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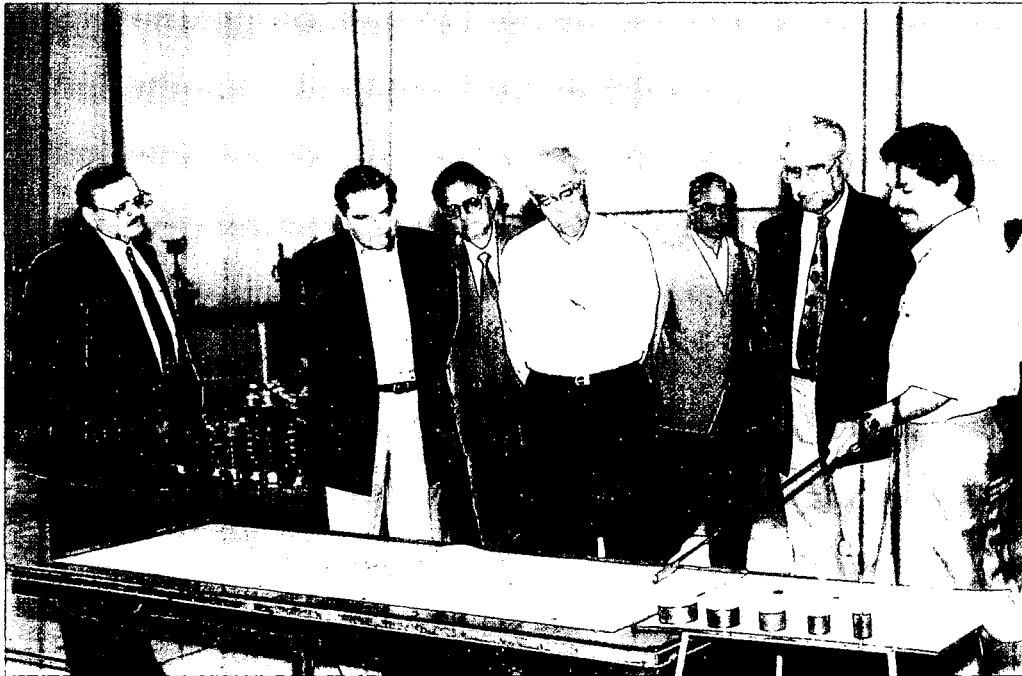
MD	✓			BKC	✓
CS	✓			DPY	NA
RO	✓			DIV	✓
TRA	NA			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		

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ELPRO
INTERNATIONAL
LTD.

Annual
Report
1997-98

35th



Mr. Nagpure explaining technical details of Zno Disc at Pune Plant (L to R)

Mr. Bagla, Mr. Dabriwala,
Mr. Mukherjee, Mr. Chinnappa,
Mr. Yadav and Mr. Dass

Close observation.
(L to R)

Mr. Dass, Mr. Deshmukh,
Mr. Chinnappa and Mr. Wadia



BOARD OF DIRECTORS :	K.M.CHINNAPPA	<i>Chairman</i>
	R.K.DABRIWALA	<i>Vice Chairman</i>
	R.N.DASS	
	S.K.WADIA	
	S.K.BAGLA	
	S.S.YADAV	<i>IDBI Nominee</i>
AUDITORS :	M/s. A.F.FERGUSON & CO.	<i>Chartered Accountants</i>
SOLICITORS :	MULLA & MULLA & CRAIGIE BLUNT & CAROE	
MANAGEMENT :	S.S.CHAUDHARI	<i>President</i>
	R.MUKHERJEE	<i>President - Switchgear Division</i>
	G.BAGCHI	<i>Vice President - Ind. Products</i>
	A.K.JAIN	<i>Vice President - Finance</i>
	N.SUBRAMANIAN	<i>Vice President - Projects</i>
	A.D.SURVE	<i>Vice President - HR & Personnel</i>
	B.V.DESHMUKH	<i>Vice President - Manufacturing</i>
COMPANY SECRETARY :	P.M.KADAM	
BANKS :	BANK OF INDIA	
	BANK OF BARODA	
	THE UNITED WESTERN BANK LTD	
	SBI COMMERCIAL AND INTERNATIONAL BANK LTD.	
	STATE BANK OF HYDERABAD	

Registered Office : 2, Ornate House, 310, Veer Savarkar Marg, Dadar (W), Mumbai 400 028



NOTICE

NOTICE is hereby given that Thirty Fifth Annual General Meeting of the Company will be held on Thursday, 6th August, 1998 at 11.00 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Churchgate, Mumbai 400 020 to transact following ordinary business :

1. To consider and adopt Balance Sheet as at 31st March, 1998; Profit and Loss Account for the year ended on that date and Reports of the Auditors and Directors thereon.
2. To declare dividend.
3. To appoint Directors in place of those retiring. All Directors (other than IDBI nominee) retire at the annual general meeting. Being eligible, each retiring Director has offered himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board,




R.N.DASS
Director

Mumbai: June 17, 1998

NOTES :

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.
- Register of Members and Share Transfer Books will remain closed from Wednesday, 22nd July, 1998 to Saturday, 25th July, 1998 (both days inclusive).
- Dividend, if declared, will be paid to those members whose names would appear on Company's Register of Members on Saturday, 25th July, 1998.
- Unclaimed dividend for the year 1993-94 was transferred during the year to the credit of the General Revenue Account of the Central Government.
- Please return certificates for shares having face value of Rs.100/- each to get in exchange certificates for shares having face value of Rs.10/- each.

