

*7th Annual Report
1998 - 99*

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Gujarat Cypromet Limited

Gujarat Cypromet 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
 Shri D. R. Shah
 Shri Atanu C. Chakraborty
 Shri Girish Sahastrabudhe

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

Auditors

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

Bankers

Union Bank of India
 South Indian Bank Ltd.
 Development Credit 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.
 39/7254, Azad Nagar, II Veera Desai Road,
 Andheri (West), Mumbai - 400 053.



Gujarat Cypromet Limited

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the Members of Gujarat Cypromet Limited 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 Saturday, 30th October, 1999 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, 1999 and Profit and Loss account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Bhogilal D. Shah who retires by rotation, but being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Navalkishore N. Jambusaria who retires by rotation, but being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, including any Statutory modification or re-enactment thereof, for the time being in force, Shri Narendra P. Mehta be and is hereby re-appointed as Managing Director of the Company for a period of five years with effect from 1st November, 1999, on the following terms and conditions.

A : Salary : 50,000/- per month.

B : Commission : Commission on the net profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 as may be fixed by the Board of Directors subject to the

ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956.

C : Perquisites : In addition to the aforesaid salary and commission, the Managing Director shall be entitled to following perquisites :

- i) Free furnished residential accommodation or House Rent Allowance together with utilities therefor such as gas, electricity, water, furnishings, repairs, servants salaries, society charges and property taxes as may be approved by the Board.
- ii) Reimbursement of Medical Expenses incurred for self and family and medical/accident insurance.
- iii) Leave Travel Concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
- iv) Fees of clubs/annual membership fees for professional bodies. The above perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above salary and perquisites except commission not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

D : The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :

- i) Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

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- iii) Earned Privilege leave at the rate of one month's leave for every eleven months of service. Managing Director shall be entitled to encash leave at the end of his tenure as Managing Director.
- iv) Provision for Cars and Telephones at the residence of the Managing Director shall not be treated as perquisites

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to vary any of the terms of remuneration in consultation with Managing Director provided such variation is in accordance with the provisions in part II of Schedule XIII of the Companies Act, 1956 and/or the provisions of law as may be applicable thereto from time to time".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, including any Statutory modification or re-enactment thereof, for the time being in force, Shri Mihir T. Choksi be and is hereby re-appointed as Executive Director of the Company for a period of five years with effect from 1st November, 1999, on the following terms and conditions.

A : Salary : 50,000/- per month.

B : Commission : Commission on the net profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 as may be fixed by the Board of Directors subject to the ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956.

C : Perquisites : In addition to the aforesaid salary and commission, the Executive Director shall be entitled to following perquisites :

- i) Free furnished residential accommodation or House Rent Allowance together with utilities therefor such as gas, electricity, water, furnishings, repairs, servants

salaries, society charges and property taxes as may be approved by the Board.

- ii) Reimbursement of Medical Expenses incurred for self and family and medical/accident insurance.
- iii) Leave Travel Concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
- iv) Fees of clubs/annual membership fees for professional bodies. The above perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Executive Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above salary and perquisites except commission not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

D : The Executive Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :

- i) Contribution to Provident Fund , Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- iii) Earned Privilege leave at the rate of one month's leave for every eleven months of service. Executive Director shall be entitled to encash leave at the end of his tenure as Executive Director.
- iv) Provision for Cars and Telephones at the residence of the Executive Director shall not be treated as perquisites.



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"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to vary any of the terms of remuneration in consultation with Executive Director provided such variation is in accordance with the provisions in part II of Schedule XIII of the Companies Act, 1956 and/or the provisions of law as may be applicable thereto from time to time".

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 explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at item Nos. 5 and 6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday 29th October, 1999 to Saturday 30th October, 1999 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
5. Members are requested to notify immediately change in their addresses, if any, or make correspondence to the Registered Office of the Company or to Satellite Corporate Services Private Limited, 39/724, Azad Nagar II, Veera Desai Road, Andheri (West), Mumbai - 400 053 Share Transfer Agents of the Company quoting their Folio No.
6. The Company has been granted extension of time by the Registrar of Companies, Gujarat, to hold Annual General Meeting on or before 31st October, 1999.

