



E-WHA FOAM INDIA LIMITED

7TH ANNUAL REPORT 1998-99

Innovative Products for better tomorrow



E-WHA FOAM INDIA LIMITED

SEVENTH ANNUAL GENERAL MEETING

On Wednesday, the 29th September 1999
at 11.00 a.m.

at

Shree Vile Parle Gujrati Mandal,
Navinbhai Thakkar Hall,
Shradhanand Road, Vile Parle (E),
Mumbai - 400 057.

BOARD OF DIRECTORS

Mr. Navin C. Shah	Chairman
Mr. Ajay B. Shah	Managing Director
Mr. Nijal N. Shah	Director
Mr. J. I. Shin	Nominee
	E-Wha Foam Korea Co.
Dr. M. K. Unnimenon	Director
Mr. Hiranmoy Biswas	I.D.B.I. Nominee

AUDITORS

M/s. Pradip Shah & Company
Chartered Accountants

BANKERS

Oriental Bank of Commerce
Bank of Baroda

REGISTERED OFFICE

11-H, Laxmi Industrial Estate,
New Link Road,
Andheri (West),
Mumbai - 400 053.

FACTORY

Sancoale Ind. Est. of GDDIDC.,
Plot No. 19 to 22 & 37 to 40,
Phase III-A, Near Zuari Nagar,
Village Sancoale, Goa.

Request to Shareholders

- Shareholders are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting as copies of the Report will not be distributed at the Meeting.
- Kindly send all your Transfer deeds together with Share Certificates for transfer of Shares to the Registrar and Transfer Agents at their following address :

SYSTEM SUPPORT SERVICES
209, Shival Ind. Estate,
89, Andheri Kurla Road, Sakinaka,
Mumbai - 400 072.
- Kindly notify change of your address and write only to the Registrar and Transfer Agents in respect of any matter connected with your Shares.
- Members seeking any information/clarification with regards to accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.

E-WHA FOAM INDIA LIMITED**NOTICE**

Notice is hereby given that the SEVENTH ANNUAL GENERAL MEETING of E-WHA FOAM INDIA LIMITED WILL BE HELD ON WEDNESDAY, 29TH SEPTEMBER, 1999 AT SHREE VILE PARLE GUJARATI MANDAL, NAVINBHAI THAKKAR HALL, SHRADDHANAND ROAD, VILE PARLE (E), MUMBAI - 400 057. AT 11 A.M. TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Unnimenon, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/S Pradip Shah & Co., Chartered Accountants, as Auditors of the company to hold the office from the conclusion of this annual general meeting until the conclusion of next annual general meeting on such remuneration as shall be decided by the Board of Directors of the company.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of section 269, 198 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the 'Act') read with Schedule XIII to the Act, the approval of the company be and is hereby accorded to the re-appointment of Mr. Ajay B. Shah, as Managing Director of the company with effect from 1st April, 1999 at such remuneration and upon terms and conditions as set out in the letter of appointment dated 16th Feb. 1999 issued to him, a copy whereof is submitted to this meeting and initiated by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the company, the Managing Directors be paid the same remuneration, as specified in the letter of appointment, including perquisites as minimum remuneration in accordance with the applicable provisions of the Act and subject to the ceiling limits specified under section II of Part II of Schedule XIII to the Act.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to vary and increase the remuneration and perquisites as they may consider appropriate, which is within ceiling limits laid down under the applicable provisions of the Act of any statutory amendments in the law for the time being in force and members hereby approve such variation or increase as may be determined by the Board from time to time.

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 PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED/ RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THIS ANNUAL GENERAL MEETING.
2. Members are requested to notify immediately change in their address, if any, to the company's registered office and/or to the company's share transfer agent M/s. System Support Services, 209, Shivaji Ind. Estate, Next to Parke Davis, 89, Andheri Kurla Road, Sakinaka, Mumbai - 400 072.
3. Register of Members and Share Transfer Book of the Company will remain closed from Tuesday, 21st September, 1999 to Thursday, 30th September, 1999 (both days inclusive).
4. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business at item No. 4 of the notice is attached herewith.
5. Members/proxy holders are requested to produce attendance slip, at the entrance of the Hall of the meeting duly completed and signed.
6. Shares of the company are listed on Mumbai stock exchange and Ahmedabad stock exchange and necessary fees for the year 1999-2000 have been paid.

