



JHAVERI WELDFLUX LTD.



**8th ANNUAL REPORT
1998-99**

**BOARD OF DIRECTORS**

Prafull Jhaveri
(Chairman & Managing Director)

Chaitan Maniar

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 Wednesday, the 29th September,
1999, 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 8th Annual General Meeting of the members of JHAVERIWELDFLUX LIMITED will be held on Wednesday, 29th September, 1999 at 11.00 a.m. at Panchayat Samiti Hall, Opp. Tahsildar Office, Khalapur, District Raigad, Maharashtra. to transact the following Business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 1999 and Profit & Loss Account for the year ended on that date and Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Chaitan Maniar who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mrs. Kirtida Jhaveri who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution.

"RESOLVED THAT Pursuant to section 198, 269, 309, 310 & other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended from time to time, the consent of the Company be and is hereby accorded to the appointment of Mr. Prafull Jhaveri as Managing Director of the Company for the period of five years w.e.f. 1st August, 1998 upon and subject to the terms and conditions including the remuneration proposed to be paid and provided to him as contained in the agreement to be entered between the Company and Mr. Prafull Jhaveri, a draft whereof is placed before the meeting and for the purpose of identification is superscribed by the Chairman hereof.

RESOLVED FURTHER THAT in the event of loss, absence or inadequacy of profits in any financial year of the Company, the remuneration payable to Mr. Prafull Jhaveri shall be as specified.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, matters, and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT Pursuant to section 198, 269, 309, 310 & other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended from time to time, the consent of the company be and is hereby accorded to the appointment of Mr. Pankaj Jhaveri as whole time Director of the Company for the period of Five Years w.e.f. 1st January, 1999 upon and subject to the terms and conditions including the remuneration proposed to be paid and provided to him as contained in the agreement to be entered between the Company and Mr. Pankaj Jhaveri, a draft whereof is placed before the meeting and for the purpose of identification is superscribed by the chairman hereof.

"RESOLVED FURTHER THAT in the event of loss, absence or inadequacy of profits in any financial year of the Company, the remuneration payable to Mr. Pankaj Jhaveri shall be as specified."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, matters, and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT Pursuant to section 198, 269, 309, 310 & other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended from time to time, the consent of the company be and is hereby accorded to the appointment of Mr. Jayesh Jhaveri as whole time Director of the Company for the period of five years w.e.f. 1st January, 1999 upon and subject to the terms and conditions including the remuneration proposed to be paid and provided to him as contained in the agreement to be entered between the Company and Mr. Jayesh Jhaveri, a draft whereof is placed before the meeting and for the purpose of identification is superscribed by the Chairman hereof".

RESOLVED FURTHER THAT in the event of loss, absence or inadequacy of profits in any financial year of the Company, the remuneration payable to Mr. Jayesh Jhaveri shall be as specified".

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, matters, and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

For Jhaveri Weldflux Ltd.

Date: 24th Aug., 1999

Place: Vashi, Navi Mumbai

Jayesh Jhaveri
Executive Director

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.
2. Members are requested to communicate immediately change in their address, if any.
3. The Register of Members and Share Transfer Books will remain closed from Wednesday 22nd September, 1999 to Wednesday 29th September, 1999 (Both days inclusive).
4. Explanatory statement for Item No. 5, 6 and 7, are enclosed herewith.
5. The equity share of the company are listed at the following Stock Exchange.

i) The Stock Exchange, Mumbai
Phiroj Jeejeebhoy Towers, Dalal Street,
Mumbai.

ii) The Stock Exchange Ahmedabad
Kamdhnu Complex
Opp. Sahajan College
Panjara Pole, Ambavadi,
Ahmedabad - 380 015.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5:

Mr. Prafull Jhaveri, Chairman and Managing Director has been pioneer in the field of Welding flux. Mr. Prafull Jhaveri has been main force for the setting of the project and his contribution is still needed by this company in these difficult time. Mr. Prafull Jhaveri is still active in the Management of the Company and Board has re-appointed him as Managing Director for the period of five years w.e.f. 1st August, 1998. As Mr. Prafull Jhaveri is over 75 years of age, a special resolution for his appointment as Managing Director is required under the provisions of schedule XIII to the Companies Act, 1956.

