

59th Annual Report 2002-03



59th Annual Report

BOARD OF DIRECTORS

<i>Chairman & Managing Director</i>	Mr. Rahul Nanubhai Amin B.E. (Elect.), M. Engg. (Cornell-U.S.A.)
<i>Wholetime Director</i>	Ms. Keki Rambhai Patel B.Com., D.T.P.
<i>Director</i>	Mr. Kantilal Lallubhai Dalal B.Com., B.Sc. (Econ.-L.S.E.)
<i>Director</i>	Mr. Uresh Vivekchandra Desai B.Sc. (Elec. Engg.), U.K.
<i>Director</i>	Dr. Nayan Ramanlal Desai Ph.D. (Chem.) (GILC Nominee)

AUDITORS

Messrs V. H. Gandhi & Co.
Chartered Accountants

BANKERS

Central Bank of India
Dena Bank
Bank of Maharashtra

REGISTERED OFFICE

Nanubhai Amin Marg,
Industrial Area,
P.O. Chemical Industries
Vadodara - 390 003.

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Jyoti Ltd.

NOTICE

NOTICE is hereby given that the FIFTYNINTH ANNUAL GENERAL MEETING of the Members of JYOTI LIMITED will be held at the Registered Office of the Company situated at Nanubhai Amin Marg, Industrial Area, P.O. Chemical Industries, Vadodara-390 003, on **Thursday, the 25th September, 2003 at 8.00 a.m.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003, Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K.L. Dalal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. V.H. Gandhi & Co., Chartered Accountants, as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until conclusion of next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS

4. To appoint a Director in place of Ms. Keki R. Patel, who was appointed as an Additional Director of the Company under Article 124 of the Articles of Association of the Company and who according to Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and who being eligible, offers herself for appointment.
5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and such other approvals as may be necessary, the Company hereby approves the terms of appointment and remuneration of Ms. Keki R. Patel, as Wholtime Director of the Company for a period of five years with effect from 30th July, 2003, as approved by the Board of Directors at its Meeting held on 30th July, 2003 and as set out in the draft Agreement

submitted to this meeting which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and perquisites so as not to exceed the limits of remuneration specified in Schedule XIII to the Companies Act, 1956 and as may be agreed to between the Central Government, the Board of Directors and Ms. Keki R. Patel."

Regd. Office :
Nanubhai Amin Marg
Industrial Area
P.O. Chemical Industries
Vadodara-390 003
30th July, 2003

By Order of the Board

S.SINGHAL

Asst. General
Manager (Legal)
& Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 4 and 5 of the Notice is annexed hereto.
4. All documents referred to in the Notice and Explanatory Statement will be available at the Registered Office of the Company for inspection by Members on all working days between 10.00 a.m. and 12.00 noon.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2003 to 25th September, 2003, (both days inclusive) for the purpose of Annual General Meeting.
6. The Company has appointed M/s. MCS Limited as its Registrars and Share Transfer Agents for rendering the entire range of services to the Shareholders of the Company. Accordingly, all

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documents, transfers, demat requests, change of address intimation and other communications in relation thereto with respect to shares in electronic and physical form should be addressed to the Registrars directly at their following address quoting-Folio No., full name and name of the Company as Unit Jyoti Limited.

MCS Limited

Neelam Apartment

88, Sampatrao Colony,

Alkapuri,

VADODARA – 390 007

Tel. : 0265-2339397,

Fax : 0265-2341639

E-Mail : mcsbaroda@iqara.net

7. Shareholders are requested to notify any change of address.
8. Shareholders are requested to send their queries in respect of Financial Accounts of the Company for the year ended 31st March, 2003 at least a week in advance so as to enable the Management to keep the information ready at the time of the Annual General Meeting.
9. A profile of the Director retiring by rotation and eligible for re-appointment and profile of Wholtime Director are given in the Directors Report, which form part of this Annual Report.
10. As you are aware, the Company's Shares have been dematerialised for all investors. Members holding Share Certificates in the physical form are requested to dematerialise their shares by approaching any of the Depository Participants registered with SEBI.
11. Shareholders are entitled to nominate by filling up Form No.2B, a person in whom his shares in the Company shall vest in the event of his demise. The Shareholders are requested to avail of this facility. The duly filled in and signed Nomination Form No. 2B should be sent to the Registrars M/s. MCS Limited at the above mentioned address.
12. Relevancy of questions and the order of speakers at the meeting will be decided by the Chairman:

