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# Thirteenth Annual Report 1997-98

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HOYSALA BLOW MOULDERS (INDIA) LIMITED

*[Signature]*  
Managing Director

**HOYSALA BLOW MOULDERS  
(INDIA) LIMITED**





# HOYSALA BLOW MOULDERS (INDIA) LIMITED

## BOARD OF DIRECTORS :

1. Mr. G.M. Krishna  
(Chairman & Managing Director)
2. Mr. K. Vijayan
3. Smt. Byanna

## AUDITORS :

M/s. P. ISHWARA BHAT & Co.,  
Chartered Accountants  
No. 107, 1st Floor, Swiss Complex,  
33, Race Course Road,  
Bangalore - 560 001.

## SOLICITORS :

M/s. N. JAYARAMAN  
ADVOCATES  
112/2, 11th Cross Road,  
Near 5th Main,  
Bangalore - 560 003.

## BANKERS :

CANARA BANK  
Industrial Finance Branch  
83, Richmond Road,  
Bangalore - 560 025.  
INDIA.

## REGISTERED OFFICE :

No. 9 & 11, "KRISHNA TOWERS"  
Cellar, III Main, Gandhinagar,  
Bangalore-560 009.  
INDIA  
Tel No. : 2200195 Fax No. : 080-2200195

## WORKS :

- (a) 15 (A-1), Ulagan Industrial Area,  
Anekal Taluk, Bangalore District - 562 106  
Karnataka State.  
INDIA  
Tel No. : 080-425369
- (b) N.H. 13, Chikragondanahalli, Chitradurga  
Taluk & District, Karnataka State  
INDIA  
Tel No. 0819452023

**HOYSALA BLOW MOULDERS (INDIA) LIMITED****NOTICE TO MEMBERS**

NOTICE is hereby given that the **THIRTEENTH ANNUAL GENERAL MEETING** of the Members of **Hoysala Blow Moulders (India) Limited.**, will be held on **MONDAY**, the Seventh day of December 1998 at Hotel Kanishka, No. 2, 2nd Main Road, Gandhinagar, Bangalore-560 009, at 11 A.M. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.1998, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri. K. Vijayan, who retires by rotation. Being eligible he offers himself for reappointment.
3. To appoint the Auditors and fix their remuneration. The retiring Auditors M/s. P. ISHWARA BHAT & CO., are eligible for reappointment.

**SPECIAL BUSINESS :**

4. To appoint Smt. Byramma as a Director of the Company.

Place : Bangalore

Date : 30.10.1998

By order of the Board.

(G.M. KRISHNA)  
Managing Director.

**HOYSALA BLOW MOULDERS (INDIA) LIMITED****NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member. Proxies in order to be effective, must be received at the Registered office of the company not less than 48 hours before the meeting.
2. Any change in the address may please be intimated to the company.
3. The Register of members and share Transfer Books will remain closed from 9-11-1998 to 7-12-1998 (both days inclusive).
4. Explanatory statements pursuant to section 173 (2) of the Companies Act, 1956 in respect of Items of special Business are furnished separately.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2):-****ITEM No. 4:**

Smt. Byramma a Promoter Director was co-opted as additional director on 30-09-1998 and she holds office upto the date of this Annual General Meeting. A notice has been received from a member under-section 257 of the Companies Act, 1956, signifying his intention to propose the name of Smt. Byramma for appointment as a director of the company at this Annual General Meeting.

Place : Bangalore

Date : 30-10-1998

By order of the Board

(G.M. KRISHNA)  
Managing Director



## HOYSALA BLOW MOULDERS (INDIA) LIMITED

### REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 1998

To The Members,

The Board of Directors of your Company have the privilege of presenting before you the Annual Report and Audited Statement of Accounts for the year ended 31.03.1998.

#### A. PERFORMANCE OF THE COMPANY :

Financial Results :

(Rs. in Lakhs)

	1998	1997
Gross Turnover	339-95	591-00
Gross operating profit	(495-80)	152-00
Interest	127-26	134-00
Depreciation	4-52	15-00
Net Profit/Loss	(678-07)	3-00
Net Worth	41-72	719-55

#### ECONOMIC SCENARIO

The year 1997-98 witnessed slow down on the National Economic front & with the growth of GDP decelerating to 5 percent from 7.5 percent in 1996-97 due to a sharp fall in the growth rate in agriculture and recession in Industry. Industrial production grew by 4.2 percent whereas the growth rate was 7.1 percent in 1996-97. The annual rate of inflation was controlled from 6.7 percent to 5 percent. The capital market continued to remain dormant. In view of recessionary trends, powercuts and various constraints, there was sluggish trend in the industrial growth during 1997-98.



## HOYSALA BLOW MOULDERS (INDIA) LIMITED

### OPERATIONS :-

The Turnover of the first six months of the year under review was Rs. 122 lakhs. The factors contributing to the lacuna was workers unrest and sabotage at times, which led to loss of production. The workers had formed a union and affiliated to Engineering & General workers union, Mill Corner, Sampige Road, Malleswaram, Bangalore - 560 003. Their major demands being increase in basic salary, D A, Conveyance, House rent etc. Even while the negotiation was underway, the negligence of workmen and intentional destruction of raw materials and finished goods has caused subsequent reduction in inventories. Further the strike made by the workmen during the month of May 1997 for a period of three weeks affected the working.

