

**THE
FIFTEENTH
ANNUAL REPORT
1998-99**



KHODIYAR INDUSTRIES LIMITED

Khodiyar Industries Limited

DIRECTORS : SHRI VINODBHAI D PATEL
SHRI DALSUKHBHAI D PATEL

CHAIRMAN & MANAGING DIRECTOR : SHRI RAMNIKLAL M PATEL

AUDITORS : R G PATHAK & ASSOCIATES
AHMEDABAD

BANKERS : VIJAYA BANK

REGISTERED OFFICE & WORKS : SURVEY NO.602/1, VIJAPUR ROAD
MANSA - 382 845, DIST: GANDHINAGAR

CORPORATE OFFICE : 4TH FLOOR, D.K. HOUSE
MITHAKHALI, ELLIS BRIDGE
AHMEDABAD-380 006

Khodiyar Industries Limited

NOTICE

Notice is hereby given that 15th Annual General Meeting of the Members of the Company will be held on 29th September, 1999 at 1.00 p.m. at the Registered Office of the Company situated at Survey No.602/1 Vijapur Road, Mansa-382 845 Dist: Gandhinagar, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as at and Profit & Loss Account of the Company for the year ended on 31st March, 1999, together with Auditors' Report thereon.
2. To appoint a Director in place of Shri Ramniklal M Patel, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Shri Dalsukhbhai D Patel who was appointed as Additional Director at a Meeting of the Board held on 30th March, 1999 pursuant to Section 260 of the Companies Act, 1956 and in respect of whom a notice under Section 257 of the Act has been received from a member proposing his candidature for the office of Director, be and is hereby appointed Director."

By Order of the Board

S/d

R M Patel

Chairman & Managing Director

Date : 23.08.1999
Place : Ahmedabad

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND A PROXY NEED NOT BE A MEMBER. The proxy form, in order to be valid and effective, must be delivered at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No.4 of the above Notice is annexed.
3. The Register of Members and Share Transfer Book of the Company will remain closed from Monday, 20th September 1999 to Wednesday, 29th September, 1999 (both days inclusive).
4. A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least 7 days prior to the Meeting so that the required information can be made available at the Meeting.
5. Members are requested to immediately notify any change in their address with pin code and to quote their Folio Nos. in all correspondence with the Company.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

Annexure to Notice

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No.4

With a view to broad base the Board, Directors at their Meeting held on 30th March, 1999 appointed Shri Dalsukhbhai D Patel as an Additional Director. Pursuant to the provisions of Section 260 of the Companies Act, 1956, he holds his office as such up to the date of this Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose his appointment. Your Directors recommend his appointment.

None of the Directors except Shri Dalsukhbhai D Patel being appointee concerned or interested in this resolution.

By order of the Board

Sd/-

R M Patel

Chairman & Managing Director

Date : 23.08.1999
Place : Ahmedabad

Khodiyar Industries Limited

DIRECTORS' REPORT

To
The Members
KHODIYAR INDUSTRIES LIMITED

Yours Directors have pleasure in presenting the 15th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

The Financial Results are as under:

	(Rupees in Lacs)	
	<u>1998-99</u>	<u>1997-98</u>
Turnover	815.01	1075.54
Other Income	65.64	7.03
	-----	-----
Total Income	880.65	1082.57
	=====	=====
Profit before Depreciation and Taxation	(6.51)	(9.13)
Less: Depreciation	40.42	98.50
	-----	-----
Profit/Loss before tax	(46.93)	(107.63)
Add: Provision for Taxation	--	1.86
	-----	-----
Profit/Loss for the year	(46.93)	(109.49)
Balance as per last Balance Sheet	(109.13)	0.36
	-----	-----
Total Profit/Loss	(156.06)	(109.13)
	=====	=====

OPERATIONS

During the year under review, the Company has achieved a sales turnover of Rs. 815.01 lacs with a decrease of 24.22% over the previous year. The decline in sales turnover is due to a number of factors viz. increase in prices of raw materials, thereby increasing the cost of production, decrease in demand by some industries like agricultural, construction, overall general depressive market conditions, etc. Further, the company experienced it too difficult to market the product as the market turned to be competitive. All these factors affected the profitability of the company adversely, resulting into cash loss of Rs.3.18 lacs. Despite the prevalent adverse market conditions, your directors are employing best efforts at their level best to overcome the situation.

