

**6TH
ANNUAL REPORT
1997-98**

MD	✓	B&C	✓
CS	NA	DPY	NA
RO	✓	EE	NA
TRA	✓	EC	✓
AGM	✓	EH	✓
YE	✓		

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GUJARAT CYPROMET LIMITED



Gujarat Cypronet Limited

Board of Directors

Shri Bhogilal D. Shah
Shri Narendra P. Mehta
Shri Mihir T. Choksi
Shri Lalit P. Mehta
Shri Champaklal A. Shah
Shri Rajendra P. Goyal
Shri Navalkishor N. Jambusaria
Shri Uttamkumar M. Kale
Dr. Nayan Desai
Shri Atanu C. Chakraborty

Chairman
Managing Director
Executive Director
Director
Director
Director
Director
Nominee of IDBI
Nominee of GLIC
Nominee of GLIC

Auditors

M/s. Shah & Shah Associates
Chartered Accountants
Ahmedabad.

Bankers

Union Bank of India
South Indian Bank Ltd.
Dena Bank
State Bank of India

Registered Office & Works

Plot No. 69/70, 74-79, 81/82,
Survey No. 196/1,
Mahalaxmi Industrial Estate,
Village Iyava, Sanand - Viramgam Highway,
Sanand, Gujarat - 382 110.

Corporate Office

7/10, Botawala Building,
Office No. 4, Horniman Circle,
Fort, Mumbai - 400 001.

Marketing Division

4, A1-Hasanat Chamber,
3, North South, 10th Road
JVPD Scheme, Andheri (West),
Mumbai - 400 049.

Share Transfer Agents

Satellite Corporate Services Pvt. Ltd.
39/724, Azad Nagar, Il Veera Desai Road,
Andheri (West), Mumbai - 400 053.



Gujarat Cypromet Limited

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Members of the Company will be held at Plot No.69/70, 74-79, 81/82, Survey No.196/1, Mahalaxmi Industrial Estate, Village Iyava, Sanand Viramgam Highway, Sanand, Gujarat - 382 110 on Thursday, 29th October, 1998 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and Profit and Loss account for the year ended on that date and the Directors' & Auditors' Reports thereon.
2. To appoint a Director in place of Shri Lalit P. Mehta who retires by rotation, but being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Champaklal A. Shah who retires by rotation, but being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday 22nd September, 1998 & Tuesday 29th September, 1998 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.

By order of the Board

Mihir T. Choksi
Executive Director

15th September 1998

Registered Office :

Plot No.69/70, 74-79, 81/82,
Survey No.196/1,
Mahalaxmi Industrial Estate,
Village Iyava, Sanand Viramgam Highway,
Sanand, Gujarat - 382 110.

6th Annual Report

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Sixth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS

Description	(Rs.in lacs)	
	Current Year Ended 31st March '98	Previous Year Ended 31st March '97
Sales and Other Income	3444.99	2300.53
Profit before Depreciation and Financial Charges	523.48	312.72
Less : Depreciation	121.29	111.94
Financial Charges	341.22	170.26
Profit before Taxation	51.47	30.52
Less : Provision for tax	6.40	3.67
Profit after Tax	46.07	26.85
Balance of Profit Brought Forward	193.01	166.16
Surplus Carried to Balance Sheet	239.09	193.01

OPERATIONS

During the year under review, the Company attained a very satisfactory growth in its turnover and profitability. While the sales increased by 52% from Rs. 2261.96 lacs to Rs.3444.99 lacs in 1997-98, the Operating Profit increased by 59% from Rs. 312.72 Lacs to Rs. 497.68 lacs. The net profit has increased by 72% from Rs. 26.85 lacs to Rs. 46.07 lacs.

The improvement in performance was inspite of the general economic and industrial slow down as also lower capacity utilisation on account of inadequate availability of High Tension Power from Gujarat Electricity Board.

During the year the Company has been able to stabilise the plant production and has been successful in developing sophisticated products like flash light tubes, condensor tubes and other nickel based copper alloys used in various power plants and which are likely to be the mainstay of the product mix in the coming years.

