

**20TH
ANNUAL
REPORT**

2010-2011

JHAVERI WELDFLUX LIMITED

BOARDS OF DIRECTORS

Mr. Jayesh Prafull Jhaveri	– Chairman & Executive Director
Mr. Atul Anantraai Mehta	– Non-executive Director
Mr. Nimesh Shambhulal Joshi	– Non-executive Director
Mr. Mandar Subhash Palav	– Independent Director
Mr. Mitesh Hasmukhlal Dani	– Independent Director
Mr. Hemant J. Jhaveri	– Promoter Director (upto 18.11.2010)
Mrs. Kavita J. Jhaveri	– Promoter Director (upto 18.11.2010)
Mr. Pankaj Jhaveri	– Executive Director
Mr. Gaurav Sheth	– Independent Director
Mr. Ashish S. Pandare	– Independent Director

BANKERS

Union Bank of India

Allahabad Bank

AUDITORS

Hiteshkumar P. Shah (Chartered Accountants, Mumbai)

REGISTERED OFFICE

14/B - 318, Merchant Chambers, Sector-19, Vashi,
Navi Mumbai, Maharashtra - 400705

SHARE TRANSFER AGENTS

LINK INTIME INDIA PRIVATE LIMITED

(Formerly, Intime Spectrum Registry Limited)

C- 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400078.

LISTING

Bombay Stock Exchange Ltd.

Ahmedabad Stock Exchange Ltd.

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ANNUAL GENERAL MEETING

On Thursday, the 29th September, 2011,
at the Shelter Palace, 4th Floor, Plot
No.179/A, Sector-19C, Behind State Bank
of India Building, Dana Bunder, Vashi,
Navi Mumbai- 400705
at 11.00 a.m.

Members are requested to kindly
bring their copies to the meeting

NOTICE

Notice is hereby given that 20th Annual General Meeting of JHAVERI WELDFLUX LIMITED will be held at Shelter Palace, 4th Floor, Plot No. 179/A, Sector-19C, Behind State Bank of India Building, Dana Bunder, Vashi, Navi Mumbai- 400705, on Thursday, 29th September, 2011 at 11.00 A.M. to transact with or without modification(s), as may be permissible, the following business:

ORDINARY BUSINESS

1. To consider and adopt the Accounts for the financial year ended 31st March, 2011 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To re-appoint retiring Auditor, Mr. Hiteshkumar Shah, Chartered Accountants, to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

3. **"To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution":**

Appointment of Mr. Atul Anantrai Mehta as a Director

"RESOLVED THAT Mr. Atul Anantrai Mehta who was appointed as an Additional Director of the Company by the Board of Directors, pursuant to the Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

4. **"To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution":**

Appointment of Mr. Nimesh Shambulal Joshi as a Director

"RESOLVED THAT Mr. Nimesh Shambulal Joshi who was appointed as an Additional Director of the Company by the Board of Directors, pursuant to the Section 260 of the Companies

Act, 1956, and who holds office up to the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

5. **"To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution":**

Appointment of Mr. Mandar Subhash Palav as a Director

"RESOLVED THAT Mr. Mandar Subhash Palav who was appointed as an Additional Director of the Company by the Board of Directors, pursuant to the Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

6. **"To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution":**

Appointment of Mr. Mitesh Hasmukhlal Dani as a Director

"RESOLVED THAT Mr. Mitesh Hasmukhlal Dani who was appointed as an Additional Director of the Company by the Board of Directors, pursuant to the Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

7. **"To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution":**

Appointment of Mr. Ashish S. Pandare as a Director

"RESOLVED THAT Mr. Ashish S. Pandare who was appointed as an Additional Director of the Company by the Board of Directors, pursuant to the Section 260 of the Companies Act,

1956, and who holds office upto the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

8. "To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution":

"RESOLVED THAT pursuant to the provisions of Sections 100 to 103 and other applicable provisions, if any of the Companies Act, 1956, Article 55 of Articles of Association of the Company and subject to confirmation of the Hon'ble High Court of Judicature at Bombay or National Company Law Tribunal (NCLT) and/or any other regulatory authorities and subject to such other approvals, consents, as may be necessary for the purpose under any rules, regulations of any authority, the existing paid up Equity share capital of the Company be and is hereby reduced from Rs.3,00,00,000/- (Rupees Three Crores only) divided into 30,00,000 Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up to Rs.30,00,000/- (Rupees Thirty Lakhs only) divided into 30,00,000 Equity Shares of Re.1/- (Rupee One only) each and that such reduction be effected by cancelling of Rs.9/- (Rupees Nine only) per share on 30,00,000 Equity Shares amounting to Rs.2,70,00,000/- (Rupees Two Crores and Seventy Lakhs only) in the existing paid up Equity Share Capital which is lost or unrepresented by the available assets i.e. Debit balance in Profit and Loss Account."

