



13TH ANNUAL REPORT

1998-99

ELECTROTHERM (INDIA) LIMITED

COMPANY BRIEF

BOARD OF DIRECTORS

1. MR.MUKESH BHANDARI

Chairman & Managing Director

2. MR.SHAILESH BHANDARI

Vice Chairman & Jt.M.D.

3. MR.H.K.GUPTA

Joint Managing Director

4. MR.H.R.SHARMA

Whole Time Director

5. MR.N.B.DALAL

Whole Time Director

6. DR. NAGESH BHANDARI

7. MR.K.V.RAMANATHAN

Nominee Director - SIDBI

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AUDITORS

Talati & Associates
Chartered Accountants
Ahmedabad

BANKER

Bank of India
Navrangpura Branch,
Swastik Char Rasta, C. G. Road,
Ahmedabad-380009.

REGISTERED OFFICE

A-1, Skylark Apartment
Satellite Road
Ahmedabad : 380015

CORPORATE OFFICE & WORKS

Plot No.72,
Village : Palodia, Via Thaltej
Ahmedabad : 382 115

WIND FARM PROJECT

Village : Dhank
Dist. : Rajkot.

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DIRECTOR'S REPORT TO THE SHAREHOLDERS

To,
The Members,

Your Directors present their Thirteenth Annual Report together with the audited statements of Accounts for the year ended on March 31, 1999.

FINANCIAL RESULTS

(Rs.in Lacs)

Year ending March 31,	1999	1998
Profit Before Tax	0.60	1.64
Provision for Taxation	0.10	0.30
Profit after Tax	0.50	1.34
Add : Balance brought forward	230.08	248.74
	230.58	250.08
Less : Income Tax paid for earlier year	10.00	20.00
Balance carried forward	220.58	230.08

DIVIDEND

In absence of inadequate profit we regret our inability to propose Dividend.

OPERATION

The year under review was affected by low investment in capital equipment for steel industry. Despite heavy odds our company could achieve a turnover of Rs. 1803.10 Lacs against turnover of Rs. 2321.73 Lacs achieved during previous year.

LANDMARK ACHIEVEMENTS

1. Our Company was confirmed prestigious "DHATU NAYAK AWARD" for key contribution to stainless steel and alloy steel industry by indiginously developing cost effective equipment for manufacturing of stainless steel through Induction Furnace route.
2. During the year under review, we have supplied India's Largest MF Induction Melting Furnace of 20 Tons capacity to M/s Shah Alloys Ltd, Ahmedabad.

WIND MILL DIVISION

There was a cyclone in the coastal area's of Gujarat where wind farm of the Company is situated. Due to cyclone there were damages in pillars and blades of wind mill, which have been made good. Wind farm is now performing satisfactory.

EXPORT

Successful performance of our furnaces overseas and Company's thrust in overseas market has resulted in export to the tune of Rs. 227.56 Lacs.

Export turnover is likely to increase substantially during the current financial year.

Y2K COMPLIANCE

Members may be aware that the computerised systems all over the world are facing the problem of Year 2000 (Y2K) wherein the systems may misinterpret the results in the start of Year 2000. In order to avoid the said problem appropriate modifications have to be incorporated in the hardware as well as in software systems of the Company.

The Company is seriously working on the Y2K problem and all requisite steps are being taken with in-house expertise and with the help of outside agencies to upgrade the systems of the Company. The above process of up-gradation is likely to be completed by October, 1999 and approximate cost will be around Rs.12 Lacs.

RESEARCH & DEVELOPMENT

Continued emphasis on research and development on existing products and development of new products will contribute substantially to the performance of the company in the coming years.

Introduction of energy efficient furnaces will give a cutting edge to company's products in the coming years.

HUMAN RESOURCES

The Company regards human resources as its prime resource and the contribution from the employees has continuously been harnessed for attainment of organisational goals. During the year there was a conducive and congenial work environment in the company.

Company also believes in up-dating knowledge of its employees by training.

INDUSTRIAL RELATION

Relations with the employees across the board continued to remain cordial during the year.

DIRECTORS

Mr.Shailesh Bhandari and Mr.H.K.Gupta, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Board of Directors of the Company appointed Dr.Nagesh Bhandari as Director of the company in their meeting held on 29th January, 1999 to fill the casual vacancy caused by the death of Shri B.C Bhandari. Under provision of section 262 of Companies Act, 1956, he holds the office up to the date of ensuing Annual General Meeting. His appointment as Director of the Company U/s 257 of the Companies Act, 1956 has been proposed and your Directors commend it for your approval.

PERSONNEL

Particulars of Employees as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975, are set out in the Annexure forming part of this Report. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts is being sent to all shareholders of the Company.

PARTICULARS OF CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The additional information required under the provision of 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 Report, is annexed hereto.

AUDITORS

The auditor, M/S Talati & Associates, Chartered Accountants, retires at the forthcoming Annual General Meeting and has confirmed their eligibility and willingness to accept the office, if re-appointed.

