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Registered office

F-37, Okhla Industrial Area Phase - I

New Delhi 110 020

Tel: 681 0061, 681 0092, 681 0337

Fax: 681 0091

Works:

5-A, DLF Industrial Estate

Faridabad (Haryana) 121 003

Board of Directors**Shri M.L. Aggarwal**

Chairman

Shri Anil Aggarwal

Managing Director

Shri Atul Aggarwal

Director

Shri Yash Mahajan

Director

Shri D.K. Chakraborty

Director

**Company Secretary &
Compliance Officer**

Shri Sanjay Grover

Banker

Oriental Bank of Commerce

Auditors

S.R. Dinodia & Co.

Chartered Accountants

C-37, Connaught Place

New Delhi 110 001

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Directors' Report

Your Directors have pleasure in presenting this twentieth Annual Report and Audited Accounts for the Financial Year ended 31st March 1999

Business review

It is with measures of satisfaction that Directors report that despite continuing recession in economy during the year under review, your Company has been able to achieve a marginal growth in sales and has been able to maintain its profitability, not-withstanding, severe competitive market conditions. The Table given below shall bear this out:

	(All figures in Lacs)	
	Financial Year	
	1998-99	1997-98
Gross Sales Turnover	3180.56	3115.22
Profit before interest, depreciation and tax	587.13	605.87
Interest	69.55	89.39
Depreciation	159.27	156.18
Profit before tax (PBT)	358.31	360.30
Provision for taxation	80.00	70.00
Profit after taxation (PAT)	278.31	290.30

Wire Drawing Facility has become operational from April 99. This is expected to substantially reduce cost of processing of raw material and thus increase profitability of the Company in the coming years.

During the year under review, there has been a considerable improvement in sales to the replacement market in Delhi. The product of your Company has been well received in the replacement market and it is expected to further improve in fiscal 1999-2000. However on the export front, there has been no improvement. It is hoped that with consistent supplies of quality Fasteners and timely deliveries to customers, we shall be able to achieve better volumes from existing customers, besides enlisting new customers.

Dematerialisation of Shares

As per securities and Exchange Board of India Press Release dated 30.10.98, effective 15.02.1999, trading in the equity shares of the Company have been made compulsory in dematerialised form for all Institutional Investors. As on 20.07.1999, 3,02,400 equity shares of Rs. 10 each (8.84%) have been dematerialised.

Transfer activity for shares held in physical form continue to be carried out in-house. In respect of shares held in electronic form, the Company has appointed Mass Services Private Limited, New Delhi, as Registrar.

Dividend and Appropriations

Having regard to their concern for the Shareholders, despite a drop in Profit after Tax from Rs. 290 lacs for the previous year to Rs. 278 Lacs for the year under review, your Directors are pleased to recommend same dividend of 25% for 1998-99 as paid last year. The dividend on equity shares, if approved, will be paid to those members whose names appear on the Register of Members as on 31st August 1999.

With dividend pay-out of Rs 85.56 lacs, tax at 10% on proposed dividend shall absorb Rs 8.56 lacs. A sum of Rs. 100 Lacs has been transferred to General Reserve.

Finance

Directors are happy to report that despite flat growth in revenue, your Company has enjoyed sound financial health throughout the year. As a result, incidence of interest has appreciably come down during the year under review.

The Company has not accepted any deposits which come under the preview of Section 58A of the Companies Act, 1956.

Current Performance

It is on a positive note that your Directors offer their views on the current performance. Indications are that Automobile Industry has come out of recession. There is gradual growth in production as well as sales of various types of vehicles in the first quarter of the current financial year. This will have a positive influence on our Company's growth resulting in its better turnover and profitability.

The first quarter unaudited results of your Company show a growth of over 42% in sales turnover amounting to Rs 988.65 Lacs as compared to Rs 694.09 Lacs in the corresponding quarter of the previous year. Similarly, profitability after tax increased by 65% to Rs 101.98 lacs in the first quarter of this year as compared to Rs 61.94 Lac for the same period last year.

During current fiscal year, your Company has taken steps to install machines for production of Value Added Special Fasteners. Your Company is also in process of installing Spherodising and Annealing facility for raw material viz. Steel Wire Rods/Wires. It is expected that these facilities shall be operational within current fiscal year and shall further enhance profitability of your Company in the coming years.

As you are aware, your Company obtained ISO 9002 Certification last year and it is expected that it shall obtain QS 9000 Certification in the next few months. This will install further confidence of our customer in the quality and services extended to them by your Company and eventually add to its progress.

Human Resources

Industrial relations remained cordial though-out the year. The Directors record their appreciation of the hard work put in by employees at all levels.

As required by Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, a statement on information relating to employees has been given by way of Annexure-I to this Report.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Information pursuant to the provisions 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, relating to conservation of energy, technology absorption & foreign exchange earnings and outgo are given by way of Annexure-II to this Report.

Directors

In terms of Article 89 of the Articles of Association, Shri D.K. Chakraborty, retires by rotation in the forthcoming Annual General Meeting, and being eligible, offers himself for reappointment.

Auditors

a) Appointment

M/s S.R. Dinodia & Co., the statutory auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommended that they be re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

b) Report

The remarks of the Auditors in their report and notes attached to the accounts are self-explanatory and therefore do not call for any further comments.