1997-98**DIRECTORS' REPORT**

Your Board presents this Thirty Fifth Annual Report together with the audited statements of account for the year ended on 31st March 1998 for your approval.

1. Financial Results (Rs Lacs)	<u>1997-98</u>	<u>1996-97</u>
Sales & Other Income	6290	4797
Profit before tax for the year	1204	276
Profit after tax for the year	754	236
Tax provision for earlier years	—	(38)
Profit of the previous year	281	396
Transfer from investment allowance reserve	8	4
Profit available for appropriation	1043	598
Less : Transfer to General Reserve	200	200
Transfer to Voluntary Retirement Reserve	300	—
Proposed Dividend	124	107
Tax on dividend	12	10
Balance carried to Balance Sheet	<u>407</u>	<u>281</u>

2. Operations :

Sales at Rs. 42.2 Crores during the year under report were marginally higher than Sales at Rs. 40.6 Crores during the previous year.

The productline Lightning Arresters continued to witness a lower off-take. However, Company's efforts of boosting- up sales of higher rating Arresters yielded better results with respect to sales value and profitability.

The Magnet productline witnessed a sharp decline in quantity off-take and price realisation due to substantial imports.

Varistor productline recovered in terms of quantity off-take. However, the prices continued to decline further.



Company is countering these threats by taking steps to substantially decrease the operating cost and material consumption and by improvements in yields.

Switchgear Division improved its performance by achieving a growth in sales of 34% in value-terms.

Company could achieve substantial reduction in interest and employee cost (other than VRS compensation).

3 GE Shareholding :

After re-structuring of X-ray medical joint venture, the remaining productlines are not of strategic value to General Electric Company (GE) and, therefore, GE - your Company's foreign financial collaborator - has decided to divest its entire shareholding in your Company in favour of the Indian Co-promoters.

4. Dividend :

Board recommends payment of dividend @ Rs.3.50 (tax free) per share on 35,56,677 equity shares of Rs.10/- each, requiring appropriation of Rs.1,24,48,370/- out of the current year's profit. Tax of Rs.12,44,837/- on dividend payable would be borne by the Company.

Cash outflow on this account would be Rs.1,36,93,207/- as against Rs.1,17,36,104/- during the previous year.

5. Flexible Packaging :

Your Company acquired 13,87,700 equity shares of Mukund Flexpack Ltd - a company manufacturing flexible packaging materials at Chakan near Pune.

6. Water Pump Project :

Development of pump set, running on bio-mass, by Sunpower Inc. did not achieve the desired technical parameters. Company is, however, carrying on further developments in-house.

7. Employees :

Industrial relations at all the plants continued to be cordial and harmonious throughout the year. Company's 183 employees were transferred to GE Elpro Medical Systems Ltd. and, further, 140 employees at Pune Plant opted for voluntary retirement.

Information pursuant to Section 217 (2A) of the Companies Act, 1956, is given in Annexure-I.

Annual Report 1997-98

8. Conservation of energy etc. :

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure -II.

9. Directorate :

Mr. Bose resigned from directorship w.e.f. 21.3.1998. Board appreciated his services particularly in the areas of training, developing and managing human resources.

Pursuant to Article 143 (3), all Directors retire at the ensuing annual general meeting. Being eligible, each retiring Director has offered himself for reappointment. Mr.Yadav, a nominee of IDBI, is a non-retiring Director.

10. Auditors :

M/s A.F.Ferguson & Co. retire at the ensuing annual general meeting and are eligible for re-appointment. Audit qualifications are self - explanatory.

11. Acknowledgments :

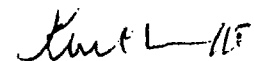
Board hereby thanks the banks and all business associates for their co-operation and support,.

Board hereby places on record its sincere appreciation for technical, financial, marketing and managerial support received from General Electric Company during last 35 years.

Board places on record its appreciation for services rendered by the management, officers and employees.