The terms of appointment and remuneration payable to Mr. Prafull Jhaveri as Managing Director is as follows:

- i) Salary : Scale of Rs. 30000-50000-55000 per month; with authority to the Board of directors to fix salary within scale from time to time. The annual increment will be merit based and takes into account the performance of the Company.
- ii) Perquisites and allowances:
(a) In addition to the salary payable, the appointee shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, society charges, property tax; medical reimbursement, medical/accident insurance, leave travel concession for himself and his family; club fees and other perquisites of the Company or as may be agreed to by the Board of Directors and the appointee; such perquisites and allowances shall be subject to a maximum of twice the annual salary of the appointee.
(b) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. Provision for use of Company's car for official duties and telephone at residence shall not be included in the computation of perquisites and allowance for the purpose of calculating the said ceiling.
(c) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- (iii) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowance as specified above.

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- (iv) The terms and conditions of the said re-appointments and/or agreements may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the maximum amount payable to the appointee in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.
- (v) The Agreement may be terminated by either party giving the other party six months' notice, or the Company paying six months' salary in lieu of the notice.
- (vi) If at any time the appointee ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director of the Company.
- (vii) The appointee shall not be entitled to supplement his earnings under this Agreement with any buying or selling commission. He shall not also become *interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company*, without the prior approval of the Central Government

Mr. Pankaj Jhaveri, Mr. Jayesh Jhaveri, Mrs. Kirtida Jhaveri and Mrs. Kavita Jhaveri are related to Mr. Prafull Jhaveri and all of them are to be regarded concerned or interested in the passing of this resolution. No other Director is concerned or interested in the resolution.

The terms of remuneration as set-out hereinabove may be regarded as an abstract of the terms of contract and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956.

Item No.:6

Mr. Pankaj Jhaveri, Technical Director has been associated with the setting up of the project and is in charge of the production. Mr. Pankaj Jhaveri with technical background and wide experience has very important contribution for smooth running of the plant. The Board has reappointed him as Whole-time Director for the period of five years w.e.f. 1st January, 1999. A Ordinary resolution for the appointment of Mr. Pankaj Jhaveri as Whole-time Director is required under the provisions of schedule - XIII to the Companies Act, 1956.

The terms of appointment and remuneration payable to Mr. Pankaj Jhaveri as Whole-time Director is as follows:

i) **Salary :** Scale of Rs.25000-5000-50000 per month; with authority to the Board of Directors to fix salary within scale from time-to-time. The annual increment will be merit based and takes into account the performance of the Company.

ii) **Perquisites and allowances:**

(a) In addition to the salary payable, the appointee shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, society charges, property tax; medical reimbursement, medical/accident insurance, leave travel concession for himself and his family; club fees and other perquisites of the Company or as may be agreed to by the Board of Directors and the appointee; such perquisites and allowances shall be subject to a maximum of twice the annual salary of the appointee.

(b) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Provision for use of Company's car for official duties and telephone at residence shall not be included in the computation of perquisites and allowance for the purpose of calculating the said ceiling.

(c) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(iii) **Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowance as specified above.

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- (iv) The terms and conditions of the said re-appointments and/or agreements may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the maximum amount payable to the appointee in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.
- (v) The Agreement may be terminated by either party giving the other party six months' notice, or the Company paying six months' salary in lieu of the notice.
- (vi) If at any time the appointee ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director of the Company.
- (vii) The appointee shall not be entitled to supplement his earnings under this Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government

Mr. Prafull Jhaveri, Mr. Jayesh Jhaveri, Mrs. Kirtida Jhaveri and Mrs. Kavita Jhaveri are related to Mr. Pankaj Jhaveri and all of them are to be regarded concerned or interested in the passing of this resolution. No other Director is concerned or interested in the resolution.

The terms of remuneration as set-out hereinabove may be regarded as an abstract of the terms of contract and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956.

Item No.7

Mr. Jayesh Jhaveri, Executive Director has been associated with the Company since the inception of the project. Mr. Jayesh Jhaveri is in charge of Finance and marketing at the office and his contribution for smooth operations are needed by the Company. The Board has re-appointed him as Whole-time Director for the period of Five Years w.e.f. 1st January, 1999. A ordinary resolution for the appointment of Mr. Jayesh Jhaveri as whole time Director is required under the provisions of schedule XIII to the companies Act, 1956.

