

**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

**Dr. T.N. Kapoor**  
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

Report of the Directors	1
Annexures to Report of the Directors	4
Auditor's report	7
Balance Sheet	10
Profit and Loss account	11
Schedules to accounts	12
Balance Sheet abstract	22
Cash flow statement	23

## Report of the Directors

The Directors submit their Twenty First Annual Report alongwith Audited Accounts of the Company for Financial Year ended on 31<sup>st</sup> March 2000.

### Operations

The Directors are pleased to report that fiscal 1999-2000 has been a satisfying year with the Company achieving all-round progress supported by better demand from auto sector. Sales at Rs. 41.53 crores were up by 31% with supplies to Original Equipment Manufacturers (OEM) contributing 30% growth, replacement market 57% and exports chipping in 20% rise. During the year under review, company was able to enlist some more OEM customers.

It is a matter of satisfaction that the Company now has presence in the entire automobile industry comprising heavy, light and utility vehicles, passenger cars, 2-3 wheelers and tractors. Furthermore, in addition to ISO 9002 Certification, the Company has, during the year, received QS 9000 Certification, confirming to International Standards by well renowned registrars DNV, Netherlands, accredited with the Dutch Council of Accreditation. The Directors believe these developments -- diversified customer base and QS 9000 Certification have further strengthened Company's platform for future growth.

The Directors are happy to inform that on the strength of volume growth, Profit Before Tax for fiscal 1999-2000 rose to Rs. 4.65 crores against Rs. 3.58 crores for the previous year (up 29.8%); salient features are:

Particulars	(All figures in Lacs)	
	Financial Year	
	1999-2000	1998-1999
Gross Sales Turnover	4153.27	3180.56
Profit before interest, depreciation and tax	733.38	587.13
Interest	89.77	69.55
Depreciation	178.63	159.27
Profit before tax (PBT)	464.98	358.31
Provision for taxation	124.00	80.00
Profit after taxation (PAT)	340.98	278.31

### Dividend and Appropriations

In tune with Company's concern for providing superior returns to its members, the Directors had, in their meeting held on 11<sup>th</sup> April 2000, recommended 30% interim dividend for fiscal 1999-2000 against 25% Dividend for the previous year. This Interim Dividend has already been paid and taking note of this payout, the Directors have not recommended any final dividend for fiscal 1999-2000.

With dividend payment absorbing Rs. 102.67 lacs and tax Rs. 11.29 lacs @ 11% on dividend paid, a sum of Rs. 1.00 crore has been transferred to General Reserve.

The Directors wish to bring it to the members' notice that the Company had sent several reminders to defaulting shareholders for payment of allotment money for shares allotted to them in March 1995. Regretfully, inspite of these notices and such a long time gap, these defaulting shareholders have failed to pay amounts due from them. As such the Board of Directors were left with no option but to forfeit 13600 equity shares of Rs. 10/- each for non payment of dues.

**Finance**

Because of sluggish conditions that prevailed, customer outstandings during the year rose considerably. This led to enhanced working capital utilization thereby increasing interest burden on operations. The Company has not accepted any deposits which come under the preview of Section 58A of the Companies Act, 1956.

**Current Performance**

Members may note, fiscal 2000-2001 has begun on a sedate note because of the slow down in the automobile industry. Consequently, April-June quarter sales reached Rs. 9.16 crores against Rs. 9.89 crores for same period last year. Since, as of now, no signs are visible of a pick up in demand in the auto sector, the Directors feel that the pressure on sales may persist in the remaining months also despite best management efforts.

**Human Resources**

Industrial relations remained cordial throughout the year. The Directors acknowledged with 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.

**Energy Conservation, Technology Absorption etc.**

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 earning and outgo are given by way of Annexure-II to this Report.

**Directors**

In terms of Article 89 of the Articles of Association and Section 255 & 256 of the Companies Act, 1956 Shri Yash Mahajan and Shri D. K. Chakraborty retire by rotation in the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Directors recommend their reappointment.