ANNEXURE TO NOTICE

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

Item No. 4

At the Board Meeting held on 30th July, 2003, Ms. Keki R. Patel was appointed as an Additional Director of the Company w.e.f. 30th July, 2003. By virtue of the provisions of Section 260 of the Companies Act, 1956 and Article 124 of the Articles of Association of the Company Ms. Keki R. Patel holds office upto the date of this Annual General Meeting of the Company. Notice under Section 257 of the Companies Act, 1956 has been received by the Company from a Member signifying his intention to propose Ms. Keki R. Patel as candidate for the Office of Director.

Ms. Keki R. Patel is a graduate in Commerce and has considerable experience in the areas of General Management, Finance and Internal Audit. She has been working with the Company in various capacities for the last 25 years.

Your Directors feel that her joining the Board will be beneficial and in the interest of the Company.

None of the Directors except Ms. Keki R. Patel is interested in the Resolution.

Item No. 5

In accordance with the provisions of Sections 198, 269 and 309 read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Shareholders of the Company and the Central Government, the Board of Directors of the Company at its meeting held on 30th July, 2003, passed resolution for the appointment of Ms. Keki R. Patel as Wholtime Director of the Company for a period of five years with effect from 30th July, 2003. The said appointment is subject to the approval of the Central Government since all the terms of Schedule XIII to the Companies Act, 1956, are not complied with.

Ms. Keki R. Patel is a graduate in Commerce and has considerable experience in the areas of General Management, Finance and Internal Audit. She has been working with the Company in various capacities for the last 25 years. The draft of the Agreement to be entered into by the Company with



Jyoti Ltd.

Ms. Keki R. Patel, which is placed before this meeting and available for inspection by the Members, contain inter-alia the following principal terms and conditions:

Period of Appointment

Five years with effect from 30th July, 2003.

Salary

Rs. 25,000/- (Rupees Twenty Five Thousand only) per month which may be increased as per discretion of the Board of Directors upto Rs. 40,000/- per month. In addition to the salary, she will be paid Dearness Allowance of Rs. 2,187/- per month which may be varied from time to time by the Government.

Perquisites and Allowances

- 1) In addition to salary, the appointee Ms. Keki R. Patel shall also be entitled to perquisites and allowances equivalent to 40% of salary.
- 2) Further, she is entitled to Leave Travel Concession for self and her family including dependants, Medical reimbursement and such other perquisites, benefits and allowances in accordance with Rules of the Company. The aggregate of the same will be restricted to 10% of her annual salary.

"Family" mentioned above means the spouse and dependent children of the appointee.

For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual costs.

Provision of telephone facility at the residence and reimbursement of expenses including entertainment expenses and actual conveyance expenses will not be considered as perquisites.

The following shall not be included for the purposes of computation of the remuneration or perquisites as aforesaid:

- i) The Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act.
- ii) Gratuity payable at the rate of half month's salary for each completed year of service; and
- iii) Encashment of leave at the end of the tenure of the appointee.

Minimum Remuneration

Subject to the ceiling specified in Section II Part II of Schedule XIII to the Companies Act, 1956, the appointee shall be paid remuneration by way of salary and perquisites specified above notwithstanding that in any Financial Year during the currency of her tenure, the Company has no profits or its profits are inadequate.

Compensation

If before the expiry of the Agreement, the tenure of office of the appointee is determined, she shall be entitled to compensation for the loss of office subject to the provisions of Section 318 of the Companies Act, 1956.

As long as Ms. Keki R. Patel functions as Wholetime Director, she shall not be interested or otherwise concerned directly or indirectly in any Selling Agency of the Company in future without the prior approval of the Central Government.

