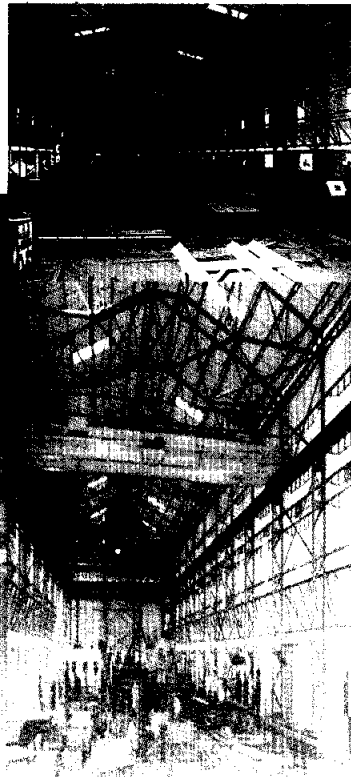


ANNUAL REPORT 1998-99

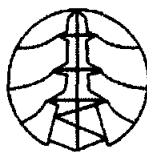
JSL

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JYOTI STRUCTURES LTD.



**JYOTI STRUCTURES LIMITED**

ISO 9001 - CERTIFIED

BOARD OF DIRECTORS

V. P. Valecha
K. R. Thakur
S. H. Mirchandani
M. P. Tejawani
P. K. Thakur
S. A. Krishnan

Chairman
Managing Director

LEGAL ADVISORS

Mulla & Mulla
and Craigie Blunt & Caroe

Amarchand & Mangaldas
and Suresh A. Shroff & Co.

COMPANY SECRETARY

S. G. Kulkarni

AUDITORS

R.M. Aijaonkar & Associates
Chartered Accountants

BANKERS

State Bank of India
IndusInd Bank Limited
Standard Chartered Bank
The Sakura Bank Limited
ANZ Grindlays Bank Limited
Central Bank of India
Canara Bank
UTI Bank Limited
ABN-AMRO Bank

24TH ANNUAL GENERAL MEETING

Monday, the 30th August, 1999
at 3.30 p.m. at M. C. Ghia Hall,
Bhogilal Hargovindas Building,
18/20, Kaikhushru Dubash Marg,
Mumbai - 400 001

REGISTRARS AND TRANSFER AGENTS**Physical Mode :**

Premium Financial Services Limited
A-2/477, Shah & Nahar Industrial Estate,
Lower Parel (West) Mumbai - 400 013
Tel. : 4960621/622 Fax : 4950128

Depository Mode :

1. For National Securities Depository Ltd. (NSDL)
Big Share Services Pvt. Ltd.
J/12, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072
Tel. : 8524914/3541 Fax : 8525207
2. For Central Depository Services (India) Ltd. (CDSL)
Premium Financial Services Limited
A-2/477, Shah & Nahar Industrial Estate,
Lower Parel (West) Mumbai - 400 013
Tel. : 4960621/622 Fax : 4950128

REGISTERED OFFICE

Valecha Chambers,
5th Floor,
New Link Road,
Oshiwara,
Andheri (W), Mumbai - 400 053.
Tel. : 631 2510/16/17 Fax: 631 0379

WORKS

MIDC Area, Satpur, Nasik (Maharashtra)
Urla Industrial Area, Raipur (Madhya Pradesh)
R & D Centre, Ghoti, Dist. Nasik (Maharashtra)

ENCLOSURES

Notice
Attendance Slip & Proxy Form

JYOTI STRUCTURES LIMITED**C O N T E N T S**

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ANNUAL REPORT 1998-99**FINANCIAL HIGHLIGHTS**

(Rs. in Lacs)

| | 1998-99 | 1997-98 | 1996-97 | 1995-96 | 1994-95 |
|-------------------------------|---------|---------|---------|---------|---------|
| SALES & EARNINGS : | | | | | |
| Sales & Other Income | 20,779 | 18,447 | 14,458 | 11,968 | 7,697 |
| Profit Before Taxes | 810 | 839 | 827 | 1,287 | 912 |
| Profit After Taxes | 700 | 689 | 615 | 972 | 652 |
| Equity Dividend | 25% | 25% | 25% | 25% | 22% |

ASSETS :

| | | | | | |
|---|--------|-------|-------|-------|-------|
| Gross Block (Including Capital W.I.P.) | 5,624 | 4,476 | 3,708 | 2,418 | 1,871 |
| Net Block | 4,371 | 3,552 | 3,059 | 2,004 | 1,653 |
| Total Net Assets | 10,221 | 8,709 | 6,662 | 4,401 | 2,770 |