By order of the Board

NAVIN C. SHAH
CHAIRMAN

Regd. Office :
11-H, Laxmi Industrial Estate,
New Link Road, Andheri (West),
Mumbai-400053

Date : 4th September, 1999

E-WHA FOAM INDIA LIMITED**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :****ITEM NO. 4 :**

As you are aware that Mr. Ajay Shah is holding the office of Managing Director since 1994. His terms of appointment expired on 31st March, 1999. In the meeting of the Board of Directors of the company held on 16th Feb. 1999 Mr. Ajay R. Shah was re-appointed as a Managing Director for a period of six months upto September 30, 1999 subject to your approval as Mr. Ajay Shah at the request of the Board has accepted the re-appointment until suitable Manager is appointed to manage the affairs of the company, but he will not remain in the said office after the said date. Liberty is also reserved to alter/vary the said terms in conformity with the requirements of Schedule XIII to the Companies Act, 1956 or any amendment thereto.

Mr. Ajay B. Shah has been entrusted with the substantial powers of the management of the company and will be reporting to the Board of Directors.

A copy of the Letter of Re-appointment issued to Mr. Ajay B. Shah is available for inspection at the Registered office of the company between 10.00 a.m. and 12.30 a.m. on all working days of the company upto and including the day of the meeting. The Letter of Re-appointment, inter alia, contains the following terms and conditions.

- Tenure** : Six months with effect from 1st April, 1999
- I. Salary** : Rs. 14,000 per month
- II. Perquisites** : Will be allowed in addition to salary restricted to an amount of annual salary. For this purpose perquisites are classified in 3 categories, Part A, Part B and Part C.

Category A :

1. This will comprise House Rent Allowance, leave travel concession, medical reimbursement etc.

Housing I : The expenditure by the company on hiring furnished accommodation for the managing director will be subject to the following ceiling.

Sixty percent of the salary over and above 10% payable by the managing director.

Housing II : In case the accommodation is owned by the company ten percent of the salary of the managing director shall be deducted by the company.

Housing III : In case no accommodation is provided by the company the managing director shall be entitled to house rent allowance subject to ceiling laid down in Housing I.

Explanation : Expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the managing director.

MEDICAL REIMBURSEMENT :

Medical expenses incurred by the managing director for self and family including dependent mother and father subject to a ceiling of one month salary per year, will be reimbursed.

LEAVE TRAVEL ALLOWANCE :

For self and family including dependent mother and father to and from any place in India once in a year in accordance with the rules of the company.

Category B :

Provident Fund : As per the scheme prevailing in the company.

Superannuation Fund : As per the scheme prevailing in the company.

Gratuity : As per the scheme prevailing in the company.

(1) Contribution to Provident Fund, Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent this either singly or put together are not taxable, under the Income Tax Act. Gratuity payable will not exceed half a month's salary.

(2) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C :

Provision of one company maintained telephone at residence.

Provision of one company car as per the scheme prevailing in the company, to be used for business purpose.

Reimbursement of expenses incurred in respect of his official duties including travelling and entertainment expenses.

MINIMUM REMUNERATION :

In terms of section II of Part II of Schedule XIII to the Companies Act, 1956 the above remuneration will continue to be paid to the Managing Director as minimum remuneration and in case it will exceed the minimum remuneration payable to the managerial person as specified in part II of schedule XIII to the Companies Act, 1956 or any amendment thereto.

Mr. Ajay B. Shah is directly interested in the said resolution as it relates to his re-appointment and to that extent he is considered to be interested in the said business.

This may be treated as abstract of the terms and conditions governing the appointment of Mr. Ajay B. Shah as the Managing Director of the company, pursuant to section 302 of the Companies Act, 1956.

By order of the Board

NAVIN C. SHAH
CHAIRMAN

Regd. Office :

11-H, Laxmi Industrial Estate,
New Link Road, Andheri (West),
Mumbai-400053

Date : 4th September, 1999

E-WHA FOAM INDIA LIMITED**E-WHA FOAM INDIA LIMITED****DIRECTOR'S REPORT**

Dear Members,

Your Directors present herewith the SEVENTH ANNUAL REPORT together with the Audited statement of accounts for the year ended 31st March 1999.

FINANCIAL RESULTS: (Rs. in Lacs)

	As at 31-3-99	As at 31-3-98
Turn over	00.29	14.88
Other Income	02.27	03.49
Profit/(Loss) before Interest & Depreciation	(34.07)	(32.03)
Interest	-----	(17.32)
Depreciation	-----	-----
Profit/(Loss) before Tax	(34.07)	(49.35)
Tax	-----	-----
profit/(Loss)	(34.07)	(80.86)

NOTE :

Since the company did not commence the commercial production the depreciation has not been provided for and interest payable on term loan to IDBI has been capitalised.