The particulars set-out above, may be treated as an abstract of the Terms of Contract for the remuneration / appointment of Ms. Keki R. Patel, as Wholetime Director of the Company which is required to be given to every Member under the provisions of Section 302 (2) of the Companies Act, 1956.

The draft of the Agreement referred to above is open for inspection by the Members at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day upto the date of the Annual General Meeting.

The Board recommends the adoption of this Resolution.

Ms. Keki R. Patel, is concerned or interested in the Resolution as it relates to her own term of appointment / remuneration.

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

Regd. Office :
Nanubhai Amin Marg
Industrial Area
P.O. Chemical Industries
Vadodara-390 003
30th July, 2003

By Order of the Board

S.SINGHAL
Asst. General
Manager (Legal)
& Company Secretary

59th Annual Report**DIRECTORS' REPORT**

To,
The Members of Jyoti Limited

Your Directors present this FIFTYNINTH ANNUAL REPORT and Audited Accounts for the year ended on 31st March, 2003.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2002-03	2001-02
Profit / (Loss) before Interest and Depreciation	52.24	634.64
Less: Interest and Bank Charges	948.34	948.37
Profit / (Loss) before Depreciation	(896.10)	(313.73)
Less: Depreciation	206.46	209.25
Profit / (Loss) from Operations	(1102.56)	(522.98)
Less: Contractual deductions and Bad Debts written off	25.11	19.86
Less: Provision for diminution in value of investment	0.19	15.99
Amortization of V.R.S. Compensation	96.48	96.48
Profit / (Loss) before Taxation	(1224.34)	(655.31)
Provision for Taxation	—	—
Deferred Tax	22.54	75.07
Balance of Profit / (Loss) for the year	(1201.80)	(580.24)
Balance brought forward from the previous year	—	184.37
Profit / (Loss) available for Appropriation	(1201.80)	(395.87)
Less: Transferred from General Reserve	460.10	—
Balance Profit / (Loss) carried to Balance Sheet	(741.70)	(395.87)

REVIEW

During the year under review, riots which began towards end of February, 2002 and which continued upto May, 2002 seriously affected the operations of the Company. Over the years, the pattern has been that the Company was achieving peak production level during the last quarter of the year. However, complete disruption in material inflow, absenteeism due to curfew, etc. especially during March, 2002 i.e. last month of the financial year 2001-02 and first two months of the year 2002-03 seriously affected the operations of the Company resulting in heavy production drop. Due to this, the working capital cycle was badly affected and the Company started incurring cash losses. This resulted in delays in delivery schedules and in cancellation of some valuable orders, imposition of penalty, etc. adding extra financial burden on the Company.

Majority of Company's customers are state-owned power utilities which face perennial funds shortage. Due to this, large amount of Company's receivables have been outstanding for longer periods, further affecting its working capital cycle.

General economic recession coupled with downturn in capital goods industry severely affected electrical engineering industry in the form of increase in input costs and crippled margins. In order to remain in the market, the Company had to accept orders with thin margins which also affected the profitability of the Company.


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The sales and other income for the financial year under review were Rs. 6943 lacs (Rs. 8367 lacs). This resulted in loss from operations amounting to Rs. 1103 lacs.

PROSPECTS

In order to remain competitive and to cut the costs, over last two years, the Company took various cost cutting initiatives and one of them was Voluntary Retirement Scheme and no new recruitments. This helped the Company in significantly bringing down its overhead costs and survive in the present financial crisis.

The Company is now very selective in booking orders looking at customers' payment profile and also with reasonable margins. Product mix of the Company is also under constant review.

As mentioned earlier, an extensive cost cutting exercise is undertaken at various levels in the Company. Production processes are being improved to cut costs, research and development is being carried out to cut material costs, cut in travelling expenses, communication expenses, etc.

In spite of selective order booking, the Company has pending orders worth Rs. 70 crores at the beginning of the current year i.e. 1st April, 2003 which only demonstrates the confidence the customers have in the Company. This is a major strength. With the outlook brightening for capital goods manufacturers and with the recent enactment of the Electricity Act which will enable power generation companies to sell power directly to consumers and also encourage private participation in transmission and distribution of power, the T&D equipment manufacturing companies like Jyoti will get a boost. This holds out a good opportunity for the Company and its products.

