

60th Annual Report 2003-04

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Jyoti Ltd.

VADODARA


Jyoti Ltd.
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>	Mrs. Tejal Rahul Amin B.Com.
<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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NOTICE

NOTICE is hereby given that the SIXTIETH 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 23rd September, 2004 at 7.30 a.m.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004, 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. U.V. Desai, 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 Mrs. Tejal R. Amin, 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 a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows:

The following Article No. 85A with its title be inserted after the existing Article No.85 in the Articles of Association of the Company:

POSTAL BALLOT

"85A. Notwithstanding anything contained in these Articles, pursuant to Section 192A of the Companies Act, 1956, the Company may, and in the case of resolution relating to such business as the Central Government may, by notification, declare or prescribe under the Rules made by it to be conducted only by postal ballot (including voting by electronic mode), shall get any resolution passed by means of a postal ballot (including voting by electronic mode), instead of /in addition to transacting the business in the General Meeting of the Company. Where the Company decides to pass any resolution by postal ballot, it shall send a notice by registered post acknowledgement due, or under certificate of posting and publishing an advertisement in a leading English and one vernacular newspaper circulating in the State in which the registered office of the Company is situated, about having dispatched the ballot papers or by any other method as may be prescribed by the Central Government in this behalf to all the Shareholders, along with draft resolution explaining reasons therefore, and requesting them to send their assent or dissent in writing on a postal ballot, in postage pre-paid envelope to be provided by the Company, within a period of 30 days or within such period as may be prescribed by the Central Government from the date of posting of the Notice.

If a resolution is assented to by a requisite majority of the Shareholders by means of postal ballot (including voting by electronic mode), it shall be deemed to have been duly passed at a General Meeting in that behalf."

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT, subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), the Securities Contracts



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(Regulations) Act, 1956 and Rules framed thereunder, the Listing Agreements executed between the Company and each of the Stock Exchanges where equity shares of the Company are listed, Securities and Exchange Board of India (De-listing of Securities) Guidelines 2003, and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or made applicable while granting such approvals, permissions and sanctions and agreed to, by the Board of Directors of the Company, consent is hereby accorded to the Board of Directors of the Company to de-list the Company's equity shares from Stock Exchange, Ahmedabad at Ahmedabad."

7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution** :

"In supersession of the Resolution passed by the Shareholders at its 58th Annual General Meeting held on 26th September, 2002, it is hereby RESOLVED that the consent of the Company pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby accorded to the Board of Directors of the Company for borrowing for the purposes of the business of the Company any sum or sums of money from time to time from any Bank or Banks or any Financial Institution or Financial Institutions or other person or persons whomsoever in addition to the temporary Loans obtained from the Company's Bankers in the ordinary course of business provided that the sum or sums so borrowed under this Resolution and remaining outstanding at any time shall not exceed in the aggregate of Rs. 100,00,00,000 (Rupees Hundred Crores only) in excess of and in addition to the paid-up capital and free reserves of the Company for the time being."

Regd. Office :

Nanubhai Amin Marg

Industrial Area

P.O. Chemical Industries

Vadodara-390 003

29th July, 2004

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, 5, 6 and 7 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 13th September, 2004 to 23rd September, 2004, (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 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.

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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, 2004 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 Mrs. Tejal R. Amin 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 4

At the Board Meeting held on 12th December, 2003, Mrs. Tejal R. Amin was appointed as Additional Director of the Company w.e.f. 12th December, 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 Mrs. Tejal R. Amin 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 Mrs. Tejal R. Amin as candidate for the Office of Director.

Mrs. Tejal R. Amin, 43, is a graduate in Commerce and has considerable experience in the areas of General Management and Finance. Mrs. Tejal R. Amin has already served the Company as Wholetime Director for almost 4 years and was responsible for bringing about substantial improvement in the performance of the Company. She is Managing Trustee of Navrachana Education Society which runs a number of reputed Schools in Vadodara.

Your Directors feel that her joining the Board again will be beneficial and in the interest of the Company. None of the Directors except Mr. Rahul Amin is interested in the Resolution.

Item 5

A new Article 85A is proposed to be inserted after existing Article 85 being consequential alteration of the Articles of Association of the Company in view of amendments in the Companies Act, 1956, by introduction of a new Section 192A for passing of certain resolutions by postal ballot, by the Companies (Amendment) Act, 2000. The Central Government has also framed and notified the Companies (Passing of the Resolution by Postal Ballot) Rules, 2000.


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According to Section 31 of the Companies Act, 1956, it is necessary to pass a Special Resolution to amend any of the provisions of Articles of Association. Therefore, the Directors recommend the Special Resolution at item No.5 of the Notice for your approval.

