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**14th
ANNUAL REPORT
1998-99**



HIGHLIGHTS

	1998-99 (Rs. in lacs)	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)	1995-96 (Rs. in lacs)
Sales, services & other income	29269.26	42625.79	44846.38	39631.70
Depreciation	1145.06	1268.26	1345.03	1164.40
Profit before tax	2084.26	1214.33	2336.87	1499.93
Tax for the year	424.00	304.00	656.00	2.50
Profit after tax	1660.26	910.33	1680.87	1497.43
Dividend (including tax thereon)	226.13	224.07	225.50	185.59
Plough back (including depreciation)	2580.30	1955.65	2849.76	2346.96
Shareholders' fund (Net worth)	15310.21	13874.97	13186.68	11681.95
Debt/Equity Ratio	0.00/1	0.04/1	0.09/1	0.23/1

JAI CORP LIMITED

14TH ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

(As on 11th May, 1999)

J. K. Jain
Executive Chairman

S. P. Jain
Managing Director

Virendra Jain

K. M. Doongaji
Nominee ICICI

S. H. Junnarkar

R. N. Bansal

D. K. Contractor

S. Rajendran

V. S. Pandit
Director - Works

REGISTERED OFFICE :

A-3, M.I.D.C. Indl. Area,
Nanded 431 603,
Maharashtra.

MANUFACTURING FACILITIES AT :

1. Packaging Divisions :

Plot No.A-2/4
Plot No.A-2/8
Plot No.C-2/1
M.I.D.C., Murbad,
Dist. Thane, Maharashtra.

Plot No.79/1, Amli Village
Plot No.444, Masat Village
Plot No.S.N.103/1/2, Rakholi Village
Silvassa, [Dadra & Nagar Haveli (U.T.)]

Plot No. 481/1-2, Dabhel Village
Daman - 396210 (U.T.)

2. Sipta Coated Steels Division

A-3, M.I.D.C. Indl. Area,
Nanded 431 603, Maharashtra.

3. Comet Steels Division

A-4, M.I.D.C. Indl. Area,
Nanded 431 603, Maharashtra.

COMPANY SECRETARY

M. L. Somani

SOLICITORS & ADVOCATES

Kanga & Company

AUDITORS

Chaturvedi & Shah
Chartered Accountants

BANKERS

State Bank of India

Canara Bank

REGISTRARS & TRANSFER AGENT

KARVY CONSULTANTS LIMITED

1. "KARVY HOUSE"
46, Road No. 4, Street No. 1,
Banjara Hills, Hyderabad 500 034.
Tel.: 040-3312454/3320251/751/752
Fax: 040-3311968

2. 7, Andheri Industrial Estate,
Off Veera Desai Road,
Andheri (West), Mumbai 400 053.
Tel.: 022-6267226/6269044/6271802
Fax: 022-6290882



NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of JAI CORP LIMITED will be held on Wednesday, the 23rd June, 1999 at 2.00 p.m. at the Registered Office of the Company at A-3, MIDC Industrial Area, Nanded 431 603 (Maharashtra) to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 1999 and Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 1999.
3. To appoint a Director in place of Shri Virendra Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.H. Junnarkar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:
 "RESOLVED THAT in pursuance of Section 293 (1) (a) of the Companies Act, 1956 and other applicable provisions, if any, that the consent of the Company be and is hereby given to the Directors to mortgage/charge/hypothecate the whole or substantially the whole of undertakings of the Company wheresoever situated, in such form and manner as may be deemed fit by them, in favour of Bankers of the Company against the loans/working capital that may be agreed by them to the Company for its Immovable assets/ movable assets.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to finalise all matters pertaining, directly or indirectly and incidentally to the proposed creation of charge on Fixed Assets in favour of Bankers of the Company more specifically in respect of the manner/method/form of documentation as they may deem fit necessary/expedient in the matter".

