

# 5TH ANNUAL REPORT 1997 - 98

MD	<input checked="" type="checkbox"/>			BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>			DPY	NA
RO	<input checked="" type="checkbox"/>			DIV	NA
TRA	<input checked="" type="checkbox"/>			AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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**Board of Directors**

Sri Ramavtar Jhunjunwala	Chairman
Sri Ajay Kajaria	Director
Sri Anurag Jhunjunwala	Director
Sri Umesh Sangneria	Director
Sri Sanjeev Choudhury	Director

**Company Secretary**

Mrs. Premrata Soni

**Auditors**

ABS Associates  
40, Weston Street  
Calcutta 700 013

**Bankers**

State Bank of India  
Canara Bank

**Factory**

Phulwari Shariff  
Jonipur Road  
Patna

**Regd. Office**

319, Ashiana Towers  
Exhibition Road  
Patna

**Corporate Office**

Punwani Chambers  
7B, Kiron Shankar Roy Road  
Calcutta

**Registrar & Share Transfer Agent**

Star Infotech Pvt. Ltd.  
107/1, Park Street  
Calcutta 700 016

**NOTICE TO MEMBERS**

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NOTICE is hereby given that the 5th Annual General Meeting of the members of ESSKAYJAY ISPAT LIMITED will be held on Saturday, the 26th September, 1998 at 2 P.M. at 319, Ashlana Towers, Exhibition Road, Patna 800 001, the Regd. Office of the Company to transact the following business :

**Ordinary Business**

1. To receive, consider and adopt the Director's Report, Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date together with the Auditor's Report thereon.
2. To appoint a Director in place of Mr. Ramavtar Jhunhunwala who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Sanjeev Choudhury who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

By order of the Board  
For ESSKAYJAY ISPAT LIMITED

P. SONI  
Company Secretary

Calcutta, 25th June, 1998

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**NOTICE TO MEMBERS**

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**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 the proxy need not be a member of the Company. The proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Registers of the Company will remain closed from 12th September, 1998 to 26th September, 1998 (both days inclusive).
3. Members are requested to notify the Company immediately of any change in their address.
4. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
5. The instruments of share transfers, complete in all respects, should reach the Company prior to closure of the Register of Members, as stated above.
6. Members are requested to bring with them the printed Annual Report being sent to them, alongwith the Notice, to avoid inconvenience.

**DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting the 5th Annual Report of your Company together with the Audited Account for the year ended 31st March, 1998.

**Financial Results**

	(Rs. in lakhs)	
	<u>1997- 98</u>	<u>1996 - 97</u>
Sales & Other Income	840.92	805.15
Profit before Interest & Depreciation	42.71	44.90
Interest & Other Financial Charges	21.13	22.31
Depreciation	8.92	12.05
Profit after Interest & Depreciation	12.66	10.54
Provision for taxation	1.25	0.65
Profit after taxation	11.41	9.90
Less : Adjustment relating to earlier year	0.73	5.53
Net Profit	10.68	4.36
Balance as per last year	38.14	33.78
Balance carried forward	48.82	38.14

**Projection Vs. Performance**

The projections for the year ended 31st March, 1998 as mentioned in the Company's prospectus dated 24th April, 1995 and the actual performance for the year are as under :

	(Rs. in lakhs)	
	<u>Projected</u>	<u>Actual</u>
Gross Sales	2146.74	831.12
PBIDT	365.61	41.57
Net Profit	331.88	12.66
Equity Capital	431.65	329.53*
Dividend (%)	20%	-
Reserve and Surplus	315.18	48.82

\* Net of calls - in - arrear

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**DIRECTORS' REPORT**

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The variation between projected and actual performance is attributable to the factors like non-receipt of a substantial part of allotment money, inconsistent supply of raw materials as also the general slowdown in the market and recession in the steel industry.

**Dividend**

In the absence of adequate profit, your Directors regret their inability to propose any dividend.

