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|-----|-------------------------------------|-----|-------------------------------------|
| MD | <input checked="" type="checkbox"/> | BKC | <input checked="" type="checkbox"/> |
| CS | <input checked="" type="checkbox"/> | DPY | <input checked="" type="checkbox"/> |
| RO | <input checked="" type="checkbox"/> | DIV | <input checked="" type="checkbox"/> |
| TRA | <input checked="" type="checkbox"/> | AC | <input checked="" type="checkbox"/> |
| AGM | <input checked="" type="checkbox"/> | SHI | <input checked="" type="checkbox"/> |
| YE | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> |



JHAVERI WELDFLUX LTD.

Report  junction.com

7th ANNUAL REPORT
1997 - 98

**BOARD OF DIRECTORS****Chaitan Maniar**

(Chairman)

Prafull Jhaveri

(Managing Director)

Dilip Panchmatia**Anand Divan****Pankaj Jhaveri**

(Technical Director)

Jayesh Jhaveri

(Executive Director)

Kirtida Jhaveri**Kavita Jhaveri****BANKERS****Andhra Bank****State Bank of India****AUDITORS****A.J. Kotwal & Co.**

(Chartered Accountants, Mumbai)

SOLICITORS**Crawford Bayley & Co.**

(Mumbai)

REGISTERED OFFICE

Panchsheel Industrial Estate, Plot
No.27/28, Village Kharsundi, Taluka
Khalapur, Dist. Raigad, Maharashtra.

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**ADMINISTRATIVE OFFICE & SHARE
DEPARTMENT**

726, The Commodity Exchange Building,
Plot Nos. 2, 3 & 4,
Sector-19, Vashi, Navi Mumbai - 400 705.

ANNUAL GENERAL MEETING

On Saturday, the 8th August
1998, at Panchayat Samiti Hall,
Opposite Tahsildar Office, Khalapur,
District Raigad, Maharashtra, at
11.00 a.m.

Members are requested to kindly
bring their copies to the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 7th Annual General Meeting of the Company will be held at Panchayat Samiti Hall, Opposite Tahsildar Office, Khalapur, District Raigad, Maharashtra on Saturday, the 8th August, 1998 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors' and the Auditors' thereon.
2. To appoint a director in place of Mr. Jayesh Jhaveri, who retires by rotation and being eligible, offers himself for reappointment
3. To appoint a director in place of Mr. Dilip Panchmatia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE ADMINISTRATIVE OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY SHALL REMAIN CLOSED FROM SATURDAY 1ST AUGUST 1998 TO SATURDAY 8TH AUGUST 1998 (BOTH DAYS INCLUSIVE).
3. MEMBERS ARE REQUESTED TO NOTIFY ANY CHANGE IN THE ADDRESS TO THE SHARE DEPARTMENT OF THE COMPANY.

By Order of the Board

Prafull Jhaveri
(Managing Director)

Mumbai, 23rd June 1998.

Registered Office:
Panchsheel Industrial Estate,
Plot No. 27/28, Village,
Kharsundi, Taluka Khalapur,
District Raigad.

DIRECTORS REPORT

The Directors of the Company have pleasure to present the 7th Annual Report of the Company to the members.

FINANCIAL RESULTS(Rs. In Lacs)
1997-98

| | |
|--|--------|
| Turnover | 261.35 |
| Gross Profit | 54.30 |
| Interest | 6.45 |
| Profit after interest but before depreciation. | 47.85 |
| Depreciation | 19.24 |
| Profit after interest and deprecation | 28.61 |
| Profit after provision for Taxation | 28.61 |
| Appropriation: | |
| Balance Carried to balance sheet | 28.61 |

PERFORMANCE OF THE COMPANY:

The Company has done well inspite of an overall recession faced by almost all the industries in general and the automobile industries in particular. Insipite of the financial melt down in the Asian Region and resultant large scale imports, the Company has recorded a turnover of Rs. 261.35 Lacs. A rise of 78.09% over the previous year with gross profit margins rising by about 27.77% to Rs. 54.30 Lacs. enabling the Company to show a Net Profit of Rs. 28.61 Lacs against Net Loss of Rs. 1.09 in the previous year. Due to modernisation of its plant the Company was able to achieve higher production levels, this combined with better product quality enabled the Company to realise better price against that of its competitors. The profits of the Company being inadequate the Directors do not recommend payment of any dividend.

FUTURE PROSPECTS

Though the year under review was a better year compared to the financial year 1996-97 in terms of Sales & price realisation the same cannot be looked upon as a criteria for future growth. The general recessionary trend in the industry in India in particulars and the turmoil in the Asian markets together with the

impending sanctions faced by the country in light of the recent nuclear explosions and competition from the unorganised sector is likely to effect the working of the company for the financial year 1998-99.