REPRESENTED BY :

| | | | | | |
|--------------------|--------|-------|-------|-------|-------|
| Net worth | 4,108 | 3,544 | 2,991 | 2,502 | 1,640 |
| Share Capital | 491 | 491 | 491 | 491 | 491 |
| Reserves & Surplus | 3,617 | 3,052 | 2,500 | 2,011 | 1,149 |
| Borrowings | 6,113 | 5,166 | 3,671 | 1,898 | 1,130 |
| Total Funds | 10,221 | 8,709 | 6,662 | 4,401 | 2,770 |

OTHER HIGHLIGHTS :

| | | | | | |
|--|--------|--------|-------|-------|-----|
| Foreign Exchange Earnings (Including Deemed Exports & Sales through Export Houses) | 10,186 | 1,3015 | 9,040 | 2,781 | 747 |
| Foreign Exchange Outgo | 1,366 | 3,525 | 5,267 | 2,667 | 802 |

INSTALLED CAPACITY AND PRODUCTION :

| | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|
| Installed Capacity (M.T. p.a.) | 52,000 | 52,000 | 42,000 | 34,000 | 34,000 |
| Production (M.T.) | 24,771 | 33,134 | 28,312 | 27,219 | 20,278 |

JYOTI STRUCTURES LIMITED

DIRECTORS' REPORT

The Directors Present their Twenty-fourth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1999.

Financial Results :

| | 1998-99 Rs. | 1997-98 Rs. |
|---|-----------------------|-----------------------|
| Sales and Other Income | <u>2,07,79,49,529</u> | <u>1,84,47,47,899</u> |
| Profit before Depreciation and Taxes | <u>11,54,13,067</u> | <u>11,38,01,019</u> |
| Less : Depreciation | <u>3,44,03,048</u> | <u>2,99,13,989</u> |
| Profit before Taxes | <u>8,10,10,019</u> | <u>8,38,87,030</u> |
| Less : Taxes [Net of excess provision of earlier years Rs. 60 Lacs (P.Y. Rs. Nil)] | <u>1,10,00,000</u> | <u>1,50,00,000</u> |
| Profit after Taxes | <u>7,00,10,019</u> | <u>6,88,87,030</u> |
| Balance brought forward from previous year | <u>1,19,80,026</u> | <u>90,95,903</u> |
| Prior Year Adjustment (Net) | <u>70,667</u> | <u>4,241</u> |
| Profit available for appropriations | <u>8,20,60,712</u> | <u>7,79,87,174</u> |

Appropriations :

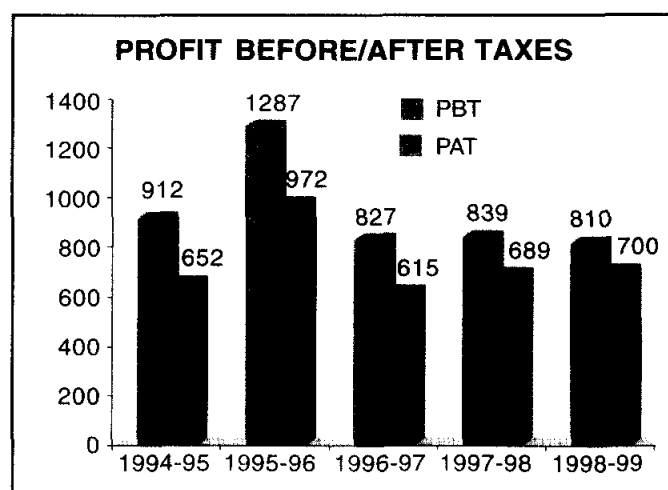
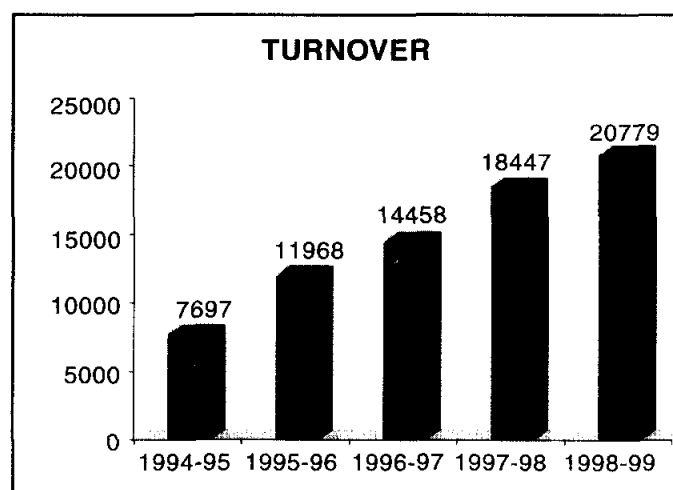
| | | |
|----------------------------------|--------------------|--------------------|
| Proposed Dividend | <u>1,22,79,225</u> | <u>1,22,79,225</u> |
| Corporate Dividend Tax | <u>12,27,923</u> | <u>12,27,923</u> |
| General Reserve | <u>5,70,00,000</u> | <u>5,25,00,000</u> |
| Balance carried to Balance Sheet | <u>1,15,53,564</u> | <u>1,19,80,026</u> |
| | <u>8,20,60,712</u> | <u>7,79,87,174</u> |