DIVIDEND

In view of loss incurred during the year, your Directors do not recommend payment of dividend.

INSURANCE

All the assets of the Company have been adequately insured.

FIXED DEPOSITS

The Company has not accepted/renewed any fixed deposit during the year under review.

Khodiyar Industries Limited

DIRECTORATE

Pursuant to Articles of Association of the Company read with Section 256 of the Companies Act, 1956, Shri Ramniklal M Patel, Managing Director of the Company is due to retire at the ensuing Annual General Meeting of the Company and is eligible for reappointment.

During the period, Dr. J K Patel (GIC Nominee) and Shri Ranjitbhai V Patel have resigned on 09.03.1999 and 30.03.1999 respectively. Your Directors placed on record their sincere appreciation for the services rendered by them to the Company during their tenure.

Your Directors have at their Meeting held on 30.03.1999 appointed Shri Dalsukhbhai D Patel as Additional Director. According to the provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of ensuing Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received by the Company from a member proposing his candidature for the office of Director. Your Directors recommend his appointment as Director.

AUDITORS

M/s. R G Pathak & Associates, Chartered Accountants, Ahmedabad, Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The observations of the Auditors read with the notes on accounts are self explanatory.

PARTICULARS OF EMPLOYEES

There was no employee during the year drawing remuneration in excess of the ceilings prescribed under provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

LISTING

The Equity Shares of the Company are listed on the Stock Exchange, Ahmedabad, The Stock Exchange, Mumbai and Saurashtra Kutch Stock Exchange, Rajkot. The annual listing fees for the financial year 1999-2000 have been paid to these Stock Exchanges.

ADAPTATION FOR THE YEAR 2000

Most of the hardware and software and programmes installed in the Company's offices are of recent origin and they take care of Y2K problems. However in case of any emergency, the Company is prepared for any type of system failure and is in a position to transform all electronic information/data to manual, for which necessary procedures, systems processes and infrastructure have been devised. The changes, wherever necessary, have also been made and it has been ensured that the continuity of business and services to its customers/investors is not affected due to this problem. The expenditure to ensure Y2K compliance is not ascertainable. However, the same is not likely to have any material financial impact of the Company.

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

Particulars with respect to Conservation of Energy as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 1999, are annexed to this Report.

ACKNOWLEDGEMENT

Your Directors express their sincere thanks for the cooperation and assistance received from Financial Institutions viz. GSFC and GIC, as also Vijaya Bank. Your Directors also express their gratitude to the Investors, Employees at all levels, Marketing Agents, Dealers and Consumers of the Company for their valuable support and continued confidence reposed in the company.

By Order of the Board

Sd/-

R M Patel

Chairman & Managing Director

Date: 23.08. 1999

Place: Ahmedabad

Khodiyar Industries Limited

ANNEXURE TO DIRECTOR'S REPORT

Information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

A. CONSERVATION OF ENERGY

The Company is committed to conserve the energy mainly electricity. For this purpose the Company has adopted various measures and techniques which include improvements in manufacturing process, changes in the moulds, dies & tools, etc.

B. TECHNOLOGY ABSORPTION

The Company is always keen to make changes in the dies and tool in order to shorten the manufacturing time of its products which ultimately results into savings in electricity consumption.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under consideration, there is no foreign exchange earnings or outgo.

D. RESEARCH & DEVELOPMENT

Keeping in view the need in future, the Company is planning to establish a separate Research & Development Division, for which the provision for creation of necessary infrastructure will be made.

FORM A

Form of disclosure of particulars with respect to conservation of energy:

	1998-99	1997-98
A. POWER & FUEL CONSUMPTION		
1. Electricity		
Units consumed (Nos.)	741474	853446
Total Amount (Rs.)	3163567	3314100
Rate per units (Rs.)	4.27	3.88
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
B. CONSUMPTION PER UNIT OF PRODUCTION		
Total Production PVC Pipe & Fittings during the year (Kgs)	1615.76	1773.00
Electricity per Kg. of PVC Pipe & Fittings (Rs.)	1.96	1.87