By Order of the Board of Directors,

J. K. JAIN
Executive Chairman

Mumbai, 11th May, 1999

NOTES :

- a) An explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of item Nos. 6 is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy or the Power of Attorney, if any, under which it is signed should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid Meeting.
- c) The Register of Members and Share Transfer books will remain closed from Friday, the 11th June, 1999 to Wednesday the 23rd June, 1999 (both days inclusive)
- d) MEMBERS are requested to notify to Registrars & Transfer Agents any change in their address immediately.
- e) Shareholders desirous of obtaining any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- f) The unclaimed Dividend for the Financial Year ended 31st March, 1995 of the Company have been transferred to the General Revenue Account of the Central Government pursuant to sub-section (5) of section 205A of the Companies Act, 1956. The concerned members may therefore submit their claims in the prescribed form to the Registrar of Companies, Hakoba Compound, Dattaram Lad Marg, Kalachowki, Mumbai - 400 033.

ANNEXURE TO THE NOTICE

Explanatory Statement setting out material facts as required by Section 173 of the Companies Act, 1956

Item No. 6

The Company had availed / will be availing working capital loans from Banks and required to mortgage / charge / hypothecate the whole or substantially the whole of undertaking of the Company. The shareholders consent is required in terms of Section 293 (1) (a) of the Companies Act, 1956 to enable the Board of Directors to create such mortgages / charges / hypothecations in favour of Banks.

The Directors commend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors,

J. K. JAIN
Executive Chairman

Mumbai, 11th May, 1999



DIRECTORS' REPORT

The Directors have pleasure to present the Fourteenth Annual Report and Accounts for the year ended 31st March 1999.

FINANCIAL RESULTS

	(Rs. in lacs)	
	31.03.1999	31.03.1998
Sales & Services	29171.40	42499.52
Operating Profit	3019.06	2746.94
Less : Finance Charges (Net)	(210.26)	264.35
Gross Profit	3229.32	2482.59
Less : Depreciation	1145.06	1268.26
Profit before tax	2084.26	1214.33
Less : Provision for tax	424.00	304.00
Profit after tax	1660.26	910.33
Balance brought forward from Last Year	923.94	718.76
Transferred from Debenture redemption reserve	510.87	617.79
Prior Period Adjustments (Net)	1.11	1.13
Amount available for appropriations	3096.18	2248.01
Appropriations :		
Transfer to General Reserve	2000.00	1100.00
Proposed Dividend	203.72	203.70
Tax on Proposed Dividend	22.41	20.37
Surplus carried to Balance Sheet	870.05	923.94
	3096.18	2248.01

DIVIDEND

The Directors have recommended a dividend of Rs. 2.20 per equity share on 92,59,062 equity shares of Rs. 10/- each for the financial year ended 31st March 1999, which if approved at the forthcoming Annual General Meeting will be paid to all those Equity Shareholders whose names appear on the Register of Members as on 23rd June, 1999.

OPERATIONS

Sales of the Company have been lower as compared to previous year mainly due to recessionary conditions prevailing in the Indian economy, more particularly in the Steel sector. Excess capacity in the galvanising and cold rolling industries has led to severe competition. The Company suspended production of CRCA stream w.e.f. 1st October, 1998, due to unhealthy market conditions.

Company had increased its capacity in plastic divisions by setting up two new unit at Rakholi village, silvassa and at Daman (U.T.).

PROJECTS AND EXPANSIONS

The Company is looking various options in plastic segment for its future growth.

FIXED DEPOSITS

The Company has not accepted any fixed deposits within the meaning of Section 58-A of the Companies Act, 1956, and the rules framed thereunder. Fixed deposit of Rs. 6000

remained unclaimed of erstwhile Sipta Coated Steels Limited as on 31.3.1999.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association Mr. Virendra Jain and Mr. S.H. Junnarkar retire by rotation and are eligible for re-appointment.

Mr. T. K. Rajan, Director- Works had resigned from the Board. Your Directors place on record their appreciation of the valuable services rendered by Mr. T. K. Rajan.

AUDITORS AND AUDITORS' REPORT

M/s. Chaturvedi & Shah, Chartered Accountants, Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The notes to the Accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further comments.

INDUSTRIAL RELATIONS

The relations with the employees continued to be cordial and satisfactory.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure "A" forming part of this report.

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are given in the Annexure "B" forming part of this Report.

Y2K COMPLIANCE

All Software and Hardware used in recording Financial Transactions and most of the Hardware used in other operations are Y2K compliant.

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.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company.