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

Item 6

Presently the Company's equity shares are listed on the Stock Exchange, Mumbai (BSE), Vadodara Stock Exchange Ltd., and Stock Exchange, Ahmedabad. The trading volume of the Company's equity shares on Ahmedabad Stock Exchange is negligible. The annual recurring listing fee paid to the said stock exchange does not now offer commensurate benefits to the Company, its members and to investors at large. With BSE having nation-wide trading terminals, members and investors prefer to have access by online dealings to the Company's shares across the country at its extensive networking centers. De-listing of the Company's equity shares at Stock Exchange, Ahmedabad would further contribute to reduction in administrative cost and efforts of the Company.

In view of the above, the Board of Directors at its meeting held on 29th July, 2004 have decided to voluntarily de-list the Company's equity shares from Stock Exchange, Ahmedabad. The proposed voluntary de-listing will not adversely affect members including investors located in Ahmedabad.

In accordance with Securities and Exchange Board of India (De-listing of Securities) Guidelines 2003, members approval by way of special resolution for the voluntary de-listing from the Stock Exchange, Ahmedabad as set out in the Resolution at item No.6 of the Notice is required. In terms of the said guidelines, as the Company's equity shares shall continue to be listed at BSE, no exit option is required to be offered to the shareholders.

The proposed de-listing is in the interest of the Company and the Board of Directors recommend the resolution at item No.6 of the Notice for approval of the members.

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

Item 7

At the Annual General Meeting of the Company held on 26th September, 2002, consent of the Company was accorded for borrowing moneys from time to time for the purposes of business of the Company to the extent of Rs. 75 crores in excess of paid up Capital and free reserves of the Company. To meet the capital needs, it may be necessary for the Company to obtain additional borrowings in the years to come and accordingly it is necessary to increase the existing borrowing limit of Rs. 75 crores to Rs. 100 crores. This Resolution is an enabling Resolution and the money will be borrowed as and when required by the Board of Directors of the Company keeping in view the business activities. The Resolution is proposed in terms of Section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956.

The Board commends this Resolution for your approval.

None of the Directors of the Company is concerned or interested in the above resolution.

Regd. Office :
Nanubhai Amin Marg
Industrial Area
P.O. Chemical Industries
Vadodara-390 003
29th July, 2004

By Order of the Board

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

60th Annual Report**DIRECTORS' REPORT**

To,
The Members of Jyoti Limited

Your Directors present this SIXTIETH ANNUAL REPORT and Audited Accounts for the year ended on 31st March, 2004.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	<u>2003-04</u>	<u>2002-03</u>
Profit / (Loss) before Interest and Depreciation	188.83	52.24
Less: Interest and Bank Charges	859.70	948.34
Profit / (Loss) before Depreciation	(670.87)	(896.10)
Less: Depreciation	185.56	206.46
Profit / (Loss) from Operations	(856.43)	(1102.56)
Less: Contractual deductions and Bad Debts written off	5.10	25.11
Less: Provision for diminution in value of investment	0.18	0.19
Amortization of V.R.S. Compensation	96.48	96.48
Profit / (Loss) before Taxation	(958.19)	(1224.34)
Provision for Taxation - Current Tax	—	—
- Deferred Tax	35.10	22.54
Balance of Profit / (Loss) for the year	(923.09)	(1201.80)
Balance brought forward from the previous year	(741.70)	—
Profit / (Loss) available for Appropriation	(1664.79)	(1201.80)
Less: Transferred from General Reserve	—	460.10
Balance Profit / (Loss) carried to Balance Sheet	(1664.79)	(741.70)

REVIEW

For the past three years, the operations of the Company have not been upto expectations on account of various factors like recession in the capital goods industry, riots in the State of Gujarat, rising interest cost and elongated working capital cycle.

Most of the Company's customers are State owned Power Utilities which face perennial shortage of funds. Due to this, large amount of funds are blocked in receivables which has not only resulted in inadequate cash-flows but also increased interest burden.

General economic recession coupled with downturn in capital goods industry severely affected electrical engineering industry in the form of increased input costs and crippled margins.

The sales and other income (Gross) for the financial year under review were Rs. 7423 lacs (Rs. 6943 lacs). This resulted in loss from operations amounting to Rs. 856 lacs.

PROSPECTS

With the economy looking up, the order book of the Company looks healthier in terms of profit margins and more orders to pick from. Further, the downturn has led to tightening of the belt in the Company's operations leading to improved efficiencies.



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The Government has announced a number of policy measures for power and water sectors which have resulted in increased demand for Company's products.

An extensive cost cutting exercise is undertaken at various levels in the Company. Production processes are being improved to reduce costs, research and development is being carried out to reduce material costs and reduction in travelling and communication expenses, etc. has been effectuated.

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, 2004 which itself demonstrates the confidence the customers have in the Company. The Electricity Act (Privatisation of Power Distribution and Transmission) enacted in 2003, has resulted in an increased demand for power distribution equipment. The Government, in its current Five Year Plan, has earmarked huge investments in power generation. This holds out a good opportunity for the Company to market its products.

DIVISIONAL PERFORMANCE

SWITCHGEAR

During the year under review, this Division, among other orders, has supplied 78 Nos. 11 KV VCB Panels valued at Rs. 305 lacs to Tamil Nadu State Electricity Board and 253 Nos. of Panels valued at Rs. 524 lacs to Gujarat Electricity Board (GEB).