Y2K Preparedness Level

The Company does not envisage any material risk to its business on year 2000 issue as all software and hardware are Y2K compliant. No extra cost is likely to be incurred in the near future and as such Company does not have any contingency plans. However hard copies of pertinent information/data are being maintained to meet unforeseen contingency, if any.

Stock Exchange Listing

The share of your Company are listed at the following Stock Exchanges and Annual Listing Fee for the year 1999-2000 have been paid:

1. The Delhi Stock Exchange Association Limited, I.G. Stadium, West Plaza, Indraprastha Estate, New Delhi 110002
2. The Stock Exchange, Phiroze Jeejeebhoy Tower, Dalal Street, Fort, Mumbai 400001

Acknowledgments

Your directors wish to take this opportunity to thank the customers, vendors, investors, employees, bankers and all associates for their continued support to your Company's growth.

for and on behalf of the Board

Date: 30.07.1999
Place: Chandigarh

M. L. Aggarwal
Chairman

Annexure - I to Directors' Report

Information as per Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 1999.

Name of the Employee	Designation & nature of duties	Remuneration Rs.	Qualifications	Age in years	Experience in years	Date of commencement of employment	Last employment held and designation
1. Mr. M. L. Aggarwal	Chairman	11,89,907.00	B.Sc.	69	45	07.06.1979	NONE
2. Mr. Anil Aggarwal	Managing Director	9,98,621.00	B. Com.	41	20	07.06.1979	NONE
3. Mr. Atul Aggarwal	Whole Time Director	9,60,617.00	MBA	35	10	01.07.1989	NONE

Notes :

1. Remuneration means the gross remuneration calculated in accordance with provisions of the Section 198 of the Companies Act, 1956.
2. The nature of employment in all cases is contractual.
3. The above employees are directors in whole time employment with the company and are related to each other.
4. There is no other employee employed during the year drawing remuneration more than Rs 50,000 p.m.

Annexure - II to Directors' Report for the year ended 31st March, 1999.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy

- 1) Measures taken :
 - a) Effective relining and maintenance of furnace to avoid heat loss, utilization of full capacity of furnaces by proper coordination of load and improvement of power factor.
 - b) Planning of production process to reduce power consumption.
 - c) Proper distribution of load on Diesel Genset for optimum utilization.

Besides, periodic checking and analysis of energy consumption data helped us in optimizing energy consumption.
- 2) Additional investment and proposals, if any, for reduction of consumption of energy :
 - a) Installation of Auto Transformers to reduce starting current of Induction Motors.
- 3) Impact of (1)&(2) : Optimum use of Fuel & Power.
- 4) Total energy consumption and energy consumption per unit of production : As given in Form A (enclosed)

B. Technology Absorption

- 1) Specific areas : a) Improvement in design engineering of tools.
b) Productivity improvement of forging machines.
c) Modification of product range to meet the international standards for the Exports market.
- 2) Benefits derived : a) Expansion in product range.
b) Improvement in product quality.
c) Saving in foreign exchange.
- 3) Future plan of action : To continuously upgrade technology and develop the better design for improved quality & productivity.
- 4) Expenditure on R&D : Expenditure on R&D though incurred but has not been quantified as research and development expenses.

Technology Absorption, Adaptation & Innovation

- 1) Efforts made : No technology ties up were entered into during the last five years. The Company keeps itself updated with latest technological innovations by way of constant communication, personal discussions and visits to foreign countries/plants. The Company is in the process of adoption of QS 9000 Management System.
- 2) Benefits : QS 9000 Management System is expected to improve productivity and reduction in machine down time. Improvement in productivity and cost saving will enable the Company to gain and retain the competitive edge in the market.

C: Foreign Exchange Earnings and outgo:

- 1) Efforts : Despite severe competition from China & Taiwan, the Company is making efforts for promotion of Exports. The Company is hopeful that supply of Quality Fasteners with timely deliveries shall be of help to improve exports. Specific market like U. K., Germany, France, Belgium and Italy have been chosen for special thrust in future.
- 2) Earnings and Outgo : (1) Foreign Exchange earnings Rs. 62,49,131.00
(2) Foreign Exchange outgo Rs. 90,51,746.00

Form A**a) Power and fuel consumption**

		Current Year	Previous Year
I.	Electricity		
	(a) Purchased		
	Unit (KWH' 000)	1270	1914
	Total amount (Rs in lacs)	51.53	67.12
	Rate/unit (Rs)	4.06	3.51
	(b) Own generation		
	I. Through diesel generator		
	Unit (KWH'000)	3129	2594
	Unit per ltr of diesel oil	3.67	3.77
	Cost/unit (Rs)	2.74	2.47
	II. Through steam turbine/generator	Nil	Nil
	Units		
	Units per ltr of fuel oil/gas		
	Cost/units		
2.	Coal (specify quantity and where used)	Nil	Nil
	Quantity (tones)		
	Total cost		
	Average rate		
3.	Furnace Oil	Nil	Nil
	Quantity (K.ltrs)		
	Total amount		
	Average rate		
4.	Other/internal generation	Nil	Nil

b) Consumption per unit of production

(Per MT of High Tensile Fasteners)

Electricity (in KWH)	0.32	0.50
Diesel (in Litre)	217.71	177.76
Coal (specify quality)	Nil	Nil
Others (specify)	Nil	Nil