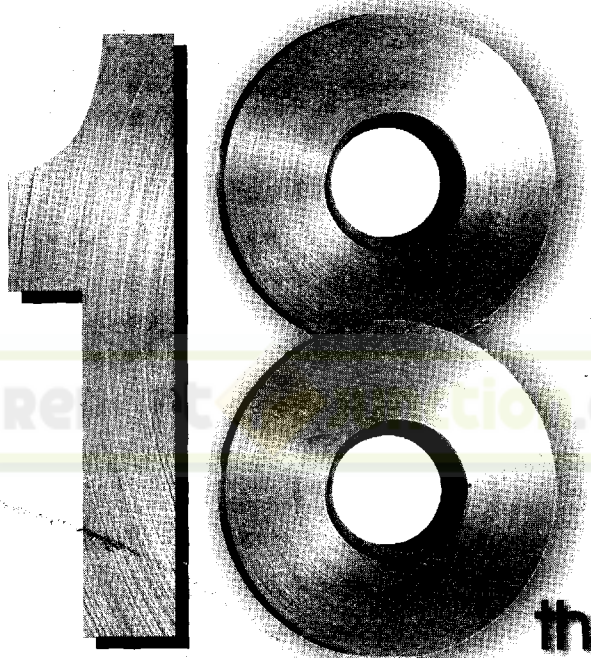




SHREE PRECOATED STEELS LIMITED



Annual Report

2004-05



GROUP ENTERPRISE



SHREE PRECOATED STEELS LIMITED



HIGHLIGHTS

Sales increased by more than **50%**

Export (FOB) increased by **56%**

Cash profit of **Rs. 54.28 Crores**

Capacity Utilisation at all time high of **90%**

ISO 14001 : 1996 Certificate from DNV for EMS

Status of **"Three Star Export House"** from Govt. of India.

5th Fastest growing Mid Size Company in India

(Source - Business Today Special) 13-03-2005

Company discharged from **BIFR**



SHREE PRECOATED STEELS LIMITED

Annual Report 2004-05

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SHREE PRECOATED STEELS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Chhotalal S. Ajmera Chairman & Managing Director
 Shri Rajnikant S. Ajmera Managing Director
 Shri Ishwarlal S. Ajmera Wholetime Director
 Shri M. Sivaramakrishnan Director - Technical
 Shri Jagdish J. Doshi Director
 Shri Ambalal C. Patel Director
 Shri K. Kannan Special Director - BIFR (Withdrawn by BIFR w.e.f. 4th November 2004)
 Shri Inderpal S. Kalra Nominee Director - IDBI

COMPANY SECRETARY

Shri Anil O. Somani

BANKERS

Bank of Baroda Mumbai
 Abu Dhabi Commercial Bank Ltd. Mumbai
 Dena Bank Mumbai
 Allahabad Bank Mumbai
 The Federal Bank Ltd. Mumbai

AUDITORS

M/s. V. Parekh & Associates

SOLICITORS

M/s. Pandya & Poonawala
 M/s. Desai & Diwanji

REGISTERED OFFICE

"Citi Mall", Link Road,
 Andheri (West),
 Mumbai - 400 053

PLANT

Gat No. 740,
 Sanaswadi, Pune Nagar Rd,
 Tehsil Sirur, Pune - 412 208

REGISTRAR &

SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt. Ltd.
 17/B, Dena Bank Building,
 2nd floor, Horniman Circle, Fort,
 Mumbai - 400 001

18TH ANNUAL GENERAL MEETING

Date : 18th July 2005
 Day : Monday
 Time : 3.00 p.m.
 Place : "Citi Mall", Link Road,
 Andheri (West), Mumbai - 400 053
 Book Closure date : 14th July 2005 to 18th July 2005
 (both days inclusive)