DIVIDEND

Since, during the year under review the company did not carry out any revenue operations your Directors regret their inability to recommend any dividend.

PRESENT STATUS OF THE PROJECT:

By December 1998 extruder - I, combining machine etc., imported / indigenous machines were installed and upgraded with the help of foreign collaborators. In February, 1999, company submitted request for reduction in interest rate and revision of repayment of principal as well as partial conversion of loan into capital to IDBI. This was essential to make

the unit financially viable as new players entered the business and there has been cut throat competition. However, company is yet to receive favourable reply from IDBI in the above matter. In spite of this the company has successfully taken trial runs and the company's plant is equipped to produce foam sheets whereas the facilities to manufacture the hose, rods, nets and other laminated products which has low market have not been installed.

The company had imported machines under EPCG Scheme in 1994 with an export obligation. The company has made an application to the Committee of Secretaries for extension of further five years in meeting with the export obligation. The company is awaiting suitable reply from the authority.

In View of above uncertainties, the company has not started the commercial production and hopes to do the same immediately on receipt of the favourable response from the respective institutions / agencies.

DIRECTORS :

Dr. Unnimenon retires by rotation at ensuing Annual General Meeting and being eligible, has offered himself for reappointment.

Mr. Ajay Shah, Managing Director, has been re-appointed for the said office for a further period of six months from 1st April, 1999 subject to your approval, on the same terms, conditions and remuneration.

FIXED DEPOSITS :

During the year under review the company has not accepted any deposit within the meaning of section 58A of the Companies, Act 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 as amended.

AUDITORS:

Messrs. Pradip Shah & Co., Chartered Accountants, retire as Auditors of the company at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for



E-WHA FOAM INDIA LIMITED

re-appointment. They have furnished a certificate to the effect that the re-appointment, if made, will be in accordance with section 224 (1B) of the Companies Act, 1956.

BAD DEBTS :

Rs. 9.02 lakhs were outstanding since long and after making all the necessary efforts the Board is of the opinion the said amount is not recoverable and hence considered bad debts which has been written off.

STATUS UNDER THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 :

Since the accumulated losses of the company have exceeded 50% of the peak networth of the company during the four immediately preceding financial years, the company has become "potentially Sick" within the meaning of section 23 (1) (a) (ii) of the Sick Industrial companies (Special Provisions) Act, 1985. Accordingly, reference will be made within stipulated time to the Board for Industrial and Financial and Financial Reconstruction and other required authorities as are required under the said Act.

DISCLOSURES :

a) Employees :

The company did not have any employee drawing remuneration as stipulated under section 217 (2A) of the Companies' Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

b) Conservation of Energy Technology Absorption and Foreign Exchange Earning and Outgo :

The information required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in report of the Board of Director) Rules, 1988 in respect to above matters appended hereto and form part of this report. Conservation of energy : Due to devastating fire at Company's factory at Goa in January, 1997 entire operations were put to hold. During the year under review the company had undertaken plant rehabilitation programme. Since the company did not carry out any operations the details required to be furnished are not available.

Technology Absorption: To resume the production the company has imported duly technically upgraded critical components and parts from the company's collaborators and with the assistance of the collaborators plant and machinery have been upgraded and being commissioned.

Other information required to be furnished in Form - B under section 217(1)(e) of the Companies' Act, 1956 read with the companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is not available since the company did not carry out any operations during the year under review.

Foreign Exchange Earning and Outgo :

During the year under review the company spent Rs. 34,03,001/- in foreign exchange on import of Plant & Machinery, however, the company did not earn any foreign exchange.

Y2K COMPLIANCE :

Since the operations of the company are not computerised the Y2K bug is not going to affect the company in any way. However necessary steps will be taken as and when required.

ACKNOWLEDGEMENT :

Your Directors wish to place on record their gratitude to the Industrial Development Bank of India, Oriental Bank of Commerce and other Government Departments for their continued support and guidance.

Your Directors also wish to place on record their sincere gratitude to the Insurance Company and other agencies for their co-operation and timely help in settlement of final claim.

Your Directors also wish to record their appreciation of the dedicated services of the employees of the company.

For and on behalf of the Board of Directors

PLACE : MUMBAI.

DATE : 4th September, 1999 **Navin C. Shah**
CHAIRMAN