Dividend :

The Directors recommend payment of dividend at the rate of Rs. 2.50 per share (P.Y. Rs. 2.50 per share) for the year ended 31st March, 1999 on fully paid-up equity shares.

Operations :

Shareholders would recall the concern expressed in the Directors' Report last year about business outlook in the near future. Faced with a difficult situation, the Company



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has been able to achieve 12.65% growth in sales and a marginal growth in net profit inspite of fall in production in the first half of the year. Production level picked up towards the end of the year and the Company could produce 24,771 MT of galvanised structures during the year as compared to 33,134 MT in the previous year. The higher production level is continuing in the current year 1999-2000.

Outlook :

Business outlook for the industry in general and your Company in particular, although not as expected, has improved as compared to last year. Considering the order book position at the beginning of the current year and barring any unforeseen circumstances, your Company is hopeful to post better results in the current year.

Expansion/ Diversification/Subsidiaries :

The refractories unit produced 2,484 MT of bricks and monolithics during the year as against 1,028 MT in the previous year. The Company's gross turnover increased from Rs. 75.49 Lacs to Rs. 268.19 Lacs. The prospects for the current year are optimistic.

The other Subsidiary Company, viz, JSL Finance Ltd., has continued to follow all applicable guidelines issued by the Reserve Bank of India for NBFC's.

Y2K Preparedness Level :

The Company has undertaken steps to achieve Year 2000 compliance in all the computerised systems. It is also developing a contingency plan to tackle any eventuality arising out of this problem. However, no serious threat is expected to the Company's activities from the Y2K problem. The total cost of this project is approximately Rs. 30 Lacs.

Directors :

In accordance with Article 80 of the Articles of Association of the Company, Mr. M.P. Tejwani retires by rotation at the ensuing Annual General Meeting and is eligible for re-election.

During the year, with an object of broad basing the Board, two professional Directors, viz; Mr. P.K. Thakur and Mr. S.A. Krishnan were appointed as Additional Directors on Whole-time basis in the Board meeting held on 31st May, 1999. They shall hold office upto the date of the 24th Annual General Meeting. Notices have been received from the Members alongwith requisite deposit signifying their intention to propose both Mr. P.K. Thakur and Mr. S.A. Krishnan as candidates for the offices of Directors liable to retire by rotation.

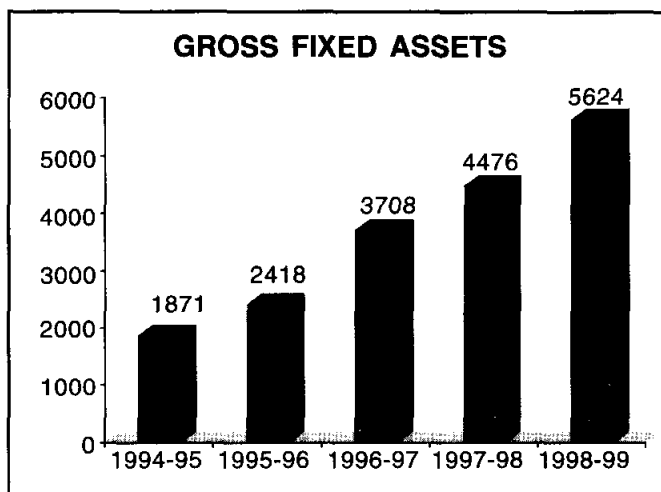
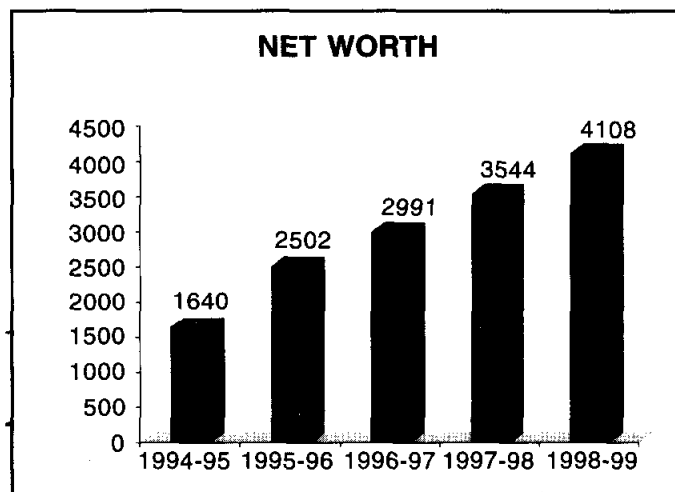
Your Directors recommend appointment of Mr. P.K. Thakur and Mr. S.A. Krishnan as Directors of the Company and re-appointment of Mr. M.P. Tejwani.