DIVISIONAL PERFORMANCE

SWITCHGEAR

During the year under review, this Division has executed an order for 1 x 210 MW Raichur Thermal Power Station of Karnataka Power Corporation Ltd. in Karnataka wherein your Company designed, manufactured, supplied, erected, tested and commissioned 5 Nos. 6.6 KV, 40 KA Indoor VCB Switchboards.

With the continued thrust on more power projects by the Government of India, the demand for HT Switchgear will increase in coming years, thus helping your Company for a better future.

ROTATING ELECTRICAL MACHINES

The year 2002-03 continued to witness severe competition. During the year under review, this Division had good order position for Sugar Alternators, but could supply only 9 Nos. 3 MW Sugar Alternators because of continuous working capital problem faced by the Company. During this year, this Division has developed in-house, two coil winding machines for cylindrical rotor coil which will help in reducing the manufacturing cost in future, which also forms part of Company's cost reduction exercise.

HYDEL SYSTEMS

This Division has successfully commissioned 1 x 2350 KW Hemavathy HEP for M/s. Maruthi Power Gen (India) Ltd., Bangalore. It also completed supply portion of Hydro Generating Equipment worth Rs. 150 lacs for 1 x 750 MW Shahnoor HEP in Maharashtra. In this Project mechanical rolling is over but due to non-availability of grid, the project could not be commissioned. This Division has, among others, received an order from International Power Corporation Ltd., Bangalore, worth Rs. 1140 lacs for supply of E&M Equipments for 2 x 6000 KW Kempthole HEP. Out of 2 Nos. 6 MW machines, 1 set has already been despatched to the site and the 2nd set will be despatched by end of August, 2003. The project is likely to be commissioned by September, 2003. This is one of the largest capacity machines manufactured by the Company and will be one of the model Hydel Projects in the country.

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PUMPS

During the year under review, this Division was selective in accepting orders. The major orders received by this Division were from Patna Water Board for 54 Nos. Vertical Turbine Pumps with Motors and Starters, 5 Nos. 750 HS Pump Sets from CESPO, Lucknow, and medium size Vertical Turbine Pumpsets from PHE Departments of Madhya Pradesh and Chhatisgarh. Among other supplies, this Division has achieved expertise to manufacture tailor - made pumps to suit customer - specific requirements and one of such achievements is a special pump manufactured for Defence in Nickel Aluminium Bronze material of construction. These pumps have been manufactured under stringent quality requirement of Defence and have successfully completed 500 hours of endurance trial at site. With this, your Company is the only qualified vendor for supply of pumps for submarine application. This Division has, among other orders, received an order of Wagholi Buti Lift Irrigation Scheme for supply, erection and commissioning of 4 Nos. 750 T Pumps with 6.6 KV, 280 KW Motors valued at Rs.284 lacs.

With the introduction of various schemes in the core sector and limited competition in the organised manufacturing sector of pumps, number of tenders for water supply and lift irrigation schemes are in the pipeline and your Company will always have its share.

EXPORTS

During the year under review, your Company's total physical exports is valued at Rs.344 lacs as against Rs.166 lacs during the year 2001-02. The Joint Venture at Sohar (Sultanate of Oman) has helped your Company in securing major orders from the Middle East Market. Total value of pending export orders for execution is about Rs.300 lacs.

As several power and electrification projects are coming up in Middle East countries, your Company is hopeful to perform still better in export front in the years to come.

FINANCE

During the year, your Company approached the Consortium of Bankers in the month of September, 2002 for Restructuring Package for revival of the Company. Although the Package of Rs.16 crores was sanctioned in October, 2002, due to procedural delays in getting sanctions from all the three banks, actual disbursement could take place only towards end of January, 2003. The package consisted ECB of US\$2 Million (Rs.10 crores) against Bank Guarantee given by the Central Bank of India on behalf of the Consortium of Banks and the Term Loan of Rs.6 crores to be adjusted against the devolved LCs and Bills returned and Overdue Interest. The Package consisted conversion of Devolved LCs/Returned Bills into Term Loan of Rs 5.95 crores and Bank Guarantee for Bank Muscat's ECB of Rs 9.5 crores net, disbursed on January 24, 2003.

