

# 7TH ANNUAL REPORT '97



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

Report  junction.com

## INDSIL

Report  junction.com



# INDSIL ELECTROSMELTS LIMITED

7TH ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 1997

## BOARD OF DIRECTORS

1. SRI. K.G. BALAKRISHNAN  
(Chairman)
2. SRI. S.N. VARADARAJAN  
(Managing Director)
3. SRI. S. INDERCHAND
4. SMT. D. PUSHPA VARADARAJAN
5. SRI. M.G.K. NAIR
6. Dr. S. RAMA IYER
7. SRI. B. BALCHAND
8. SRI. K.S. MAHADEVAN
9. SRI. M.K. RAVINDRANATHAN  
(KSIDC Nominee)
10. DR. A.K. SREEDHARAN
11. SRI. VINOD NARSIMAN
12. SRI. L.M. MENEZES  
(IREDA Nominee)

## AUDITORS

M/S. K.S.G. SUBRAMANYAM & CO.,  
Chartered Accountants  
II Floor, United Complex  
94/36, Dr. Nanjappa Road  
Coimbatore - 641 018

## G.M.(FINANCE) CUM SECRETARY

S. MAHALINGAM, B.Sc., A.C.A., A.C.S.,

## BANKERS

STATE BANK OF TRAVANCORE  
THE FEDERAL BANK LTD.

## REGISTERED OFFICE

49, AVANASHI ROAD  
COIMBATORE - 641 037.

**INDSIL****NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Seventh Annual General Meeting of the Company will be held at Chamber Towers, Avanashi Road, Coimbatore 641 018 on Thursday, the 25th September 1997 at 10.30 A.M to consider the following Agenda.

All the members are requested to make it convenient to attend the meeting.

**AGENDA****ORDINARY BUSINESS**

1. To consider and adopt the Profit & Loss Account for the year ended 31st March 1997 and Balance Sheet as at that date, Auditors' report thereon and the Directors' report for the Year ended 31st March 1997.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Sri. S. Inderchand who retires by rotation and being eligible for re-election, offers himself for reappointment.
4. To appoint a Director in the place of Smt. D. Pushpa Varadarajan who retires by rotation and being eligible for re-election offers herself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration. The retiring Auditors M/s. K.S.G. Subramanyam & Co., Chartered Accountants are eligible for reappointment.

**SPECIAL BUSINESS**

6. To pass, with or without modification, the following resolution as ordinary resolution.  
 "Resolved that Sri. Vinod Narsiman who was co-opted as an Additional Director on the Board as per Article 72 of the Articles of Association and who holds office till the conclusion of the ensuing Annual General Meeting be and is hereby appointed as a Director of the Company".

Place : Coimbatore

Date : 11-07-1997

By Order of the Board  
**S.N. VARADARAJAN**  
 Managing Director

**NOTES :**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy form should be lodged at the Registered Office of the company atleast 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 16-09-97 to 25-09-97 (Both days inclusive)
3. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hitherto.
4. The Directors have recommended a Dividend of 12% on the paid up equity share capital for the year ended March 31, 1997. The Dividend, if declared at the meeting, will be paid to those members whose names are borne on the Register of Members on 25-09-97.

5. Members are requested to notify change, if any, in their address to the Registered Office of the Company immediately.
6. Members who have not yet given their Bank Name, address and Account No. are requested to furnish the same to the Registered Office of the Company on or before the date of Annual General Meeting to facilitate printing of the same on the dividend warrants.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No. 6**

A Notice proposing Sri.Vinod Narsiman as a Director has been received from a shareholder alongwith a deposit of Rs.500/- as required under Section 257 of the Companies Act, 1956. Sri.Vinod Narsiman has given his consent to act as a Director if so appointed.

The necessary resolution is placed before you for your approval.

Sri.S.N.Varadarajan, Smt.D.Pushpa Varadarajan and Sri.Vinod Narsiman are interested in the resolution.