Dematerialisation of Shares :

The Company's shares have been admitted for dematerialisation on NSDL Depository of the National Stock Exchange and Central Depository of the National Stock Exchange and Central Depository of the Mumbai Stock Exchange. Equity Shares of your Company can now be traded also in dematerialised forms. This will eliminate problems such as loss, theft, bad deliveries and forgeries associated with physical handling of share certificates as is also more cost efficient to the investor.

Auditors :

M/s. R.M. Ajaonkar & Associates, the Auditors of the Company will retire at the conclusion of this Annual General



JYOTI STRUCTURES LIMITED

Meeting and being eligible offer themselves for re-appointment. They have given their consent to be re-appointed for the current year. Members are requested to consider re-appointing them as Auditors and fix their remuneration.

Conservation of energy, technology absorption and foreign exchange earnings and outgo :

Particulars required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are attached hereto as Annexure-A.

Deposits :

The Company has not accepted deposits from the public within the provisions of Section 58-A of the Companies Act, 1956.

Particulars of employees :

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, regarding employees is given in Annexure-B to the Directors' Report.

Acknowledgements :

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from Financial Institutions and bankers, Suppliers and Clients, during the year under review.

Your Directors also wish to place on record their appreciation of the devoted efforts of the employees at all levels in the Company.

For and on behalf of the Board

Mumbai,
31st May, 1999

V.P. Valecha
Chairman



ANNUAL REPORT 1998-99**ANNEXURES TO DIRECTORS' REPORT****Annexure - A**

Information pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

1. Conservation of Energy :

During the year under review, all possible efforts were made to ensure optimum consumption of electricity and fuel at the plants of the Company.

| Consumption | 1998-99 | | 1997-98 | |
|-------------------|-----------|--------------|-----------|--------------|
| | Units | Amount (Rs.) | Units | Amount (Rs.) |
| Electricity (KWH) | 10,92,220 | 44,70,981 | 11,78,040 | 45,57,929 |
| Furnace Oil (KL) | 1285.505 | 75,32,210 | 1,610.101 | 1,06,25,661 |

2. Foreign Exchange Earnings & outgo :

| | 1998-99 (Rs.) | 1997-98 (Rs.) |
|---|------------------|------------------|
| Earnings (including deemed exports and sales through Export Houses) : | 1,01,86,01,523 | 1,30,15,14,594 |
| Outgo : | 13,66,48,596 | 35,24,97,253 |

3. Technology Absorption and Expenditure on Research and Development

: The R & D Centre and Tower Testing Station suitable for Testing of Double Circuit Towers upto 1,000 KV at Ghoti, Dist. Nasik, Maharashtra was commissioned in the previous year. During the year, 17 Nos. of tower proto types were tested and the operations of the centre are satisfactory.

Annexure - B

Statement Pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies Particulars of employees) Rules, 1975.

| Sr. No. | Name of the Employee | Designation, Nature of Duties | Age (Yrs.) | Gross Remuneration (Rs.) | Qualification | Experience in No. of Years | Last Employment Held | Commencement of Employment |
|---------|---|-------------------------------|------------|--------------------------|-----------------|----------------------------|----------------------|----------------------------|
| A. | Name of employee employed throughout the year and was in receipt of remuneration of not less than Rs. 6,00,000/- p.a. | | | | | | | |
| | K.R. Thakur | Managing Director | 57 | 8,32,757 | B.E. (Mech.) | 35 | Self Employed | 1977 |
| B. | Name of employee employed for part of the year and was in receipt of remuneration of not less than Rs. 50,000/- p.m. | | | | | | | |
| | P. Varma | Vice President (Operations) | 56 | 1,82,117 | B.Sc (Engg/Ele) | 34 | ABB Ltd. | 1998 |

Note : Gross Remuneration comprises of salary, allowances, monetary value of perquisites and the Company's contribution to Provident Fund and Superannuation Fund but excludes contribution to Gratuity Fund.

