

33rd ANNUAL REPORT 2004-2005



AHMEDABAD STEELCRAFT LIMITED

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BOARD OF DIRECTORS :

Shri Anilbhai Kasturbhai Jhaveri

- Chairman

Shri Anandbhai Vipinbhai Shah

- Managing Director

Shri Darshan A. Jhaveri

- Managing Director

Shri Shashank I. Shah

- Executive Director

Shri Anand N. Jhaveri

- Executive Director

Shri Girishbhai Dahyabhai Shah

- Executive Director

Shri Viral A. Jhaveri

- Executive Director

Shri Navinbhai Kasturbhai Jhaveri

Shri Ashok C. Gandhi

Shri Jawahar I. Mehta

Shri Kanishka H. Kaji

BANKERS: Central Bank of India
Lal Darwaja
Ahmedabad 380 001**AUDITORS**: DHIREN SHAH & CO.
Chartered Accountants
2nd Floor, Swastik Avenue,
Navrangpura, Ahmedabad 380 009**REGISTERED OFFICE**: 205, 206, "Abhijeet"
2nd Floor, Mithakhali Six Roads,
Navrangpura, Ahmedabad 380 009
Tele : 26401996/97
Fax : 91-79-26404546
E-mail : asesteelad1@sancharnet.in
Website : www.steelcraft.co.in**FACTORY**

: Odhav Road, Ahmedabad-382 410.

AHMEDABAD STEELCRAFT LIMITED

NOTICE

NOTICE is hereby given that the 33rd Annual General Meeting of the Members of Ahmedabad Steelcraft Limited will be held on the Thursday 15th September, 2005 at 12.00 Noon in the premises of Gujarat Chamber of Commerce and Industry, Ashram Road, Ahmedabad - 380 009 to transact the following business.

ORDINARY BUSINESS.

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors.
2. To appoint a Director in place of Shri Anand V. Shah who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Darshan A Jhaveri who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Kanishka H. Kaji who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration thereto.

SPECIAL BUSINESS :

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

RESOLVED THAT, subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may as be enacted hereafter), the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modification as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (hereafter - referred to as "the Board"), which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) consent is hereby accorded to the Board to delist the Company's Equity Shares from the Stock Exchange, Ahmedabad.

RESOLVED FURTHER THAT, the Board be and is hereby authorized to take all necessary steps in this regard to comply with all statutory and procedural formalities and further to authorize any of its committees or any of its Directors or any of the Officers of the Company to do all such acts, deeds, or things to give effect to the aforesaid resolution."

On Behalf of the Board of Directors
ANIL K. JHAVERI
CHAIRMAN

Place : Ahmedabad
Date : 25-06-2005

AHMEDABAD STEELCRAFT LIMITED

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. Proxies in order to be effective must be received at the Company's Registered office not less than 48 hours before the commencement of Meeting.
2. The Register of Members and Share Transfer book of Company will remain closed from 10-09-05 to 15-09-05 (Both days inclusive)
3. The Shareholders who have not encashed their dividend for the financial year 1997-98 are requested to revalidate their dividend warrants before 31-10-2005, the dividend not encashed there after, will be transferred to investor protection fund.
4. Explanatory Statement under section 173 (2) in respect of item No. 6 is annexed to the notice.

ANNEXURE TO NOTICE EXPLANATORY STATEMENT

The equity shares of the Company are currently listed on the Stock Exchange, Mumbai (BSE) and The Stock Exchange, Ahmedabad (ASE)

The Shares of the Company have not been traded on the ASE since last many years. The annual recurring listing fees paid to ASE does not offer commensurate trading facility setup by the BSE, the continued benefits to the Company and its Investors for listing on ASE is not considered necessary.

The proposed voluntary de-listing of the Equity Shares of the Company from the ASE will not adversely affect the investors and shareholders including those members located in the region where the ASE is situated. Pursuant to SEBI (De-listing of Securities) Guidelines 2003, it is now proposed to seek members' approval by way of a Special Resolution for the voluntary de-listing of the Company's equity shares from the Stock Exchange at Ahmedabad as set out in the Resolution at item 6 of the Notice. In terms of the said guide lines, as the equity shares shall continue to remain listed on BSE, no exit option is required to be offered to the shareholders.