DIVIDEND

In view of the loss incurred during the year under review, your Directors are not able to recommend any dividend.

FIXED DEPOSITS

No Fixed Deposits were accepted / renewed during the year. There are unclaimed deposits of Rs. 3.31 lacs as on 31st March, 2003.

AUDITORS' REPORT

The observations made in the Auditors' Report are self explanatory and are also clarified in the Notes forming part of the Accounts and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.


Jyoti Ltd.

SUBSIDIARY COMPANY

Pursuant to Section 212 of the Companies Act, 1956, the Annual Accounts for the year ended on 31st March, 2003, of Nima Limited, a Subsidiary of your Company are annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure-A forming part of this Report.

PARTICULARS OF EMPLOYEES

The Company does not have any employee who was in receipt of remuneration aggregating to the sum prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2002.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, a Report on Corporate Governance and a Certificate from the Auditors of the Company are given in the Annexure-B and Annexure-C respectively which form part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that :-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company;
- (ii) such accounting policies have been selected and consistently applied and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2003 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) annual accounts have been prepared on a going - concern basis.

DIRECTORS

Dr. N.R. Desai was appointed on the Board as the nominee of Gujarat Industrial Investment Corporation Ltd., Gandhinagar from 31st January, 2003.

Mr. H.N. Elavia, Mrs. Tejal R. Amin and Mr. A.P. Hathi ceased to be Directors of the Company from 2nd June, 2003, 12th June, 2003 and 22nd July, 2003 respectively consequent upon their resignations. The Board places on record its deep appreciation for the valuable services rendered by Mr. H.N. Elavia, Mrs. Tejal R. Amin and Mr. A.P. Hathi during their association as Directors of the Company.

Ms. Keki R. Patel was appointed as an Additional Director by the Board of Directors at its meeting held on 30th July, 2003 and being eligible, is proposed to be appointed at the ensuing Annual General Meeting.

The Remuneration Committee and the Board of Directors at their meeting held on 30th July, 2003 have

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approved the appointment of Ms. Keki R. Patel as Wholetime Director of the Company for a period of five years with effect from 30th July, 2003, subject to the approval of the Shareholders and the Central Government.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. K.L. Dalal retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Brief details about Ms. Keki R. Patel and Mr. K.L. Dalal, as required under the Corporate Governance Code, is given hereunder:

Ms. Keki R. Patel, 49, is a graduate in Commerce and has considerable experience in the areas of General Management, Finance and Internal Audit. She has been working with the Company in various capacities for last 25 years.

Directorship held in other companies are :

- (1) JEM Industries Ltd., Mogar

Ms. Keki R. Patel is not a Member of any Committee of Directors of any Company.

Mr. K. L. Dalal, 79, is B.Com., B.Sc. (Econ. - L.S.E.). He was head of Economic, West Asia and Africa Divisions, Ministry of External Affairs, New Delhi. He was also Ambassador of India to Austria. Mr. K. L. Dalal is Director of the Company since 25th January, 1988.

Directorship held in other companies are :

- (1) Spaco Carburetors (I) Ltd., Pune

- (2) Industrial Organics Ltd., Ludhiana

Mr. K.L. Dalal is not a Member of any Committee of Directors of any Company.

AUDITORS

The Members are requested to appoint Statutory Auditors at the ensuing Annual General Meeting to hold office from the conclusion of the said meeting until conclusion of the next Annual General Meeting. M/s. V.H. Gandhi & Co., Chartered Accountants, Vadodara, the existing Auditors have under Section 224 (1B) of the Companies Act, 1956, furnished Certificate of their eligibility for re-appointment.

APPRECIATION

Your Directors place on record their appreciation for the excellent support the Company has received from its employees, customers and shareholders. They also express their sincere thanks to the financial institutions & bankers and the Government of Gujarat for their valuable support extended to the Company.

On Behalf of the Board of Directors

RAHUL AMIN

Chairman & Managing Director

Vadodara

30th July, 2003