**Working Review**

The year under review was a difficult year for the steel industry. Slowdown in the economy and lower planned expenditure in infrastructure development resulted in stagnant demand and low price for steel. The woes of the rolling mill industry have been further aggravated by change in excise rate structure imposing duty on capacity of Mill instead of actual production.

In spite of the difficult domestic steel scenario, the Company has put up an impressive all round performance over the previous Financial Year. It has successfully mitigated the impact of lower realisation through sustained cost reduction measures. Since the Company came into commercial production, this was the first time that the Company has earned operating profit. Despite the sluggish market scenario the Company's sales registered a growth of 7.5% over last year. Now, the Company has positioned itself amongst the leading producer of M.S. Twisted bars in North and Central Bihar.

**Future Prospects**

The Company has taken up a programme of modification in its existing plant & machinery for increasing its efficiency and productivity, particularly for 8mm dia bars. The existing machinery required certain modification for efficient production of 8mm dia bars which had a large market in North and Central Bihar. The Company is in the stage of completion of its modification programme. With the commencement of full fledged operation of modernised unit, the Company will gain an enormous cost competitive edge particularly through reduction in excise duty, fuel efficiency and quality products. While price realisation may continue to be depressed in the near term, margin protection is sought to be achieved through increased volumes. We also envisage that, after full fledged operation of modernised unit, the full economic potential of our plant will be completely harnessed that shall translate into a quantum jump in the performance. The Company has submitted a proposal for fresh term loan and enhancement of working capital requirement to the Bank. The proposal of enhancement of working capital requirement has been cleared and disbursed by bank but proposal for fresh term loan is still pending in the backdrop of some guidelines on steel sector.

### **Public Deposit**

The Company has not invited / accepted any deposits from the public and as such there are no outstanding deposits, in terms of the companies (Acceptance of Deposits) Rules, 1975.

### **Personnel**

There is no employee in respect of whom particulars pursuant to Section 217(2A) of the Companies Act, 1956 are required to be given.

### **Conservation of Energy**

The information relating to conservation of energy as required U/s.217(1)(C) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the REport of Board of Directors) Rules, 1988 is given in the Annexure to this report.

### **Directors**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Ramavtar Jhunjhunwala and Mr. Sanjeev Choudhury are retiring by rotation and being eligible offers themselves for re-appointment.

### **Auditors**

M/s. ABS Associates, Chartered Accountants, Auditors of the Company are retiring at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate to the effect that their re-appointment if made will be within the prescribed limit u/s.224(1-B) of the Companies Act, 1956.

### **Comments on Auditors Report**

The auditors have drawn particular reference to note no. 2 & 3 to the Accounts regarding non-provision for annual minimum guarantee etc for electricity charges and fall in the fair value of unquoted investments respectively. The company has filed a claim for power cutting, power tripping and low voltage against the annual minimum guaranteed electricity charges and hence no provision has been made till settlement. Note no. 3 is self explanatory and needs no further clarification.



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**DIRECTORS' REPORT**

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**Acknowledgement**

Your Directors wish to place their sincere appreciation to the co-operation extended by the Bank, State Government, Customers, Suppliers and Share Holders and solicit their continued support. The Directors also wish to place on record the dedicated service rendered by the Executives, Staff and Workers.

For and on behalf of the Board  
Ramavtar Jhunhunwala  
Chairman

Calcutta, 25th June, 1998



**ANNEXURE TO THE DIRECTORS' REPORT**

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

**A) Power & Fuel Consumption**

1. Electricity	1997-98	1996-97
a) Purchased Unit (KWH)	11,64,360	1,287,420
Total amount (Rs.)	42,02,738	4,079,850
Rate / Units	3.61	3.17
2. Furnace Oil		
Qty (Ltr.)	4,68,469	486,548
Total amount (Rs.)	32,80,633	3,235,532
Average Rate	7.00	6.65

**B) Consumption per unit of production**

Product	Twisted Bar	Twisted Bar & M.S. Rounds
Unit (M. T.)	5565.343	5765.142
Electricity (KWH)	209.22	223.31
Furnace Oil (Ltr.)	84.20	84.39