In the changed Scenario of the nation wide the proposed de-listing is in the interest of the Company and the Board recommends the Resolution for the acceptance by the Members. None of the Directors of the Company is concerned or interested in the Resolution at item No. 6.

On Behalf of the Board of Directors

ANIL K. JHAVERI
CHAIRMAN

Place : Ahmedabad

Date : 25-06-2005

AHMEDABAD STEELCRAFT LIMITED

DIRECTORS'S REPORT

To,
The Shareholders.

Your Directors have pleasure in presenting their 33rd Annual Report together with Audited Accounts for the year ended on 31st March, 2005.

1. FINANCIAL RESULTS :

	2004-2005 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
Profit / (Loss) before depreciation and taxation	(26.13)	72.67
Less:		
Provision for depreciation	40.21	41.12
Provision for taxation	-	07.00
Add : Deferred tax credit	3.46	0.96
Profit/ (Loss) after tax	(62.88)	25.51
Add :		
Excess/(Short) provision in previous year	2.72	0.44
Profit brought forward from last year	<u>213.89</u>	<u>222.56</u>
Total	<u>153.73</u>	<u>248.51</u>
APPROPRIATIONS:		
Proposed Dividend	-	30.69
Tax on Dividend	-	03.93
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	<u>153.73</u>	<u>213.89</u>

2. OPERATIONS :

The turnover of the Company during the year was Rs 4207.60 Lacs in comparison of Rs 933.53 Lacs in previous year showing an increase of about 350.71 % in turn over. However, on account of change in Government policies there was huge reduction in export incentive. Besides this, there has been steep increase in raw material prices without simultaneous rise in price of finished product.

This has affected the profitability and there was a loss of Rs. 62.88 Lacs during the year. Baring unforeseen circumstances the Company will be able to earn Profit in Current year.

3. DIVIDEND :

On account of loss, no dividend is recommended for Financial Year 2004-05

4. WIND MILL :

Our Wind Mill at Lamba continues to work satisfactorily.

5. DEPOSITORY SYSTEM:

Your Company has entered into an agreement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) This enables you to hold your shares in a dematerialized form with either of these depositories.

Since this mode facilitates quick transfers and prevents forgery, those shareholders who have not opted for this facility are advised to dematerialize their shares in their own interest. Your Company has also made arrangements for simultaneous dematerialisation of the physical shares lodged for transfer.

No. of Shares demated 21,87,522 being 53.45% of paid-up capital

6. DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures. This is subject to Accounting Standard 13 in which case the current investments have been valued at cost.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors has prepared the accounts for the Financial Year ended 31st March, 2005 on a 'going concern basis'.

7. INSURANCE:

All the assets of the Company have been adequately insured.

8. DIRECTORS :

As per the provisions of Articles of Association Sarva Shri Anand V. Shah, Shri Darshan A. Jhaveri and Shri Kanishka H. Kaji retires from the Board by rotation and being eligible offer themselves for reappointment.

9. AUDITOR'S REPORT :

The remarks made by the Auditors in their Report have been suitably dealt with in the schedules and notes and therefore do not call for any further clarification.

**10. APPOINTMENT OF AUDITORS :**

M/S. DHIREN SHAH AND CO. Chartered Accountants retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

11. PARTICULARS OF EMPLOYEES :

There were no employees drawing remuneration of Rs.24,00,000/- or more per annum employed throughout the year or Rs.2,00,000/- or more, per month employed for a part of the year.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure-1 forming part of this report.

13. LISTING AGREEMENT :

Your Company is committed to good corporate governance practices Under Clause 49 of the listing agreement. Your Directors are pleased to inform that your Company has implemented all the major stipulations prescribed under clause 49 of the listing agreement with the Stock Exchange(s). A certificate from the Statutory Auditors of the Company in the line with clause 49 is annexed to and forms part of the Director's Report.

14. APPRECIATION :

Your directors place on record their sincere appreciation for the valuable and dedicated services rendered by the employees of the Company. They also place on record the fullest co-operation extended by the bankers of the Company.