Place : Coimbatore  
Date : 11-07-1997

By Order of the Board  
**S.N. VARADARAJAN**  
Managing Director

Report Junction.com

**INDSIL****DIRECTORS' REPORT**

To

The Shareholders,  
Indsil Electrosmelts Limited,  
49, Avanashi Road  
COIMBATORE - 641 037.

Ladies and Gentlemen,

Your Directors have great pleasure in presenting the Seventh Annual Report of your Company together with the Audited statement of accounts for the year ended 31st March 1997.

**FINANCIAL RESULTS**

	(Rs. in lakhs)	
	1996-97	1995-96
Profit before depreciation and interest	629.83	736.97
Interest	207.90	216.74
Profit before depreciation	421.93	520.23
Depreciation	106.96	84.66
Profit before Tax	314.97	435.57
Less : Appropriations		
Income Tax for Prior years	2.14	—
Donation	0.50	0.50
Transfer to MAT Credit Reserve	50.00	—
Transfer to General Reserve	6.33	32.67
Proposed Dividends	91.97	126.41
Additional Tax on Proposed Dividends	9.20	—
	160.14	159.58
Net Profit after appropriation	154.83	275.99
Add : Balance of Profit b/f	337.60	61.61
Carried over to Balance Sheet	492.43	337.60

**Projections Vs. Performance for the 2nd year of operation**

Details as required under Clause 43 of the listing agreement with the Stock Exchanges are given in the Annexure A.

**DIVIDEND**

Your Directors are pleased to recommend payment of dividend @ 12% on paid up equity shares of the company.

**PERFORMANCE**

Your Company has managed to put up a solid performance despite severe setbacks from macro economic factors listed below :

The company experienced powercuts ranging from 30% to 95% resulting in average power availability of only 54.5% compared to that of 90.03% last year. Also, the recessionary trends in the steel markets resulted

in a fall in sales realization of around 15 to 20%. Both the above factors which resulted in a dip in net profits were controlled to a large extent by development of a value added product line and some central power from NTPC for export production.

The Company's exports constituted 37% of its total revenues.

#### **CAPTIVE HYDEL POWER PLANT AT KUTHUNGAL, KERALA**

The implementation of the 21 MW power project at Kuthungal is in progress. Civil works on the project have already started. The Electro mechanical items are being finalised and the project is expected to be completed by June 1999.

#### **FINANCE**

Your Board has called, on 21.4.96, 35% of the conversion price of the equity shares issued against warrants which have duly been honoured by the holders. World Bank through Indian Renewable Energy Development Agency Limited (IREDA) has sanctioned Rs. 3500 lakhs as term loan towards part funding of the 21MW Kunthugal Hydro Electric Project. Necessary documents have already been executed.

#### **DEPOSITS**

Your company has started acceptance of public deposits to augment the working capital requirements of the company. The deposits outstanding as on the date of the report was Rs.1,62,000/-.

#### **DIRECTORS**

Directors Sri.S.Inderchand and Smt.D.Pushpa Varadarajan are retiring in the forthcoming Annual General Meeting and being eligible for re-election offer themselves for re-election. IREDA has nominated Sri. L. M. Menezes as a Director on the Board.

Sri.Vinod Narsiman was co-opted as an Additional Director of the Company with effect from 18-01-1997. He vacates his office at the ensuing Annual General Meeting and is eligible for reappointment. Notice has been received from a member proposing him as a Director of the Company.

#### **AUDITORS**

M/s. K.S.G. Subramanyam & Co., Company's existing Auditors are to retire at the ensuing Annual General Meeting and being eligible for reappointment, they have consented to continue to be Auditors of the Company.

#### **PARTICULARS REQUIRED UNDER SECTION 217 OF THE COMPANIES ACT, 1956.**

Particulars required under Section 217 of the Companies Act, 1956 read with relevant rules are annexed vide Annexure B and C.

