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MAGICUT TOOLS LIMITED

16 TH ANNUAL REPORT

REGD. OFFICE

**PLOT NO.8, CAMA INDL. ESTATE,
GOREGAON (EAST),
MUMBAI - 400 063.**

MAGICUT TOOLS LIMITED

SIXTEENTH ANNUAL REPORT

BOARD OF DIRECTORS

MR. MAHAVIR PRASAD AGRAWAL	-	CHAIRMAN
MR. NARENDRA GUPTA	-	MANAGING DIRECTOR
MR. RAMESH PRAKASH AGRAWAL	-	TECHNICAL DIRECTOR

AUDITORS

M/s. S. V. CHITRE & CO.
CHARTERED ACCOUNTANTS

BANKERS

BANK OF BARODA

REGISTRARS AND TRANSFER AGENTS

S. M. CONSULTANCY SERVICES
S. M. BHAVAN, PLOT NO. B-7/10,
ROAD NO. 8, WAGLE INDL. ESTATE,
THANE.
TEL. : 532 11 44 / 532 03 83

REGISTERED & ADMINISTRATIVE OFFICE

PLOT NO. 8, CAMA INDUSTRIAL ESTATE,
GOREGAON (EAST), MUMBAI - 400 063.
TEL. : 873 44 28 / 38, 873 04 35
FAX : 022 - 873 09 32

FACTORY

SURVEY NO. 26,
TEMBHODE - SHIRGAON ROAD,
DHANSAR VILLAGE, PALGHAR - 401 404,
DIST. THANE
MAHARASHTRA.
TEL. : 025255 - 2817 / 2530

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 16th Annual General Meeting of the members of the company will be held at 8, Cama Industrial Estate, Goregaon (East), Mumbai - 400 063 on Wednesday, the 24th December 1997 at 2.00 P.M. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date and the report of Board of Directors and Auditors Report thereon.
2. To appoint a Director in place of Shri Ramesh Prakash Agrawal who retires by rotation and being eligible offer himself for reappointment.
3. To appoint M/s. S. V. Chitre & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this 16th Annual General Meeting until the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

BY ORDER OF THE BOARD

Place : MUMBAI

Dated : 3rd November 1997

**M. R. Agrawal
Chairman****NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Register of the Company will remain closed from 22nd day of December 1997, to 24th day of December 1997 (both days inclusive).
3. Members/Proxies should bring the attendance slip dully filled in, for attending the meeting.
4. Proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
5. Shareholders seeking any information with regard to accounts or other matters are requested to write to the company atleast one week before the date of the meeting so as to enable the management to keep the information ready.
6. Members are requested to notify to the company any change in their address specifying full address in block letters with pin code of the post office, and mentioning their respective folio numbers.
7. Members are requested to correspond with the company's Registrar and Share Transfer Agents in respect of Share transfer matters.

BY ORDER OF THE BOARD

Place : MUMBAI

Dated : 3rd November 1997

**M. R. Agrawal
Chairman****DIRECTOR'S REPORT**

**TO
THE MEMBERS,
MAGICUT TOOLS LIMITED**

Your Directors are grieved to inform that during the year under review, Shri Rameshchandra Gupta, Director of the Company passed away on 26th December 1996. He was source of strength to the Company and the Board derived immense benefit from his experience. We the Board members condole his death, with a deep sense of appreciation of his association with the company.

Your Directors have pleasure in presenting the 16th Annual Report alongwith the Audited statement of Accounts for the year ended 31st March, 1997.

1. FINANCIAL RESULTS :	(Rs. in Lacs)
Sales & Other income	522.80
Profit before interest and depreciation	37.63
Less : Interest	13.87
Gross Profit	23.76
Less : Depreciation	10.63
Profit before Tax	13.13
Provision for Tax	—
Net Profit afterTax	13.13

2. OPERATIONS :

During the year under review, the Company's turnover went up to Rs. 508.49 Lacs, and the Profit before Tax was Rs. 13.13 Lacs. The Marginal Increase in profit over the previous year is due to overall reduction in various expenses. The paid up capital of the company which was Rs. 250 Lacs during the previous year has increased to Rs. 383.88 Lacs during the year on account of Public Issue Subscription.