Place : Ahmedabad
Date : 25-06-2005

For and On Behalf of the Board
ANIL K. JHAVERI
CHAIRMAN

ANNEXURE 1

Particulars as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

- A. Conservation of Energy: Particulars with respect to Conservation of Energy are given in Form-A enclosed.
- B.
 1. Research and Development: Besides the test and normal research nothing significant was felt necessary. Two new Sections have been developed for export market.
 2. Technology absorption: There is no change in technology.
- C. Foreign Exchange earning and outgo :
 1. Activities relating the Export : Please refer to para 4 of this Report.
 2. Foreign Exchange earned Rs. 3074.02/- Lacs
Foreign Exchange used Rs. 6.21/- Lacs

AHMEDABAD STEELCRAFT LIMITED

FORM - A

(Forming Part of Annexure I)

Form for disclosure of particulars with respect to conservation of energy

A. POWER AND FUEL CONSUMPTION:

1. Electricity

	2004-05	2003-04
(a) Purchased Units	14,56,532	9,99,820
Total Amount Rs.	69,86,786	50,79,744
Rate/Unit Rs.	4.80	5.08
(b) Own Generation (through Diesel (Generator) Only for emergency lighting & workshop purpose. No production achieved through Generators.		
i. Units produced	645	1,440
ii. Qty of diesel consumed Ltrs	400	881
iii. Units per litre of Diesel	0.62	0.61
iv. Cost of diesel consumed Rs.	12,134	22,082
v. Cost / Unit Rs.	18.81	15.33

2. Coal (specify quantity & where used)

Quantity (Tonnes)	Nil	Nil
Total Cost	Nil	Nil
Average Rate	Nil	Nil

3. Furnace Oil

Quantity (In Ltrs)	8,08,750	5,29,000
Total Amount Rs.	94,56,043	60,17,330
Average Rate (per ltrs) Rs	11.69	11.37

4. Other/internal generation

(Please give details of quantity)	Nil	Nil
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B. CONSUMPTION PER M.T. OF PRODUCTION:

Product (Steel Sections)	10,689	7,672
Electricity (Units)	136	130
Furnace Oil (Ltrs.)	75	69
Coal (Specify quantity)	Nil	Nil
Others	Nil	Nil

For and On Behalf of the Board of Directors

Anil K. Jhaveri
Chairman

Place : Ahmedabad

Date : 25-06-2005

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

(Pursuant to clause 49 of the listing agreement with stock exchange)

The Company's performance and out look for 2004-05 is discussed as under :-

The Company's operations falls under single segment i.e M.S Window, Door and Ventilator Sections.

(A) INDUSTRY ANALYSIS

The Company's products are used in manufacturing steel windows, doors & ventilator & construction activities for fixing windows and doors, frames and the shutters thereof.

Our Company in this industry stands out in the country as most prominent manufacturing entire range of Window, Door and Ventilator Sections to the extent of about 60 Profiles. It manufacture sections as per ISI & BSS standards. Almost 80% of the total export of these Sections from India is contributed by our Company and is a leading exporter of Sections having won many times EEPC awards of Excellence in exports.

MARKET SCENARIO

In spite of increase in turnover, the Profitability of company has been affected on account change in Government Policies thereby reducing export incentive by large amount. Besides this increase in rawmaterial prices without simultaneous rise in price of finished products has affected the profitability of Company and there was a loss during the year.

MANUFACTURING

During the year concerted efforts were taken to lower production costs by process improvement and cost reduction by way of reducing reduction in wastage. However the procurement cost were enhanced during the year without any simultaneous increase in output cost. This resulted into loss during the year.

DEVELOPMENT AND OUTLOOK

Threats to Industry are in the form of competition from global players with cheap imports in finished products. Price pressure and increasing customer expectations on quality and services level are continuing challenges for our products. Alternative material like Aluminium and Plastic Sections and Profiles also are a force to reckon with in many parts of world where living standards are high.

RISK MANAGEMENT

The evaluation of risk exposure as perceived by the Management is given below.