"RESOLVED FURTHER that pursuant to the provisions of Section 100 to 103 and other applicable provisions, if any, of the Companies Act, 1956, Article 55 of the Articles of Association of the Company and subject to the confirmation of Hon'ble High Court of Judicature at Bombay or the National Company Law Tribunal (NCLT) and / or any other regulatory authorities as may be prescribed under the Companies Act, 1956, an amount of Rs.2,70,00,000/- on cancellation of Rs.9/- (Rupees Nine only) per share on 30,00,000 Equity Shares be utilized for adjustment of part of the debit balance of the Profit and Loss Account to the extent of Rs.2,70,00,000/-."

"RESOLVED FURTHER that upon such reduction of Equity Share Capital as confirmed by the Hon'ble High Court of Judicature at Bombay or NCLT and reduction becoming effective, the Board of directors of the company, after fixing the record date, be and is hereby authorized to issue new share certificates representing the reduced Equity Share capital with new distinctive numbers consequent to the reduction of the Equity Share capital as aforesaid subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules 1960 and where Members hold Equity Shares (or opt to receive the reduced Equity

Shares) in dematerialized form, the reduced Equity Shares in lieu thereof be credited to the respective beneficiary accounts of the Members with their respective Depository Participants."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution and for removal of any difficulties or doubts, the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee or any person which the Board may nominate / constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorized to lodge an application / petition to the High court of judicature at Bombay or NCLT for obtaining an order confirming the reduction of share capital and to sign and verify application / petition , appoint advocates, solicitors, advisors and to do all such acts, deed, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to reduction of Share Capital including passing such accounting entries and / or such other adjustments in the books of account as are considered necessary to give effect to this resolution or to carry out such modifications / directions as may be ordered by the Hon'ble High Court of Judicature at Bombay or NCLT and / or any other regulatory authority as may be applicable, to implement this resolution."

Dated: 4th August, 2011

Registered Office:

14/B - 318, Merchant Chambers
Sector - 19, Vashi
Navi Mumbai-400 705

For **Jhaveri Weldflux Limited**

Sd/-

Jayesh Jhaveri

Chairman and Executive Director

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and on a poll, to vote instead of himself and such proxy need not be a member of the company.
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (forty eight hours) before the time fixed for holding the meeting. Members/ Proxies should bring the attendance slip duly filled for attending the meeting. Members are requested to bring copy of their Annual Report. No additional copies will be provided at the venue.

3. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 In respect of the items of Special Business as set out above is annexed.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 20th September, 2011 to 29th September, 2011(both days inclusive).
5. As required under Clause 49 IV(G) of the Listing Agreement, details of the Directors, seeking appointment and re-appointment at the ensuing Annual general Meeting are as follows:

Name of Director	Mr. Atul A. Mehta	Mr. Nimesh S. Joshi	Mr. Mandar S. Palav	Mr. Mitesh H. Dani	Mr. Ashish S. Pandare
Date of Birth	15/04/1972	16/05/1965	13/07/1983	09/11/1974	15/01/1986
Date of Appointment	18/11/2010	18/11/2010	18/11/2010	18/11/2010	02/06/2011
Qualification	B.Com	B.Com, FCS, LLB.	B.Com, ACS	Undergraduate	B.Com
Expertise in specific functional areas	Managerial and Finance	Managerial, Administrative and Legal areas	Compliance and Secretarial Areas	Administraion	Administraion
Chairman / Member of the committee of other companies*	NIL	1	NIL	NIL	1

*Directorships of Private Limited Companies not considered.

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

Annexed to the Notice convening the Twentieth Annual General Meeting to be held on Thursday, the 29th September, 2011.

Item No. 3

Mr. Atul Anantrai Mehta was co-opted as an Additional Director of the Company with effect from 18th November, 2010 pursuant to Section 260 of the Companies Act, 1956 read with the Article 86 of the Articles of Association of the Company. Mr. Atul Mehta holds the office upto the Date of the Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Mr. Atul Mehta for the office of the Director.