On 27th October, 1997, the workmen threatened the life of the Managing Director at the factory and in order to come out of the factory, he had to seek police protection. The Management decided to close the unit till the situation improves and closure notice was issued on 28.10.1997. All legal dues including gratuity and bonus, salaries in lieu of leaves, etc., have also been paid to the workmen subsequently in the month of Dec'97/Jan'98.

The workmen however, has contended that it is not 'closure' but 'lockout' and accordingly have represented to the labour department. The matter is now referred to Labour Court.

The intimation about closure of the factory at Jigani has also been given to all concerned Government Departments and Bangalore Stock Exchange.

The manufacturing activities of barrels at Jigani has been closed since 27th October'97. One number Blow Moulding Machine was shifted to a new location at NH 13, Chikkabandahalli, Chitradurga Dist. in order to produce barrels required for packaging of gherkins for exports. This machine was commissioned during the month of March'98 and the export of gherkins is continued.

The non-production of barrels at Jigani has adversely affected the performance of the Company and has led to losses during the financial year 1997-98. This unit is still closed.

## HOYSALA BLOW MOULDERS (INDIA) LIMITED



The Board opined that the company as at the end of the financial year (i.e., as on 31.3.1998) the accumulated losses eroded its entire Net worth. Hence, the Company is a 'Sick Industrial Company' under Section 3(1)(0) of Sick Industrial Company's Act. Further the Board has forwarded a 'Reference' of the same to 'The Board for Industrial and Financial Reconstruction'.

### FUTURE SCENARIO

Your Company is optimistic that the recession, currently faced by the economy is expected to take a turn around as the Government is making all necessary efforts to bring back the economy to normalcy. The principle of economics assumes that after every recession, the economy shall resume back to normal and move on the faster cycle. This situation helps all manufacturing sectors to increase their output.

Your Company is also following principles of survival during this recession i.e., by minimising imports and increasing the exports as much as possible to compensate for the losses incurred due to recession in domestic industry. The company is having two units, one at Jigani and another at Chitradurga. The Chitradurga unit wherein barrels are manufactured and Gherkin is processed in the same premises has solved much of the procedural problems faced by the Company due to Central Excise, Sales tax etc., which is expected to achieve substantial savings. The Company is also making efforts to mobilise additional equity and the introduction of buy-back policy of Central Government may encourage more institutional investors mainly the foreign investors, to look at investments on buy-back basis and efforts are being made to tap such low costs funds to reduce the debt burden.

The Status of all the Machinery available in the Company and also substantial capacity created for manufacturing barrels will yield positive results with improvement in economy and which can result in substantial improvement in servicing of interest and also bringing down the debt, in other words the Company can expect to repeat a similar turn around situation as happened during the year 1993-94.



**HOYSALA BLOW MOULDERS (INDIA) LIMITED****DIRECTORS :**

1. Mr. D.K. Jagadish Gupta Ceased to be Director by resignation on 19.11.1997. The Board places on record their appreciation of the valuable services rendered by Mr. D. K. Jagadish Gupta.

**PARTICULARS OF EMPLOYEES :**

Information required under section 217 (i)(e) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules 1988 is annexed.

**CONSERVATION OF ENERGY, TECHNICAL ABSORTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under section 219 (1) (e) of the Companies Act, 1956 read with companies (Disclosures of particulars in the Report of the Board of Directors) Rules 1988, information is given in the Annexure to this report.

**ACKNOWLEDGEMENTS**

Yours Directors gratefully acknowledge the support given by the Capital Bank, Share holders, Staff and Employees of the Company and we look forward to their continued active involvement.

for and on behalf of the Board of Directors

Place : Bangalore

Date : 30.10.1998

(G.M. KRISHNA)  
MANAGING DIRECTOR

**HOYSALA BLOW MOULDERS (INDIA) LIMITED****ANNEXURE TO DIRECTORS REPORT**

Statement showing the Name of Every Employee of the Company as per Section 217 (2A) of the Companies Act, 1956, and forming part of the Directors Report for the period ended 31st March 1998 who was

- i) Employed throughout the financial year, was in receipt of remuneration for that year, which in the aggregate was not less than Rs. 3,00,000/- **NIL**
- ii) Employed for a part of the Financial year, was in receipt of remuneration for that year, which in the aggregate was not less than Rs. 25,000/- per month. **NIL**
- iii) Employed through out the financial year or part there of , was in receipt of remuneration in that year which, in the aggregate or as the case may be at a rate, which in the aggregate i.e., in excess of that drawn by the Managing Director or Whole Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the Equity shares of the Company. **NIL**

**CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

**A. POWER & FUEL CONSUMPTION**

(Rs. in Lakhs)

	<b>CURRENT YEAR</b> (1997-1998)	<b>PREVIOUS YEAR</b> (1996-1997)
Electricity Purchased	15-85	24-20
Own Generation through Diesel/Generator Set	3-80	5-05

**B. FOREIGN EXCHANGE EARNINGS & OUTGO**

	<b>CURRENT YEAR</b> (1997-1998)	<b>PREVIOUS YEAR</b> (1996-1997)
Raw Material	103-08	146-43
Sales	219-15	305-12

Place : Bangalore

for and on behalf of the Board of Directors

Date : 30-10-1998

(G. M. KRISHNA)  
Managing Director