For and on behalf of the Board

Mumbai,
31st May, 1999

V.P. Valecha
Chairman

JYOTI STRUCTURES LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF JYOTI STRUCTURES LIMITED

We have audited the attached Balance Sheet of JYOTI STRUCTURES LIMITED as at 31st March, 1999 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto, a statement of the matters specified in paragraphs 4 and 5 of the said Order. We also draw the attention of the members to Note Nos. 12, 13 and 14 of the Notes forming part of the Accounts of the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) the Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, subject to Note Nos. 1(a), 1(b)(ii), and 1(j) of the Notes forming part of the Accounts of the Company, the Profit & Loss Account and the Balance Sheet together with notes thereon, generally comply with sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) We draw attention of the members to Note No. 15 of Notes forming part of the Accounts of the Company. The Company is in the process of becoming year 2000 compliant.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999; and
 - ii) in the case of the Profit and Loss Account, of the PROFIT for the year ended on that date.

For R.M. AJGAONKAR & ASSOCIATES
Chartered Accountants

Mumbai,
31st May, 1999

R.M. AJGAONKAR
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. As per the information and explanations given to us, the management has physically verified the fixed assets. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company, nature of its business and value of the fixed assets. No material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures for physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the Company and the same have been properly dealt with, in the books of account.
6. In our opinion and according to the information and explanations given to us, the valuation of stock is fair and proper, in accordance with the normally accepted accounting principles. We draw attention of the members to Note No. 14 of the Notes forming part of Accounts of the Company.
7. In our opinion and according to the information and explanations given to us, the rates of interest and other terms and conditions of loans, secured or unsecured, taken by the Company from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
8. In our opinion and according to the information and explanations given to us, the rates of interest and other terms and conditions of loans, secured or unsecured, granted by the Company to companies, firms or other parties listed in the register maintained under Section 301 and/or to the companies under the same

ANNUAL REPORT 1998-99

- management as defined under Section 370(1B) of the Companies Act, 1956 except for one party are not prima- facie prejudicial to the interest of the Company.
9. The parties to whom the loans or advances in the nature of loans have been given by the Company are generally repaying the principal amounts as mutually agreed and are generally regular in payment of interest wherever charged, except for two parties. We feel that the company should step-up their efforts to recover the principal amount and interest.
 10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for sale of goods.
 11. In our opinion, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000 or more in respect of each party, were made at prices which were reasonable having regard to the prevailing market prices for such goods or materials or services or the prices at which transactions for similar goods, materials or services were made with other parties, wherever applicable.
 12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
 13. In our opinion and according to the information and explanations given to us, the Company has generally complied with the provisions of Section 58A of the Companies Act, 1956, and the rules framed thereunder with regard to the deposits accepted.
 14. In our opinion, the Company has maintained reasonable records for sale and disposal of realisable by-products and scrap.
 15. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
 16. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the products of the Company.
 17. The Company has generally been regular during the year in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities, wherever applicable.
 18. According to the books and records examined by us and the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales tax, Customs Duty and Excise Duty which had remained outstanding as at 31st March, 1999 for a period exceeding six months from the date they became payable.
 19. According to the information and explanations given to us and the records of the Company examined by us, prima facie, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
 20. The Company is not a Sick Industrial Company within the meaning of clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
 21. In respect of service activities, the Company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocation of the materials consumed to the relevant jobs commensurate with its size and nature of its business, wherever applicable.
 22. In respect of service activities, the system of the Company provides for a reasonable allocation of manhours utilised to the relative jobs, commensurate with its size and nature of its business, wherever applicable.
 23. In our opinion and according to the information and explanations given to us, there is a reasonable system of authorisation at proper levels and necessary controls on the issue of stores and where applicable, on allocation of stores and labour to jobs and there is a system of internal control generally commensurate with the size of the Company and the nature of its business.

For R.M. AJGAONKAR & ASSOCIATES
Chartered Accountants

Mumbai,
31st May, 1999

R.M. AJGAONKAR
Partner