PARTICULARS OF EMPLOYEES

Information as required under Section 217(2A) of the Companies Act, 1956 (the Act,) and the rules framed thereunder forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder desirous of obtaining a copy of the said statement may write to the our Head Office & Works at Survey No.72 Village Palodia : 382 115 (Via Thaltej, Ahmedabad).

APPRECIATION

Board of Director of your Company sincerely acknowledge the Co-operation and assistance received from the Financial Institutions, Bankers, Central & State Government Departments and local authorities and thank them for their continued support and valuable assistance.

Your Directors would also like to acknowledge the continued support of the company's Shareholders.

In conclusion, your directors would also like to record deep appreciation and gratitude for the devoted and sincere services rendered by workers, staff and executives at all level of the company during the year.

Date : 30th August, 1999
Regd. Office : A1, Skylark Apartment,
Satellite Road,
Ahmedabad-380015

On behalf of the Board

MUKESH BHANDARI
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE - A

Conservation of energy, technology absorption and foreign exchange earning and outgo under Section 217(1)(e) of the Companies Act, 1956 read with the Company's (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988.

A] CONSERVATION OF ENERGY :

Being an engineering industry, avenues for conservation of energy are minimal. However, efforts are being made to conserve energy wherever possible.

B] TECHNOLOGY ABSORPTION :

a) Research & Development :

(i) Specific Areas :

- a) Working on development of a new power source for foundry furnaces, Prototype is under test.
- b) A New topology of high frequency inverter using IGBTs for induction Heating and Hardening applications is being tried out. Previous design was abandoned due to problems.
- c) Bottom Electrode for large DC Arc Furnaces being developed and new method of fixing it is being worked out.
- d) Analysis of arc deflection control in relation to large DC Arc Furnaces.
- e) Development of Power Sharing Panel for feeding MF power to two furnaces simultaneously from one power supply. After trials, a 250 KW equipment has been commissioned.

(ii) Benefits Derived :

- a) Receipt of orders for Induction Heating and Hardening equipments.
- b) Rail hardening equipment was developed and supplied.
- c) Keen interest shown for melting DRI/Sponge Iron in DC Arc Furnace.

(iii) Future Plan of Action :

- a) Plan to increase exports and develop alliance for sale of products in Europe, North and South America.

(iv) Expenditure on R & D :

(a) Capital Expenditure	:	
(b) Recurring Expenditure	:	40.71 Lacs
(c) Total Expenditure	:	40.71 Lacs
(d) Total R&D as a percentage of total turnover (net of excise & Sales Tax) :		2.26%

b) Technology absorption, adaptation and innovation :

(i) Efforts Made :

Designs are being continuously improved to reduce power consumption increase melting rate and make furnaces more compact.

(ii) Benefits Derived :

Due to the above changes, despite the existing recessionary trend in the economy, we could sell more Induction Melting Furnaces and Heating/Hardening equipments.

(iii) Import Technology : NONE

C] FOREIGN EXCHANGE EARNINGS AND OUTGO :

(i) Activities Relating to Export :

The Company has been making efforts for direct exports at international level. Company has executed order of Rs. 227.56 Lacs and has further diversified its export market.

(ii) Total Foreign Exchange Earnings and Outgo :

a] Foreign Exchange earnings	:	Rs.227.56 Lacs
b] Foreign Exchange Outgo	:	Rs.167.69 Lacs

Date : 30th August, 1999
Regd. Office : A1, Skylark Apartment,
Satellite Road,
Ahmedabad-380015

On behalf of the Board

MUKESH BHANDARI
CHAIRMAN & MANAGING DIRECTOR

FORM : A

(SEE RULE 2)

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

A. POWER AND FUEL CONSUMPTION :

	1998-99	1997-98
I. ELECTRICITY		
a. Purchased Units	46070	41070
Total Amount	349442	327039
Rate per unit.(Rs.)	7.58	7.96
b. Own Generation		
i. Through diesel generator Units	265448	220930
Unit per it. of Diesel Oil Unit.	2.37	2.39
Cost per Unit.(Rs.)	4.63	4.85
ii. Through steam turbine/ generator Units	—	—
Unit per it. of Fuel Oil/Gas	—	—
II. STEAM COAL		
Quantity	—	—
Total Cost (Rs.)	—	—
Average Rate (Rs.per mt.)	—	—
III. FURNACE OIL		
Quantity	—	—
Total Cost (Rs.)	—	—
Average Rate (Rs.per mt.)	—	—
IV. OTHERS/INTERNAL GENERATION		
Lignite quantity used	—	—
Total Cost (Rs.)	—	—
Rate per Unit (Rs.Per mt.)	—	—

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards (if any)	Current Year	Previous Year
1. Electricity			
a) Electronic Furnaces	—	8419 }	6390 }
b) Induction Heating /Hardening Equipment	—		
2. Furnace Oil	—	—	—
3. Coal	—	—	—
4. Lignite	—	—	—

* Since those are manufactured in common manufacturing facility, it is not possible to work out separate power consumption per item per unit.