By order of the Board

Mihir T. Choksi
Executive Director

30th September, 1999

Registered Office :

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

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ANNEXURE TO NOTICE

Explanatory Statement Under Section 173 of the Companies Act, 1956.

Item No. 5

The term of Shri Narendra P. Mehta as Managing Director of the Company will expire on 31st October, 1999. The Board of Directors of the Company has re-appointed Shri Narendra P. Mehta as Managing Director of the Company for a further period of five years with effect from 1st November, 1999 on the remuneration and the terms and conditions contained in the resolution at Item No. 5 of the accompanying notice.

The special resolution at Item No. 5 of the accompanying notice proposed for his re-appointment as Managing Director as required in Schedule XIII of the Companies Act, 1956.

The remuneration and terms of his re-appointment as contained in the said resolution may be treated as an abstract under Section 302 of the Companies Act, 1956.

Shri Narendra P. Mehta is concerned or interested in the said Resolution as it relates to his own re-appointment.

The Board commends the approval by the members of the re-appointment of Shri Narendra P. Mehta as Managing Director and payment of remuneration to him.

Item No. 6

The term of Shri Mihir T. Choksi as Executive Director of the Company will expire on 31st October, 1999. The Board of Directors of the Company has re-appointed Shri Mihir T. Choksi as Executive Director of the Company for a further period of five years with effect from 1st November, 1999 on the remuneration and the terms and conditions contained in the resolution at Item No. 6 of the accompanying notice.

The remuneration and terms of his re-appointment as contained in the said resolution may be treated as an abstract under Section 302 of the Companies Act, 1956.

Shri Mihir T. Choksi is concerned or interested in the said Resolution as it relates to his own re-appointment.

The Board commends the approval by the members of the re-appointment of Shri Mihir T. Choksi as Executive Director and payment of remuneration to him.

By order of the Board

Mihir T. Choksi
Executive Director

30th September, 1999

Registered Office :

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



Gujarat Cypromet Limited

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Seventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

Description	(Rs.in lacs)	
	Year Ended 31st March'99	Previous Year Ended 31st March'98
Sales and Other Income	3922.22	3444.99
Profit before Depreciation and Financial Charges	783.99	514.00
Less : Depreciation	132.16	121.30
Financial Charges	601.44	341.22
Profit before Taxation	50.39	51.48
Less : Provision for tax	5.30	5.40
Profit after Tax	45.09	46.08
Balance of Profit Brought Forward	239.10	193.02
Surplus Carried to Balance Sheet	284.19	239.10

OPERATIONS

During the year under review, the Company attained a growth in its turnover. The sales increased by 13.38%, from Rs. 3444.99 lacs to Rs. 3906.00 lacs and the operating profit, before depreciation, interest and taxes improved by 50.72%, from Rs. 523.48 lacs to Rs. 788.97 lacs.

Production of finished goods has increased by 32.83% over the year 97-98 but still remained lower on account of non-availability of High Tension Power from Gujarat Electricity Board, for a major part of the previous year. Full High Tension Power has since been released from December'98 and will enable the Company to achieve higher capacity utilisation during the current year.

Products like condensor tubes, sugar Brass Tubes and high Copper content Brass Tubes continue to

form the mainstay of the Product Mix and the Company is endeavouring to increase the proportion of high value added items in its overall product composition, to enhance contribution and improve operating margins.

In spite of a slowdown in the economy and in particular in the core sectors of industry, the Company today has a high order position and has substantial bookings of over 983 lacs, from domestic and overseas customers.

The approaching millenium offers incredible opportunities for further growth and as global markets unite, competition will only get stiffer, but your Company is fully equipped to meet the challenges lying ahead and fully capitalise on them.

With the receiving of recognition and accreditation from various quality management agencies and backed by a continuing high order position, the Company is poised to become a leader in the non-ferrous semis industry during the coming years.

PHASE II

With the import of additional equipments, the Company has fulfilled the import requirements of the export promotion capital goods (EPCG) license availed by it.

The Company is arranging to tie up the balance requirements of funds for the project and proposes to commission this second phase by April'2000.

Introduction of products like small diameter rods and wires will enhance the overall profitability and the export potential of the entire integrated project.

INSURANCE

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

CONSERVATION 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 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