The Company has also made an encouraging start

to its export drive with total export sales of Rs. 52.00 lacs during the last quarter of the financial year with the products being well accepted in the international markets. With substantial demand in the global market, the Company expects to do well on the export front.

The manufacturing facilities at Sanand have received recognition from several internationally reputed quality management agencies and this will facilitate the acquisition of the ISO 9000 status for the Company.

PHASE II

The Second Phase of the integrated project with the enhancement of the installed capacity by 4000 MT/Annum for the manufacture of small diameter rods , wires and rod coils has been deferred by a period of 12 months in view of the inordinate delay in receiving High Tension Power .

The Company has been granted an extension in the cut off date for fulfilling the import obligations under the Export Promotion Capital Goods (EPCG) Scheme and imports of additional equipments have been effected before end August '98 to enable import completion under the scheme .

Commercial production under the Second Phase is slated to commence from April'99 and introduction of various high value products like wires and small diameter rods will substantially contribute to the overall profitability of the entire project.

PROJECTIONS VS PERFORMANCE

	(Rs. in lacs)	
	Projected	Actuals
Sales and other Income	4939.86	3463.54
Profit after tax	461.13	54.57

Lower capacity utilisation at the plant due to non-availability of High Tension Power, has deterred the Company from achieving projected figures.

INSURANCE

All the properties and insurable interests of the Company including Buildings, Plant & Machinery and Stocks, wherever necessary and to the extent required, have been adequately insured.

CONVERSION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the requirements of Section 217 (1) (e) of the Companies Act, 1956 read with the



Gujarat Cypromet Limited

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure.

DIRECTORS

Shri Lalit P. Mehta and Shri Chapaklal A. Shah, would retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. Uttamkumar Kale has been nominated by Industrial Development Bank of India in place of Mr. Sharad Vaidya. The Board would like to place on record its appreciation of the contributions made by Mr. Sharad Vaidya during the tenure of his Directorship.

PARTICULARS OF EMPLOYEES

The Company does not have any employee, whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975.

AUDITORS' REMARKS

Reference made to note number 13 (B) by the Auditors in their report, is self explanatory.

AUDITORS

M/s. Shah & Shah Associates, Chartered Accountants, Auditors of the Company would retire at the ensuing Annual General Meeting and they are eligible for reappointment. You are requested to appoint then and fix their remuneration.

ACKNOWLEDGMENT

The stabilisation of activities and commercial operations under the first phase of the project and the performance during the current year, would not have been possible without the wholehearted co-operation and support received from Industrial Development Bank of India, Union Bank of India and South Indian bank, Gujarat State Financial Corporation and also active assistance from Gujarat Industrial Investment Corporation Limited (GIIC), Co-promoters of the Company, who have been a source of inspiration and advice during the implementation and operation of the integrated project. The Board would like to thank all the above Institutions and others concerned agencies. The Board also wishes to record sincere appreciation of the employees for the relentless hard work they have put in throughout the year. The Directors are also grateful to you Shareholders for the continued support and confidence repose in the Company.

For and on behalf of the Board

Place : Mumbai
Date : 15th September 1998

Bhogilal D. Shah
Chairman

6th Annual Report

ANNEXURE I

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

1. CONSERVATION OF ENERGY :

A) Power and Fuel consumption :

High Tension Electricity Consumption :

Units (KWH) : 1559154

Total Amount 5532873

(Rs. in lacs)

Rate/Unit (Rs.) 3.54

B) Generated Power :

Diesel Consumption 527928

Purchase (Litres)

Total Amount 5628029

(Rs. in lacs)

Total Unit 1362718

generated (KWH)

Cost per unit (Rs.) 4.13

2. TECHNOLOGY ABSORPTION :

The Company has not imported any technology during the year.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

A) Earnings :

The Company has commenced the export of various non-ferrous alloy tubes like condensor tubes, oil cooler tubes and other general products, to various European, Asian and Australian Markets and thereby earned an amount of Rs. 51.72 lacs from export during the year under report.

B) Outgo :

Foreign Exchange outgo was Rs. 0.87 lacs, on account of travelling and advertisement expenses incurred during the year under report.

For and on behalf of the Board

Place : Mumbai

Date : 15th September 1998

Bhogilal D. Shah

Chairman