During the year under review this Division has also successfully conducted all the type tests for 33 KV Indoor Panels as per the new IEC 62271-100 at CPRI, Bangalore and ERDA, Vadodara.

With the continued thrust on increasing power generation capacity by the Government of India, the demand for HT Switchgear will increase in the years to come. As there is a large population of existing switchgear products of the Company, there is good potential for doing spares business and retrofitting existing MOCBs with VCB Switchgear.

ROTATING ELECTRICAL MACHINES

During the year under review, the Division has supplied 132 Nos. Wind Mill Generators valued at Rs. 460 lacs. During the year, the Division has also received an order for 3 Nos. 1.5 MW Vertical Hydro Generators valued at Rs. 97.5 lacs.

The Division, among other orders, has received an order for 230 Nos. Windmill Generators valued at Rs. 794 lacs to be executed in the 1st half of the year 2004-05 and is expecting order for similar quantity for execution in the 2nd half of the year.

HYDEL SYSTEMS

During the year under review, amongst major orders executed, the Division successfully commissioned 2 x 6000 KW capacity Machines for International Power Corporation Limited, Bangalore for their Kemphole Hydro Electric Project (HEP) well before the stipulated time schedule. It also successfully commissioned 3 x 1000 KW Mungpoo Kali Khola HEP in Silliguri for West Bengal State Electricity Board; Darjeeling where Pelton Turbines were employed. It also completed supply portion of Hydro Generating Equipment worth Rs. 724 lacs for 3 x 1200 KW Sheetla HEP for Uttar Pradesh Jal Vidyut Nigam Ltd.

The Division, among other orders, has received prestigious order worth Rs. 968 lacs from Hydro Projects Design Circle (HPDC), Government of Maharashtra for supply of E&M Equipments for 2 x 1000 KW Dolwahal HEP. The Division has also made a breakthrough in the State of Mizoram by securing an order worth Rs. 850 lacs for supply of a E&M Equipment for 2 x 1.5 MW Maichem-II HEP.

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PUMPS

During the year under review, among other orders, the Division received an order from Kolkata Municipal Development Corporation for 4 Nos. of 600 size Pumps with accessories under stiff competition. This project was for Emergency Water Supply and the Scheme was completed on 31st March, 2004.

The Division is expecting an order from Krishna Bhagya Jal Nigam for their Indi Lift Irrigation Schemes valued at Rs.900 lacs in the State of Karnataka where Karnataka Power Corporation Ltd. are the technical consultants. This order will be a major breakthrough in the State of Karnataka.

The Division is also expecting some orders from CESPO, Lucknow which has been funded by NABARD for their existing Pumping Stations taken up for refurbishment which includes replacement of old Pumps, Motors and HT Panels.

Irrigation, Water Supply, Sewage and Power are the primary sectors and water being an essential resource, more and more water supply and irrigation schemes are planned by the Government in the budget. Since major competitors are very few, your Company will have its share in growing business.

EXPORTS

During the year under review, your Company's total physical exports is valued at Rs.259.79 lacs as against Rs.344 lacs during the year 2002-03. The prospects for Medium Voltage Switchgear are very bright in the Middle East as Transmission & Distribution Network is being developed rapidly. The Company is negotiating several prestigious orders in the Middle East.

CORPORATE DEBT RESTRUCTURING (CDR)

For last 3 years, the Company was experiencing a financial and liquidity crunch on account of various factors. To overcome the difficulties faced by the Company and with a long term perspective, the Company approached the Consortium of Bankers for restructuring of its debts under the Corporate Debt Restructuring (CDR) Mechanism as per RBI guidelines. The CDR Empowered Group has approved the comprehensive debt Restructuring Package of the Company pursuant to their Letter of Acceptance dated 30th June, 2004. The Restructuring Package consists of reduction in rate of interest on working capital and term loans with effect from 1st January, 2004, funding of interest on entire working capital and term loan of Banks and Financial Institutions and fresh need based working capital limit.

Your Directors place on record their grateful acknowledgement to CDR Group for restructuring the debts of the Company and also place on record the gratitude to the Banks and Financial Institutions for agreeing to the proposal of restructuring of debts submitted by the Company to the CDR Group.

Your Directors believe that, with the restructuring package and the revival measures already taken, the Company is expected to come out of the financial difficulties very soon.

REGISTRATION WITH BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)

As the Net Worth of the Company is fully eroded as on 31st March, 2004, the Company will have to make a reference to the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985.

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. 3.13 lacs as on 31st March, 2004.

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.

SUBSIDIARY COMPANY

Nima Limited, a subsidiary of your Company has filed an application for striking of the name of the Company under Section 560 of the Companies Act, 1956 under Simplified Exit Scheme. Pursuant to section 212 of the Companies Act, 1956, Accounts upto 25th December, 2003 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 Discussions 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, 2004 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.