The terms of appointment and remuneration payable to Mr. Jayesh Jhaveri as Whole-time Director is as follows:

i) Salary : Scale of Rs.25000-50000-50000 per month; with authority to the Board of Directors to fix salary within scale from time-to-time. The annual increment will be merit based and takes into account the performance of the Company.

ii) Perquisites and allowances:
(a) In addition to the salary payable, the appointee shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, society charges, property tax, medical reimbursement, medical/accident insurance, leave travel concession for himself and his family, club fees and other perquisites of the Company or as may be agreed to by the Board of Directors and the appointee; such perquisites and allowances shall be subject to a maximum of twice the annual salary of the appointee.

(b) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. Provision for use of Company's car for official duties and telephone at residence shall not be included in the computation of perquisites and allowance for the purpose of calculating the said ceiling.

(c) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(iii) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowance as specified above.

- (iv) The terms and conditions of the said re-appointments and/or agreements may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the maximum amount payable to the appointee in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.
- (v) The Agreement may be terminated by either party giving the other party six months' notice, or the Company paying six months' salary in lieu of the notice.
- (vi) If at any time the appointee ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director of the Company.
- (vii) The appointee shall not be entitled to supplement his earnings under this Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government

Mr. Prafull Jhaveri, Mr. Pankaj Jhaveri, Mrs. Kirtida Jhaveri and Mrs. Kavita Jhaveri are related to Mr. Jayesh Jhaveri and all of them are to be regarded concerned or interested in the passing of this resolution. No other Director is concerned or interested in the resolution.

The terms of remuneration as set-out hereinabove may be regarded as an abstract of the terms of contract and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956.

For Jhaveri Weldflux Ltd.

Jayesh Jhaveri
Executive Director

Date: 24th Aug., 1999

Place: Vashi, Navi Mumbai

JHAVERI WELDFLUX LIMITED**EIGHTH ANNUAL REPORT****DIRECTORS REPORT**

The Directors of the Company have pleasure to present the 8th Annual Report of the Company to the members.

FINANCIAL RESULTS**(Rs. In Lacs)**

	1998-99
Turnover	207.21
Gross Profit	49.52
Interest	7.62
Profit after interest but before depreciation.	41.90
Depreciation	15.51
Profit after interest and deprecation	26.39
Profit after provision for Taxation	26.39
Appropriation:	
General Reserve	20.00
Balance Carried to balance sheet	6.39

PERFORMANCE OF THE COMPANY:

The turnover of the Company was adversely effected due to the continuing recessionary trend in the industrial sector of the economy. The Company has recorded a turnover of Rs.207.21 lacs, A fall of 21% over the previous year with gross profit margins rising by 3% to Rs.49.52 lacs enabling the company to show Net Profit margins of Rs. 26.39 lacs. The Profits of the company being inadequate the directors do not recommend payment of any dividend.

FUTURE PROSPECTS

Though the year under review was far from better, it was as foreseen by the management and the profitability of the company could only be sustained due to stringent cost control measures taken by management and better productivity management. The recessionary trend though on the ebb, is far from over and the tensions at our border together with the political uncertainty is sure to affect the prospects of the company as the customers of the company are mainly Govt. controlled organisations or are largely dependent on govt. orders. The increasing competition from the organised and the unorganised sector together with technical changes is having a dampening effect on the sales and profitability of the company. The Company is continuously monitoring the situation and plans are being made to effectively face the situations and improve the bottom line.

DIRECTORS :

Mr. Chaitan Maniar stepped down as chairman of the company due to heavy professional responsibility and continues to be a director in the company. Your Board with great reluctance have agreed for this and Mr. Prafull Jhaveri have been appointed Chairman of the Company.

The shareholders are requested to appoint Mr. Chaitan Maniar and Mrs. Kirtida Jhaveri 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:**I. 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.

	(1998-99)
a.) Capital	Nil
b.) Recurring	Rs.46,864
c.) Total	Rs.46,864
d.) Total Research & Development as a percentage of total turnover	0.22%

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:

	1998-99 (Rs.)	1997-98 (Rs.)
a.) Foreign Exchange used	Nil	194486
b.) Foreign Exchange earned	Nil	Nil

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.

Y2K Compliance :

The Computerised operation in accounting and administrative function are made Y2K Compliant and company will be in position to work out contingency before deadline. The cost of Y2K compliancy shall be negligible as the entire hard & software requirements were brought out with Y2K Compliance.

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

Prafull Jhaveri

(Chairman & Managing Director)

Mumbai, 24th Aug., 1999.

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 along with 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, 1999, are Annexed.