#### **BANKERS**

State Bank of Travancore and The Federal Bank Limited continue to be our bankers.

#### **ACKNOWLEDGEMENTS**

Your Directors are extremely thankful to Industrial Development Bank of India, State Bank of Travancore, Kerala State Industrial Development Corporation Limited and The Federal Bank Ltd for their continued support and guidance. Further your Directors wish to thank the Indian Renewable Energy Development Agency Limited, New Delhi and World Bank for their timely support and guidance.

Your Directors place on record their gratefulness to the shareholders for the trust that have reposed on them. They also appreciate the co-operation and contribution made by the Executives, Staff and workers of the company.

Place : Coimbatore  
Date : 11-07-1997

By Order of the Board  
**K.G. BALAKRISHNAN**  
Chairman

**INDSIL****ANNEXURE 'A' TO DIRECTORS REPORT**

Projections Vs. Actuals as required under Clause 43 of the Listing Agreement

**PROFITABILITY**

	(Rs. in lakhs)	
	Projection for the third year of operation.	Actual performance
Sales	1392	2119.34
Gross profit before depreciation, interest and tax	428	629.83
Net profit after tax	179	253.63

**ANNEXURE 'B' TO DIRECTORS REPORT****I. CONSERVATION OF ENERGY.**

- |  |   |
|--|---|
| a. Energy conservation measure   | At the time of installation of the equipment, sufficient devices have already been incorporated to conserve energy. These devices and furnace operation practices based on indigenous technology has resulted in maintaining the industry standards of consumption. |
| b. Additional investments proposed for reduction in consumption of energy.   | Installation of Minstral system developed by a South African Technology and installed world wide is under consideration.  |
| c. Impact of measures at (a) and (b) above for energy conservation   | Indigenous technology based furnace devices and proposal for installation of South African Minstral system will conserve energy.  |
| d. Total energy consumption per unit of production as per Form A of the Annexure in respect of industries specified: |   |

**POWER AND FUEL CONSUMPTION**

	Current Year	Previous Year
1. Electricity		
a. Purchased units ( KWH)	4,59,80,040	5,36,85,480
Total amount (Rs. in lakhs)	359.02	316.97
b. Own generation	Nil	Nil
2. Coal used	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Other/internal generation	Nil	Nil



**CONSUMPTION PER UNIT OF PRODUCTION****Electricity KWH/MT**

- Primary products - Ferro Silicon	8620	8789
- Silico Manganese	5420	Nil
- Auxiliaries	560	561
- Furnace oil	Nil	Nil
- Coal	Nil	Nil
- Others	Nil	Nil

**II. TECHNOLOGY ABSORPTION**

1. Research & Development : Research are on for making use of Micro Silico Fume dust in consultation with Ocean Research Centre, Indian Institute of Technology, Madras.
2. Benefits derived as a result of the above R & D : Still at research stage and further action is contemplated depending upon the progress.
3. Future plan of action : —
4. Expenditure on R & D : —
5. Technology absorption, adoption & innovation : Our indigenous technological methods have already yielded results that match well with imported ones.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Earnings (Exports) : - Rs.7,75,06,610
- b) Initiatives taken to increase exports : Your Company is taking efforts to increase the exports by constant quality improvements and penetrating a wider customer base.
- c) Outgo on account of Net Dividend : Rs.6,11,424/-  
Professional Consultation fees, subscription & others : Rs.9,25,026/-

**ANNEXURE 'C' TO DIRECTORS' REPORT****PARTICULARS REQUIRED UNDER SECTION 217 OF THE COMPANIES ACT, 1956 READ WITH THE RELEVANT RULES.**

Sl. No.	Name & Designation	Qualification	Date of Commencement of employment	Gross Remuneration	Age in years	Last Employment held	Nature of Employment
1.	Sri.S.N.Varadarajan	M.Com., F.S.A.A	3.9.1992	8,63,530	51	Managing Director Sun Metals & Alloys (P) Ltd.,	Contractual