanatory Statement under Section 173(2) of the Companies Act 1956.

The Explanatory Statement for Item No. 4 of the accompanying notice set out here in above is as under.

In respect of Item no. 4

Mr. Ushir P. Patel is a Bachelor of Business Administration. He was elected as a Director of the Company in the AGM held on 18th September 1998. He is also in the service of the Company as Vice President (Production) from 2nd March 1998. With his experience and exposure to all the activities of the Company it is thought fit to appoint him as Managing Director of the Company. The Board of Directors in their meeting held on 28th May 1999 have appointed Mr. Ushir P. Patel as per the terms and conditions said above, subject to the approval of the share holders and hence the resolution is brought before you. The appointment conforms to the requirements of schedule XIII of the companies Act 1956 and hence no approval of Central Government is required.

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

All the directors are interested in the resolution.

By order of the Board,
for Ahura Welding Electrode Manufacturers Limited.,

(Sd) P.M.Patel,
Executive Chairman

Coimbatore,
28th May 1999

Report  junction.com

35th Annual Report

1 9 9 8 - 9 9

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the Audited Accounts of your company for the year ended 31st March 1999.

	Year ended 31st March 1999 (Rs. in lacs)	Year ended 31st March 1998 (Rs. in lacs)
FINANCIAL RESULTS		
INCOME / LOSS		
Operating profit / loss before depreciation and tax	(-) 51.04	(-)51.65
Add : Depreciation	31.63	32.69
Operating Profit / Loss	(-) 82.67	(-)84.34
Less : Provision for tax	—	—
Profit / Loss on sale of Assets (Net)	0.48	—
Profit / Loss after tax	(-) 82.19	(-)84.34
Add : Transfer from General Reserve	—	68.01
Balance of Profit & Loss a/c brought forward from previous year	—	7.11
Prior year expenses / adjustments	(-) 17.03	(-) 3.05
	(99.22)	(12.27)
APPROPRIATION		
Balance as per last Balance Sheet	(12.27)	—
Balance Carried forward	(111.49)	(12.27)

PERFORMANCE OF THE COMPANY :

Owing to substantial Loss incurred by the company in 1997-98, the financial position of the company had become critical which has led to lack of liquidity for purchase of raw materials resulting in irregular production in turn leading to drop of production vis-a-vis sales. This has resulted loss of Rs.99 lacs.

The Executive Chairman has taken over day-to-day affairs of the company from 01.10.1998 and has taken steps to control expenses and increase production with the new labour agreement in force.

The company also stopped Job Work with Wonderweld Electrodes Pvt. Ltd., Ankleshwar from 15th August 1998, which was a drain on financial resources of the company.

DIVIDEND :

Your Directors regret to inform that there is no dividend declared for the year.

RESEARCH & DEVELOPMENT :

The competition in Welding Industry, has spurred manufacturers to sharpen their marketing strategy, bolster their distribution network and stay alert for NEW OPPORTUNITIES. In keeping pace with these changes the company's

AHURA WELDING ELECTRODE MANUFACTURERS LIMITED

R & D Department has developed 18 more varieties of welding electrodes branded under the name of "SUNSTICK" which can be beneficially used in repairs and maintenance of alloys.

PERSONNEL :

It has been an endeavor of the Company to maintain good relations with all employees of the company, even though there was a strike for 20 days during the month of March 1999.

DIRECTORS :

Mr. K.C.Patel, Mr.S.C.Patel, Mr.V.C.Patel, resigned the Directorship on 10th March, 1999. Earlier Mr.K.C.Patel resigned as Managing Director on 25th September, 1998. Mr.S.S.Patel, Mr.R.V.Patel and Mr.V.Kuppusamy retired at the AGM on 18th September, 1998 and were not re-elected. Mr.V.Kuppusamy resigned as Company Secretary on 24th September, 1998.

Executives Mr.K.Sekar, Manager, (Finance & Accounts), Mr.G.R.Nair, Vice President (Marketing & Sales), Mr.H.Anandasubramanian, Manager (Commercial), Mr.M.Rathinavelu, Manager (Commercial) and Mr.K.Dhinakaran, Manager (Textile Division) left the services of the company during the year.

Y2K PREPAREDNESS :

All Software used in for Financial transactions and most of the Hardware used in operations are Y2K compliant. The remaining Hardware are expected to be replaced with Y2K compliant systems by September, 1999. The estimated cost of Y2K compliance is not expected to be significant. The company has made necessary contingency plans to cover the possibility of any of the Hardware or Software proving to be non-Y2K compliant.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO :

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

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 of the company during the year 1998-99. The Directors also express their gratitude for the assistance and support extended to your company by IDBI Bank Ltd.,

Coimbatore,
28th May 1999

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

35th Annual Report

1 9 9 8 - 9 9

ANNEXURE

Form A (See Rule 2)

Form of Disclosure of Particulars with respect to conservation of energy.

	1998 - 99	1997 - 98
A. POWER AND FUEL CONSUMPTION		
1. Electricity :		
a) Purchased		
Units	798816	865731
Total amount (Rs. in lacs)	39.11	40.13
Rate/Unit (Rs)	4.89	4.64
b) Own Generation		
Units	62096	52530
Total amount (Rs. in lacs)	3.59	3.12
Rate per Unit	5.74	5.95
2. Coal and Leco used	—	—
3. Furnace Oil used (Rs. in lacs)	—	1.11
4. Others/Internal Generation	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION (Per mrm*)		
a) Electricity	25070	24966

*mrm - million running metres.

Form B (See Rule 2)

Form of Disclosure of Particulars with respect to absorption

RESEARCH AND DEVELOPMENT (R&D)

1. Specific Areas in which R&D is carried out by the company :	The company is in the process of developing special types of electrodes for critical applications and the same is under consideration for approval.	
2. Benefit derived as a result of the above R & D :	Benefit will accrue to the Company when customer places order for the electrodes.	
3. Expenditure on R & D (Rs. in lacs)	0.15	0.62