None of the Directors of the Company other than Mr Atul Anantrai Mehta are interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Mr. Atul Mehta, it would be in the interest of the Company to appoint him as the Director of the Company. The Board recommends the resolution set forth in the Item No. 3 for the approval of the members.

Item No. 4

Mr. Nimesh S. Joshi was co-opted as an Additional Director of the Company with effect from 18th November, 2010 pursuant to Section 260 of the Companies Act, 1956 read with the Article 86 of the Articles of Association of the Company. Mr. Nimesh S. Joshi holds the office upto the Date of the Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Mr. Nimesh S. Joshi for the office of the Director.

None of the Directors of the Company other than Mr. Nimesh S. Joshi are interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Mr. Nimesh Joshi, it would be in the interest of the Company to appoint him as the Director of the Company. The Board recommends the resolution set forth in the Item No. 4 for the approval of the members.

Item No. 5

Mr. Mandar S. Palav was co-opted as an Additional Director of the Company with effect from 18th November, 2010 pursuant to Section 260 of the Companies Act, 1956 read with the Article 86 of the Articles of Association of the Company. Mr. Mandar S. Palav holds the office upto the Date of the Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Mr. Mandar S. Palav for the office of the Director.

None of the Directors of the Company other than Mr. Mandar S. Palav are interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Mr. Mandar S. Palav, it would be in the interest of the Company to appoint him as the Director of the Company. The Board recommends the resolution set forth in the Item No. 5 for the approval of the members.

Item No. 6

Mr. Mitesh H. Dani was co-opted as an Additional Director of the Company with effect from 18th November, 2010 pursuant to Section 260 of the Companies Act, 1956 read with the Article 86 of the Articles of Association of the Company. Mr. Mitesh H. Dani holds the office upto the Date of the Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Mr. Mitesh H. Dani for the office of the Director.

None of the Directors of the Company other than Mr. Mitesh. H. Dani are interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Mr. Mitesh H. Dani, it would be in the interest of the Company to appoint him as the Director of the Company. The Board recommends the resolution set forth in the Item No. 6 for the approval of the members.

Item No. 7

Mr. Ashish S. Pandare was co-opted as an Additional Director of the Company with effect from 2nd June, 2011 pursuant to Section 260 of the Companies Act, 1956 read with the Article 86 of the Articles of Association of the Company. Mr. Ashish S. Pandare holds the office upto the Date of the Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Mr. Ashish S. Pandare for the office of the Director.

None of the Directors of the Company other than Mr. Ashish S. Pandare are interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Mr. Ashish S. Pandare, it would be in the interest of the Company to appoint him as the Director of the Company. The Board recommends the resolution set forth in the Item No. 7 for the approval of the members.

Item No. 8

The Board of Directors of the Company at their meeting held on 4th day of August, 2011 has considered necessary to undertake a scheme of financial restructuring so as to show a true and fair view of the Balance sheet and operate with a leaner base Balance Sheet.

The balance in Profit & Loss Account (debit) as at 31st March, 2011 was Rs.2,80,09,532/-. The accumulated losses are on account of high cost of production resulting to decline in sales of the company.

The company is engaged in the business of welding consumables. Due to high cost of power, being the essential input for welding activity, the company experienced increase in the cost of production and further leading to lower inventory turnover for the company.

All the efforts of the company to diversify and expand its market base did not materialize due to pricing constraints and stiff competition.

The company has been incurring continuous losses and the chances of recovery are remote. Hence it is prudent to write up part of the debit balance in Profit & Loss account to the extent of Rs.2,70,00,000/- by reduction of Rs.9/- per share on 30,00,000 Equity Shares in the existing paid up Equity Share Capital amounting to Rs.2,70,00,000/- in accordance with the provisions of Sections 100 to 103 of the Companies Act, 1956 (hereinafter referred to as "the Act").

The pre and post Capital Structure of the Company is as under:

Particulars	Pre Reduction (Rs.)	Particulars	Post Reduction (Rs.)
<u>Authorised Share Capital</u>		<u>Authorised Share Capital</u>	
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000 Equity Shares of Re.1/- each	5,00,00,000
Total	5,00,00,000	Total	5,00,00,000