DIRECTORS :

The shareholders are requested to appoint Shri Jayesh Jhaveri and Shri Dilip Panchmatia as Directors of the Company, who retires by rotation and being eligible offers themselves for reappointment.

PARTICULARS OF EMPLOYEES :

There are no employees drawing salaries whose particulars are required to be annexed in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNED AND EXPENDED.**A. CONSERVATION OF ENERGY :**

The production process is power intensive and consumes electricity in large quantity. Any improvement in production process results in direct saving of power cost. Company has taken series of measures after identifying various areas wherein energy saving is possible. However, power supply from S.E.B. is a major hindrance in efficient running of production process, and to that extent the cost of production remains on higher side.

B. TECHNOLOGY ABSORPTION:**1. RESEARCH & DEVELOPMENT:**

1. Specific Area in which Research & Development carried out by the company:

New Product and process development in material handling. Improvement in quality of existing product and optimisation in raw material consumption.

2. Benefit derived as a result of above Research & Development.

Cost reduction, increase in production & efficient use of raw material.

3. Future plan of action.

Better product range with more variety & input quality.

4. Expenditure on Research & Development.

| | |
|---|-----------|
| | (1997-98) |
| a.) Capital | Nil |
| b.) Recurring | Rs.41.454 |
| c.) Total | Rs.41.454 |
| d.) Total Research & Development as a percentag : of total turnover | 0.15% |

II. TECHNOLOGY ABSORPTION & RENOVATION:

- i. Effort made towards technology absorption :
Technology used in production process is only indigenous and largely due to in-house Research & Development
- ii. Benefit derived :
Company is self sufficient in technology which helps in product and process improvement and cost reduction.
- iii. Information regarding imported technology during the last five years:
Not Applicable.

III. FOREIGN EXCHANGE EARNED AND OUT-GO:

| | 1997-98 | 1996-97 |
|----------------------------|----------|----------|
| | (Rs.) | (Rs.) |
| a.) Foreign Exchange used | 1,94,486 | 1,85,642 |
| b) Foreign Exchange earned | Nil | Nil |

ACKNOWLEDGEMENT :

The Board places on record its appreciation to the Financial Institution and Banks for their Sincere support.

The Board also places on record the sincere efforts and hard work put by the workers and employees of Company.

On Behalf of the Board of Directors

Chaitan Maniar
(Chairman)

FIXED DEPOSITS :

The Company has accepted Fixed Deposits during the year as defined under Section 58A of the Companies Act, 1956 and there are no unpaid deposits during the year under consideration.

Mumbai, 23rd June, 1998.

AUDITORS:

The Auditors M/s. A.J. Kotwal & Co., Chartered Accountants, retire at the end of the ensuing Annual General Meeting and they being eligible, offer themselves for re-appointment.

SUBSIDIARY COMPANIES:

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts alongwith report of the Board of Directors of Nerul Investment Limited and Jedi Wireflux Limited, and the respective Auditors' Report thereon for the year ended 31st March, 1997 are Annexed.

Auditors Report

To the members of Jhaveri Weldflux Limited

We have audited the attached Balance Sheet of Jhaveri Weldflux Limited as at 31-03-98 and also the Profit and Loss account for the year ended on that date, annexed thereto, and report that:

1. As required by the manufacturing and other Companies (Auditors Report) order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above.
 - (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 those Books.
 - (c) The said Balance Sheet and Profit & Loss Account dealt with by those 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 Balance Sheet and Profit and Loss account read together with the significant accounting policies in schedule "18" subject to note IA2 of schedule "18" and notes appearing in schedule "18", give the information required by the Companies Act, 1956, in the manner as required and give a true and fair view:
 - (i) In the case of Balance Sheet of the State of affairs of the Company as at March 31, 1998 and
 - (ii) In the case of Profit & Loss account of the profit of the Company for the year ended on that date.

For A.J. Kotwal & Co.
Chartered Accountants

Ajay J. Kotwal
Partner

Mumbai, 23rd June, 1998.

Annexure to Auditors' Report

Annexure to our report of even date to the members of Jhaveri Weldflux Limited.