3. PROJECTIONS Vs. PERFORMANCE :

(Rs. in Lacs)

<u>PARTICULARS</u>	<u>PROJECTED</u>	<u>ACTUAL</u>
Sales & Other Income	933.46	522.80
Profit before Tax	201.51	13.13
Profit after Tax	159.39	13.13
Dividend	15 %	—

The Sales and Profits from diversification activity of manufacturing Bearing has been considered in projection and the diversification project is still under implementation with the result the company has been unable to achieve the projections. The results for the year 96-97 reflect the activities of existing manufacturing operations.

4. DIVERSIFICATION :

The Diversification into manufacture of Bi-Metal Engine Bearings, Bushes etc., is under progress and is expected to be completed by March, 1998. The Company has received major portion of allotment money and still some of the share holders have not remitted their share of the allotment money. Because of this reason the diversification project was delayed. The Company has written to all such share holders who have not remitted the amount to do so, urgently to enable the Company to start the project, which will enable it to keep up the assurances made in the prospectus at the time of Public Issue.

5. DIVIDEND :

The Directors are not recommending any dividend for the year to conserve the resources of the company. The Marginal Profits generated have been deployed in operations.

6. DIRECTORS :

In accordance with the provisions of Articles of Association of the Company and Companies Act, 1956 Shri Ramesh Prakash Agrawal retires by rotation and being eligible offers himself for reappointment.

7. INSURANCE :

The assets of the company are adequately insured.

8. AUDITORS :

Members are requested to appoint Auditors for the current year and to authorise the Board of Directors to fix their remunerations. M/s. S. V. Chitre & Co., the retiring Auditors, have given their consent to act as Auditors of the company, if re-appointed and have confirmed that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

9. NOTES AND REPORT ON ACCOUNTS :

The Auditors observations and the relevant notes on the accounts are self explanatory and therefore do not call for any further Comments.

10. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND**OUTGO :**

The details as required under the Companies (disclosure of particulars in the report of Board of Directors) Rules 1988 are set out in the annexure forming part of this report.

11. OTHER INFORMATION :

As required, pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, there is no employee drawing salary in excess of the limits Prescribed by the said Act.

12. ACKNOWLEDGEMENTS :

Your Directors would like to Place on record their sincere thanks for co-operation and support received from various agencies of the Central and State Government, Bank of Baroda, Stock Exchanges, Registrars & transfer agents, Suppliers, Consumers and all the shareholders for their support. Your Directors also take this opportunity to place on record their appreciation of the dedication and sense of commitment shown by the officers and employees at all levels and their contribution towards the progress of the Company.

FOR AND ON BEHALF OF BOARD

Place : MUMBAI

Dated : 3rd November 1997

M. R. Agrawal
Chairman

ANNUAL REPORT 1996-97**A. POWER AND FUEL CONSUMPTION IN RESPECT OF : MANUFACTURING UNITS**

1)	Purchased Units	636812	Units
	Total Amount	Rs. 22.89	Lacs
	Rate per Unit (Rs.)	Rs. 3.59	
2)	Own Generation		
	(Through D. G. Set) :	Nil	

B. TECHNOLOGY ABSORPTION**FORM B****1. RESEARCH AND DEVELOPMENT**

- a) Special Areas : Our research and development activities are concentrated mainly for improving existing products.
- b) Benefits derived : The company has established itself with various Govt./Semi Govt. Undertakings & also public sector units due to further improvement in quality products.
- c) Plan of Action : The Company is continuously making improvements in quality of its products.
- d) Expenditure on R & D : Commensurate with the requirements of the industry.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS

- a) Efforts made : Continuous efforts are being made in improving the quality of HSS Blades & Tool Bits produced by the Company on existing production methods, improving labour productivity and installation of new machinery are also a part of these efforts.
- b) Benefits : Company could make its impact in the manufacturing by updating the technology.
- c) Imported technology : The company is presently using Indian Technology.

C. FOREIGN EXCHANGE EARNING AND OUTGO :

- a) Efforts : The company has been constantly Persuing to get an increased share in the world market and has met with reasonable success in this area.
- b) Earning & outgo Rs. in Lacs
 - 1) Foreign Exchange Earning 13.20
Export Sales (FOB)
 - 2) Foreign Exchange Outgo (includes raw material, spare parts,
Capital goods and other expenditure in foreign currency
including dividends)
 - a) Raw Material 97.35

FOR AND ON BEHALF OF BOARD

Place : MUMBAI.
Dated : 3rd November 1997

M. R. Agrawal
Chairman