Finally, Board hereby thanks all the shareholders for their continued support.

for and on behalf of the Board,



K.M.CHINNAPPA
Chairman

Mumbai : June 17, 1998



ANNEXURE - I - Information under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Sr No.	Name Age	Designation	Remuneration Rupees	Qualifications	Joining Date Exp. in years	Last Employer, Designation and Service in Years.
01.	Appaiah K.G. * 50	Marketing Manager	79,275	B.E.Elec. & Mech.	1/10/90 27	I.G.E. (India) Ltd. Regional Manager-10
02.	Bagchi G 50	Vice President - Industrial Products	459,367	M.Sc.	1/10/90 27	I.G.E. (India) Ltd. Product Manager-15
03.	Bhote B.R. * 46	Vice President Material & Exports	112,007	B.Sc (Engg.) (Mech.)	14/12/88 23	TELCO-Asstt.Manager (CTED) - 14
04.	Chaudhari S.S. 42	President	601,726	B.Tech.	1/3/96 19	Bhor Industries Ltd. Sr.Vice President-Mfg.2.1/2
05.	Deshmukh B.V.* 56	Vice President Manufacturing	400,169	B.E.(Mech.) M.I.E.	1/5/97 32	Everest Kanto Cylinder Ltd. General Manager - 2
06.	Jain A.K. 32	Vice President Finance	403,951	B.Sc.AICWA, ACS, ACA	1/10/94 9	BE-DELFT Electronics Ltd. Finance Mgr.& Secretary-3
07.	Mukherjee R 55	President - Switchgear Division	641,134	B.E. M.I.E.	1/10/90 33	I.G.E. (India) Ltd. Vice President - 25
08.	Patil G.D. * 60	Vice President - Manufacturing	49,972	B.E.(Mech.) Mem.IIPE	24/6/65 36	Mahindra Owen Ltd. Tool Engineer - 2
09.	Subramanian N 50	Vice President - Projects	408,804	B.E.(Elec.)	24/4/95 28	AMEI Power Ltd. Managing Director - 10
10	Surve A.D. 59	Vice President - Personnel & HR	455,803	B.A.B.COM M.P.M.	1/10/96 39	Garware Nylons Ltd., GM-Personnel -2,1/2

Notes : 1. Services of all the employees are on permanent basis subject to termination by notice of one to three months by either side.

2. None of the employees is a relative of any director of the Company.

3. Designation denotes nature of duties.

4. (*) denotes employed for part of the year.

Annual Report 1997-98**ANNEXURE - II - Particulars under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 :**

	1997-98	1996-97
1. Conservation of Energy :		
- Power and Fuel Consumption :		
i) Electricity :		
- Units (KWH)	4352	5689
- Total Amount (Rs. Lakhs)	174	205
- Rate per Unit (Rs.)	3.9	3.6
ii) Furnace Oil :		
- Quantity (K.Ltr.)	108	228
- Total Cost (Rs.Lakhs)	6.6	14.1
- Average Rate (Rs.) / Ltr.	6.1	6.2
- Consumption per M.T.of production cannot be furnished as Company is manufacturing many products.		
	Rs.Lakhs	Rs.Lakhs
2. Foreign Exchange Earning and Outgo :		
- Foreign Exchange Earned	2,297.1	569.0
- Outgo of Foreign Exchange		
i) Value of Imports (CIF)		
- Raw Materials and Components	371.9	444.2
- Spare Parts and Consumables	5.1	11.4
- Capital Goods	34.9	—
ii) Travelling Expenses and other payments	87.4	67.5
3. Technology Absorption :		
— Specific areas in which R & D carried out :		
- Redesigning of certain types of Isolators.		
— Benefits of R & D :		
- Reduction in material cost.		
- Improvement in quality and productivity		
— Future Plans :		
- Enlarged range of products.		
- Quality improvement		
— Expenditure on R & D :		
- Capital	—	—
- Recurring	17.1	32.2
- Total	17.1	32.2
- Total expenditure as % of turnover	0.4	0.7

REPORT OF THE AUDITORS

TO THE MEMBERS OF ELPRO INTERNATIONAL LTD.

We have audited the attached Balance Sheet of ELPRO INTERNATIONAL LIMITED as at 31st March, 1998 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - 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) (i) we have relied upon the representation made by the management, being a technical matter, that the useful life of assets given on lease is greater than the primary period of the lease;
 - (ii) we have relied upon the legal opinion referred to in note 25 of Schedule XIX obtained by the Company that intercorporate deposits do not fall within the purview of Section 295 of the Companies Act, 1956.
 - (iii) as stated in note 27, the Company has given loans in excess of the limits prescribed under section 370 of the Companies Act 1956, without the prior approval of the Central Government and the previous approval of the shareholders by special resolution. Further, on basis of the view taken by the Company that "Amalgamation Reserve" is a "Free Reserve" the loans outstanding at the end of the year are within the limits prescribed under section 370 of the Companies Act 1956.
 - (iv) Company has investments aggregating Rs.110.51 lakhs in Mukund Flexpack Ltd. and Rs.612 lakhs being loans and advances are recoverable from it (Note 26). Company estimates that having regard to the future prospects and long term involvement in the company, no loss would arise in respect of which a provision is necessary. We are unable to express an opinion in the matter.

Subject to the foregoing, and in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view;

- i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998

and

- ii) in case of the Profit and Loss Account, of the profit for the year ended on that date.

For A.F.FERGUSON & CO.
Chartered Accountants,
Sd/-

M.S.DHARMADHIKARI
Partner

Mumbai : June 17, 1998