By Order of the Board of Directors,

Mumbai, 11th May, 1999

J. K. JAIN
Executive Chairman



ANNEXURE "A" TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken :-

1. In one Division Company has the most modern imported plant having in built features for minimum energy consumption
2. In Company's some manufacturing Divisions operations involve low energy consumption.

(b) Additional investments and proposals if any, being implemented for reduction of consumption of energy : Because of the reasons stated in (a) above, the Company is not planning for additional investments.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Impact of measures have been explained in (a) above.

(d) FORM - A

Form for Disclosure of Particulars with respect to Conservation of Energy.

	Current Year ended 31.03.99	Previous Year ended 31.03.98
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a) Power and Fuel Consumption

1. Electricity

(a) Purchased

Units	24422317	2,98,00,274
Total Amount (Rs.)	88962394	10,38,72,551
Average Rate/Unit (Rs.)	3.64	3.49

(b) Own Generation

Through Diesel Generator		
Units	3361491	23,01,080
Unit per ltr of Diesel Oil	2.75	3.45
Average Rate/Unit (Rs.)	3.55	2.82

2. Others

a) HSD

Qty. (KL)	3120.69	3,589.005
Total Amount (Rs.)	29644661	3,31,03,359
Average Rate/Unit (Rs. per KL)	9499.39	9,223.55

b) LPG

Qty. (KL)	403.15	472.81
Total Amount (Rs.)	4579962	69,02,431
Average Rate/Unit (Rs. per KL)	11360.49	14,598.74

b) Consumption per Unit of Production

Product	Year ended 31.03.99			Year ended 31.03.98		
	GP/GC Coils/ Sheets	CR Coils/ Sheets	Woven Sacks/ Fabrics/ Bags	GP/GC Coils/ Sheets	CR Coils/ Sheets	Woven Sacks/ Fabrics/ Bags
Production (M/T)	66043	71101	7121	56513	90579	6085
Electricity (Unit)	81.59	226.42	736.92	129.77	223.32	745.97
Others						
a) HSD(KL)	0.019	0.021	0.060	0.029	0.026	0.059
b) LPG (KL)	0.006	—	—	0.008	—	—

FORM - B

Form for Disclosure of Particulars with respect to Technology Absorption 1998-99

B) TECHNOLOGY ABSORPTION

1. Research & Development

In house Research & Development work is carried out by the Company. No significant expenditure is incurred.

2. Technology Absorption

The Company has imported most modern Dry process Galvanising Technology in 1986, from Cockerill Mechanical Industries, Belgium and Stein Heurtey of France. The technology has been fully absorbed.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has exported its products during the year under review and has imported raw materials, store items and capital items, the details of which are as follows :

1. FOB Value of Exports	Rs.	251.75	Lacs
2. CIF Value of Import	Rs.	439.10	Lacs
3. Expenditure in Foreign Currency	Rs.	36.48	Lacs.

By Order of the Board of Directors,

J. K. JAIN
Executive Chairman

Mumbai, 11th May, 1999

ANNEXURE "B" TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

A) Employed throughout the year and in receipt of remuneration aggregating not less than Rs.6,00,000/- per year.

Name	Age (Years)	Designation/ Nature of Duties	Remune- ration(Rs.)	Qualification	Total Ex- perience (years)	Date of employ- ment	Last employment held Designation — Period for which post held
D. Salgaonkar	34	G.M. (Marketing)	619770	M.Sc., M.M.S.	13	22.02.93	Bhushan Steel Strips Ltd. AGM-Marketing (7 Months)
Dinesh Vyas	43	G.M.(Exports)	612038	B.Com.	13	24.08.93	Fruits & Spices Export Co. (2 Years)
J. K. Jain	67	Executive Chairman	2611381	Matric	48	01.10.95	Business
L. M. Dhanda	48	G.M.(Materials)	622552	B.A., D.M.M., Diploma Int. Marketing	18	09.02.93	Liaisoning
M. L. Somani	54	General Manager (L) & Co.Secretary	722306	M.Com.,LL.B., FCS	29	17.02.96	Orient Syntax Ltd. V.P.(Fin.) & Co. Sec. (10 Years)
P. R. Dey	53	G.M. (Works)	606002	LME	23	09.08.92	Harpratap Steels Ltd. Manager-Prod. (1 Year)
R. C. Saini	43	Vice President	600000	B.Com.	21	01.01.98	Murbad Packing Pvt. Ltd. Director (5 years)
S. P. Jain	44	Managing Director	2634971	B.Com	23	01.10.95	Comet Steels Ltd. Managing Director (10 Years)
V. S. Pandit	49	Director - Works	618264	B.Sc.	28	01.05.88	Self Employed
Vijay Dalmia	49	Vice President (Op.)	632280	B.E. (Mech.)	25	15.05.97	Business

B) Employed for part of the year and in receipt of remuneration not less than Rs.50,000/- per month.