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 and no serious discrepancies between the Book records and the physical inventories have been noticed. In our opinion the frequency of verification is reasonable.
2. None of the fixed assets have been revalued during the year.
3. (i) The stock of raw material, finished goods, stores and spares have been physically verified by the management at reasonable intervals during the year.
- (ii) The procedures of physical verification of stocks followed by the management are, in our opinion and according to information given to us are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (iii) The discrepancies noticed on physical verification of stocks as compared to Book records were not material and have been properly dealt with in Books of accounts.
- (iv) In our opinion the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
4. The Company has not taken any loans secured or unsecured from Companies, firms or other parties listed in the Registers maintained under section 301 and 370(1B) of the Companies Act, 1956
5. The Company has not granted any loans to Companies, firms or other parties listed in the Registers maintained under section 301 and 370 (1B) of the Companies Act, 1956.
6. The Company has taken reasonable steps for recovery of principal and interest in cases where loans have been given.
7. In our opinion, and according to information and explanations given to us, there is adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of Plant & Machinery, equipment and other assets, raw materials, stores and with regard to the sale of goods.

8. In our opinion and according to the explanations given to us, the transaction of purchase of materials made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to specialised nature of the items purchased, prevailing market prices for such materials or the prices at which transaction for similar materials have been made with other parties.
9. According to the information and explanation given to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw material and finished goods and necessary provisions for loss arising on the items so determined, has been made in the books of accounts of the Company.
10. The Company has accepted deposits from the public within the meaning of section 58A and the provisions of Section 58A of the Companies Act, 1956, and the Rules framed thereunder have been duly complied with.
11. As explained to us the Company has no by-products.
12. In our opinion the Company has an internal Audit system commensurate with the size and nature of its business.
13. As explained to us the maintenance of costs records under section 209(1)(d) of the Companies Act, 1956, has not been prescribed by the Central Government during the year for the products manufactured by the Company.
14. In the facts and circumstances at the case, the Company's Management is of the opinion that the Employees' State Insurance Act, 1948 is not applicable to the company. The Employees' provident fund dues as were due & payable have generally been regularly deposited during the year with the appropriate authorities.
15. According to the information and explanation given to us, there are no undisputed and outstanding amounts payable in respect of Income-tax, Wealth-tax, Customs duty and Excise duty as at the last date of the financial year, for a period of more than Six months from the date they became payable.
16. On the basis of (i) the Examination of the books of accounts of the Company and, (ii) information and explanation given to us no personal expenses of the employees or Directors have been charged to revenue account other than those payable under contractual obligation or in accordance with generally accepted business practice.
17. The Company is not a sick Industrial Company within the meaning of clause (a) of Sub section (1) of the section 3 of the sick Industrial Companies (special provisions) Act, 1985.
18. In respect of the service activities of the Company, in our opinion and according to the information and explanation given to us and considering the nature of services rendered, we have to state as under.
 - a) The Company has a reasonable system of recording receipts, issues and consumptions of materials and stores and for allocation of consumption of materials and stores to the relative jobs, commensurate with its size and nature of its business.
 - b) In our opinion, the Company has a system of allocating man hours utilised to the relative jobs, commensurate with its size and nature of business.
 - c) As explained to us, there is a reasonable system of authorisation at proper levels, and on adequate system of internal control commensurate with the size of the Company and the nature of its business, on issue of stores and allocation of stores and labour to jobs.
19. The Company has not carried out any trading activities during the year.

For A.J. Kotwal & Co.
Chartered Accountants

A.J. Kotwal
Partner

Mumbai, 23rd June, 1998.

Balance Sheet as at 31st March, 1998

| | Schedule | (Rupees) | (Rupees) | As at 31st March, 1997 (Rupees) |
|---|-----------|--------------------|---------------------------|---------------------------------------|
| SOURCES OF FUNDS | | | | |
| SHARE HOLDERS' FUNDS | | | | |
| Capital | 1 | 3,00,00,000 | | 3,00,00,000 |
| Reserves & Surplus | 2 | <u>73,41,797</u> | | <u>44,81,187</u> |
| | A | | 3,73,41,797 | <u>3,44,81,187</u> |
| LOAN FUNDS | | | | |
| Secured Loans | 3 | 17,40,256 | | 30,48,000 |
| Unsecured Loans | 4 | <u>14,45,304</u> | | <u>8,88,182</u> |
| | B | | 318,55,60 | <u>39,36,182</u> |
| | (A + B) | | <u>4,05,27,357</u> | <u>3,84,17,369</u> |
| APPLICATION OF FUNDS | | | | |
| FIXED ASSETS | | | | |
| Gross Block | 5 | 2,59,96,173 | | 2,32,99,954 |
| Less : Depreciation | | <u>65,15,312</u> | | <u>45,91,206</u> |
| Net Block | C | | 1,94,80,861 | <u>1,87,08,748</u> |
| INVESTMENTS | | | | |
| | D | | 56,34,609 | <u>54,90,742</u> |
| CURRENT ASSETS, LOANS AND ADVANCES | | | | |
| Inventory | 7 | 32,41,247 | | 48,05,238 |
| Sundry Debtors | 8 | 54,49,975 | | 31,47,896 |
| Cash & Bank Balances | 9 | 7,25,696 | | 1,94,118 |
| Loans & Advances | 10 | 77,79,245 | | 66,68,200 |
| Pre-paid Expenses | | <u>86,145</u> | | <u>78,518</u> |
| | | 1,72,82,308 | | <u>1,48,93,970</u> |
| Less : Current Liabilities & Provisions | 11 | <u>55,40,821</u> | | <u>45,28,646</u> |
| NET CURRENT ASSETS | E | | 1,17,41,487 | <u>1,03,65,324</u> |
| MISCELLANEOUS EXPENDITURE | F | | 36,70,400 | <u>38,52,555</u> |
| (To the extent not written off or adjusted) | (C+D+E+F) | | <u>4,05,27,357</u> | <u>3,84,17,369</u> |
| Notes to account | 18 | | | |