Shri Atul Aggarwal was reappointed as Whole Time Director effective 1<sup>st</sup> November, 1999 subject to the approval of shareholders in the General Meeting. Taking note of Shri Atul Aggarwal's outstanding contribution, the Directors recommend his reappointment as Whole Time Director w.e.f. 1<sup>st</sup> November 1999.

**Auditors****a) Appointment**

M/s S. R. Dinodia & Company, the statutory auditors of the Company, retires at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Directors recommend that they be reappointed as Auditors of the Company from the conclusion of this Annual General Meeting of the Company to 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 for the financial Year 1999-2000 are self-explanatory and therefore do not call for any further comments.

**Y2K Compliance**

The Company has successfully managed Y2K transition without any disruption. All critical IT systems covering business applications, process control, plant automation and other areas are Y2K compliant and Company has not faced any system breakdown or problem due to the year 2000 (Y2K) bug.

**Stock Exchange Listing & Dematerialisation of Shares**

- A) Members are advised that the shares of the Company are listed at the following Stock Exchanges & annual listing fee for 3 years beginning FY 2000-2001 has been paid pursuant to amended clause 38 of the listing agreement.
1. The Delhi Stock Exchange Association Limited, Delhi Stock Exchange House, 3/1, Asaf Ali Road, New Delhi 110 001.
  2. The Stock Exchange, Phiroze Jeejeebhoy Tower, Dalal Street, Fort, Mumbai 400001.
- B) In order to provide for better liquidity to the shareholders, the Company has entered into agreements with the two available depositories namely NSDL and CSDL and the shares of the Company have been placed for compulsory demat w. e. f. 26<sup>th</sup> June 2000.

**Acknowledgments**

The Directors wish to take this opportunity to convey their profound thanks to the company's esteemed customers, vendors, bankers and all associates for their continued support.

for and on behalf of the Board

Date: 24.07.2000

Place: Chandigarh

M. L. Aggarwal

Chairman

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**Annexure - I to Report of the Directors**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Directors for the year ended 31st March 2000.

Name of the Employee	Designation and 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	14,50,644.00	B.Sc.	70	46	07.06.1979	NONE
2. Mr. Anil Aggarwal	Managing Director	12,198,79.00	B. Com.	42	21	07.06.1979	NONE
3. Mr. Atul Aggarwal	Whole Time Director	11,75,749.00	MBA	36	11	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 Report of the Directors for the year ended 31st March, 2000.**

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) Replacement of conventional lamps/tube lights by special compact fluorescent lamps.
  - d) Reduction on Consumption of Oil in generator sets.
- 2) Additional investment and proposals, if any, for reduction of consumption of energy :
  - a) Installation of voltage stabilisers.
  - b) Phased replacement of old machines.
  - c) Installation of power saving equipments.
  - d) Paralleling of DG sets with HSEB.
- 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 process, technology, productivity and develop the innovative design systems.
- 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 has adopted QS 9000 Management System.
- 2) Benefits : QS 9000 Management System is expected to improve productivity and considerable 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 has made efforts on various fronts for promotion of Exports like manufacturing products as per the international specifications, improvement in packaging and finishing. 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. 76,21,014.00
  - (2) Foreign Exchange outgo Rs. 99,54,901.00

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

	Current Year	Previous Year
1. Electricity		
(a) Purchased		
Unit (KWH' 000)	1722	1270
Total amount (Rs in lacs)	69.22	51.53
Rate/unit (Rs)	4.02	4.06
(b) Own generation		
I Through diesel generator		
Unit ( KWH'000)	3458	3129
Unit per ltr of diesel oil	3.21	3.67
Cost/unit (Rs)	3.71	2.74
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(tonnes)		
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)	0.34	0.32
Diesel (in Litre)	212.02	217.71
Coal (specify quality)	Nil	Nil
Others(specify)	Nil	Nil