T.K.Rajan	54	Director-Works	645270	B.Sc.(Met.Engg.)	30	17.12.93	Nagarjuna Steels Ltd. General Manager (6 Years)
Y.V.Joshi	39	General Manager (Finance)	526078	ACA, ACS	16	25.07.94	Jaipur Polyspin Ltd. Co.Sec.-Cum-Fin.Con. (3 Years)

Notes:

1. Remuneration as above includes salary, allowance, bonus, ex-gratia, leave travel assistance, reimbursement of medical expenses, Company's contribution to Provident Fund and monetary value of other perquisites calculated in accordance with provisions of the Income-tax Act, 1961 and rules thereunder.
2. The nature of employment in all cases is contractual.
3. None of the employees mentioned above are related to any director of the company except Shri J. K. Jain and Shri S. P. Jain, who are related to each other and they are also related to Shri Virendra Jain, a director of the Company.

For and on behalf of the Board

J. K. JAIN
Executive Chairman

Mumbai, 11th May, 1999



AUDITORS' REPORT TO THE MEMBERS OF JAI CORP LIMITED

We have audited the attached Balance Sheet of Jai Corp Limited as at 31st March, 1999 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Attention is drawn to Note 3 in Schedule Q to the Accounts with regard to year 2000 Compliance and how Company is dealing with the year 2000 issue. In this connection, it may be noted that the audit has not been intended, designed nor performed to identify or detect problems that may result from computer hardware, software or other automated process inability to properly process dates which includes misuse, internal and/ or external related to year 2000.
3. In our opinion the Profit and Loss Account and the Balance Sheet complied with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
4. Attention is invited to Note 4 in Schedule Q to Accounts regarding Company's inability to segregate outstandings of Small Scale Industries (SSI) from total creditors.
5. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999, and
 - (ii) in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For CHATURVEDI & SHAH
Chartered Accountants

R. KORIA
Partner

Mumbai, 11th May, 1999

ANNEXURE TO AUDITORS' REPORT (Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the Management during the year. In our opinion the frequency of such verification is reasonable and no material discrepancies were noticed on such verification as compared to the Book records.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, the stock of finished goods, stores, spare parts and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us, there were no material discrepancies noticed on physical verification of the stocks having regard to the size of the operations of the Company and the same have been properly dealt with in the books of account.
6. In our opinion, the valuation of stocks, read with note 11 of Schedule Q, is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured from the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or from the companies under the same management within the meaning of sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to the Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or to the companies under the same management within the meaning of sub-section (1B) of Section 370 of the Companies Act, 1956.
9. The parties to whom loans and/or advances in the nature of loans have been given by the Company, are repaying the principal amount as stipulated and are also regular in payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
11. The Company has purchased and sold goods and materials, pursuant to the contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating to Rs.50,000/- or more in respect of each party. The prices are reasonable as compared to similar goods purchased from and sold to the other parties.
12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provisions have been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposits from the public, therefore the provisions of Section 58A of the Companies Act, 1956 and rules framed thereunder are not applicable to the Company.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by product.
15. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
16. We are informed by the Management that the Central Government has prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956, in respect of only one product of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate.
17. According to the records of the Company, Provident Fund and Employees State Insurance dues have generally been regularly deposited with the appropriate authorities except in few cases.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue accounts, other than those payable under contractual obligations and accepted business practice.
20. The Company is not a sick industrial company within the meaning of Clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of trading activities we are informed that the company does not have damaged goods lying with it at the end of the year. Therefore, no provision for any loss is required to be made in the accounts.

For CHATURVEDI & SHAH
Chartered Accountants

R. KORIA
Partner

Mumbai, 11th May, 1999