As per our report of even date
For A.J. KOTWAL & CO.
Chartered Accountants,

A.J. Kotwal
Partner

Mumbai, 23rd June, 1998

Chaitan Maniar
Chairman

Prafull Jhaveri
Managing Director

Pankaj Jhaveri
Technical Director

Jayesh Jhaveri
Executive Director

Kavita Jhaveri
Director

Profit and Loss Account for the year ended 31st March, 1998

| | | | As at 31st. March. 1997 |
|---|----------|--------------------|----------------------------|
| | Schedule | (Rupees) | (Rupees) |
| INCOME | | | |
| Sales and Other Income | 13 | 2,61,35,973 | 1,46,75,130 |
| | A | <u>2,61,35,973</u> | <u>1,46,75,130</u> |
| EXPENDITURE | | | |
| Material Consumed | 14 | 75,66,153 | 24,46,439 |
| Manufacturing Expenses | 15 | 99,92,729 | 70,99,791 |
| Administrative & Selling Expenses | 16 | 30,61,854 | 26,60,550 |
| Interest & other Charges | 17 | 6,45,365 | 7,34,281 |
| Preliminary Expenses Written off | | 85,155 | 83,465 |
| | B | <u>2,13,51,255</u> | <u>1,30,24,526</u> |
| PROFIT BEFORE DEPRECIATION | A - B | 47,84,718 | 16,50,604 |
| Depreciation | | <u>19,24,106</u> | <u>17,59,156</u> |
| PROFIT/(LOSS) BEFORE TAX | | 28,60,612 | (1,08,552) |
| Provision for Tax | | | |
| PROFIT/(LOSS) AFTER TAX AVAILABLE FOR APPROPRIATION: | | <u>28,61,612</u> | <u>(1,08,552)</u> |
| APPROPRIATIONS | | | |
| Proposed Dividend (Subject to deduction of tax) | | - | - |
| Transfer to General Reserve | | - | - |
| BALANCE CARRIED TO BALANCE SHEET | | 28,61,612 | (1,08,552) |
| | | <u>28,61,612</u> | <u>(1,08,552)</u> |

Notes to accounts

18

As per our report of even date
For A.J. KOTWAL & CO.
Chartered Accountants,

A.J. Kotwal
Partner

Mumbai, 23rd June, 1998

Chaitan Maniar
Chairman

Prafull Jhaveri
Managing Director

Pankaj Jhaveri
Technical Director

Jayesh Jhaveri
Executive Director

Kavita Jhaveri
Director

SCHEDULE 1**SHARE CAPITAL****AUTHORISED:**

50,00,000

Equity Shares of Rs. 10 each

As at**31.03.98****(Rupees)****As at****31.03.97****(Rupees)**5,00,00,0005,00,00,000**ISSUED, SUBSCRIBED & PAID UP :**

30,00,000 Equity shares of Rs. 10 each fully paid up

3,00,00,0003,00,00,000**SCHEDULE 2****RESERVES AND SURPLUS:****GENERAL RESERVE**

Transfer from Profit and Loss Accounts

Surplus in Profit & Loss Account

10,63,193

5,63,193

26,00,000

5,00,000

36,78,604

34,17,994

73,41,79744,81,187**SCHEDULE 3****SECURED LOANS*****TERM LOAN:**

Maharashtra State Finance Corporation

Citibank N.A.

15,23,205

30,48,000

2,17,051

-

17,40,25630,48,000**SCHEDULE 4****UNSECURED LOAN**

From Directors

From Others

5,000

14,45,304

8,83,182

14,45,3048,88,182*** NOTES :**

1 Secured by way of Equitable mortgage & charges of all the fixed assets including the goodwill of the Company and floating charges on all other assets of the Company, both present and future and also personally guaranteed by five Directors of the Company.

2. Secured by way of Hypothecations of Motor Car of the Company.