HREE PRECOATED STEELS LIMITED**NOTICE**

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Shareholders of Shree Precoated Steels Limited will be held on Monday, the 18th July 2005 at 3.00 p.m. at the Registered Office of the Company at "Citi Mall", Link Road, Andheri (W), Mumbai - 400 053 to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the year ended on that date and the Report of Auditor's and Directors' thereon.
2. To appoint a Director in place of Shri M. Sivaramakrishnan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT subject to the provisions of Section 81 (1A) of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and other applicable provisions, if any, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and applicable regulations and guidelines of the Securities and Exchange Board of India ("SEBI"), and subject to such approvals, consents, permissions and sanctions as may be necessary from SEBI, the Stock Exchanges, the Reserve Bank of India and all other appropriate statutory, governmental and other authorities and departments (hereinafter referred to as **"the Authority"**) in this regard and subject to such conditions and modifications as may be prescribed by the Authority while granting such approvals, sanctions, consents and permissions, the Board of Directors of the Company (hereinafter called, **"the Board"** which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this Resolution), be and are hereby authorised to issue to individuals, companies, banks, financial institutions, employees, QIB's, NRI's, FI's and other persons, whether resident in India or otherwise and whether they are members or promoters of the Company, as may be decided by the Board of Directors in consultation with its Merchant Bankers such that the aggregate numbers of Equity Shares shall not exceed **2,55,38,750 (Two Crores Fifty Five Lacs Thirty Eight Thousand Seven Hundred and Fifty only)** Equity Shares of Rs. 10 each for cash at premium of Rs. 10 per share on rights basis to the existing Equity shareholders of the Company in the ratio of one Equity Share for every two Equity Shares held on record date aggregating to Rs. 51,07,75,000 (**Rupees Fifty One Crores Seven Lacs Seventy Five Thousand Only**).

RESOLVED FURTHER THAT fractions entitlement(s), if any, will be rounded off to the next higher integer. The additional entitlement shall be made available out of the entitlement of one of the promoters. The adjustment will be made in the composite application form so as to ensure that the allotment is made within the issue size.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized in its discretion to accept such conditions and modifications as may be prescribed by any authority while according consent or sanction to the proposed right issue of the said Equity shares and take such consequential action thereon, including the authority to revise the quantum of Equity Shares reserved for any category or any portion thereof in such manner as may be beneficial to the Company in the event of such variation being considered expedient.

RESOLVED FURTHER THAT the new Equity Shares arising out of this issue shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects with the existing Equity Shares of the Company save and except that the said new Equity Shares shall be entitled to such dividend as may be declared at any time during the financial year 2005-06 on pro-rata basis.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of the Equity Shares and the utilisation of the issue proceeds as it may deem fit and to give such directions and / or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, including the premium to be charged on the Shares, to vary the size of the issue, appoint lead managers, banks or other authorities or agencies concerned or as the Board may *suo moto* decide in its absolute discretion in the best interests of the Company without being required to seek any further consent or approval of the Members and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and to do all such acts, deeds, matters to do things whatsoever, including settle any question, doubt or difficulty that may arise with regard to or in relation to raising of resources as authorised herein, and that all or any of the powers conferred on the Board vide this resolution may exercised by the Board.



SHREE PRECOATED STEELS LIMITED

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate to a Committee of Directors or any Director all or any of its powers or authorities or discretion vested in it in terms of this resolution as permitted in Law.

RESOLVED FURTHER THAT Shri Chhotalal S. Ajmera, Chairman & Managing Director, Shri Rajnikant S. Ajmera, Managing Director, Shri Ishwarlal S. Ajmera, Wholtime Director and Shri Anil O. Somani, Company Secretary be and are hereby authorised either singly or jointly to do all acts, deeds and things as may be necessary to give effect to the above resolutions."

5. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an **Ordinary Resolution:-**

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to the approval of the Central Government, if necessary, the Company hereby approves of the revision in the remuneration payable to Shri Chhotalal S. Ajmera as the Chairman & Managing Director (hereinafter referred to as CMD) of the Company for the remaining period of his tenure with effect from 1st April 2005 to 31st July 2009, as set out in the draft Supplement Agreement submitted to this Meeting and for the purpose of identification initialed by a Director, which Supplement Agreement is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to revise the said remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 in such manner as may be agreed to between the Board and Shri Chhotalal S. Ajmera.

RESOLVED FURTHER THAT any of the two Directors along with Company Secretary be and they are hereby authorized to execute the Supplement Agreement to be entered into between the Company and CMD on the approval of the revision of remuneration by the Members of the Company."

6. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an **Ordinary Resolution:-**

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to the approval of the Central Government, if necessary, the Company hereby approves of the revision in the remuneration payable to Shri Rajnikant S. Ajmera as the Managing Director (hereinafter referred to as MD) of the Company for the remaining period of his tenure with effect from 1st April 2005 to 31st July 2009, as set out in the draft Supplement Agreement submitted to this Meeting and for the purpose of identification initialed by a Director, which Supplement Agreement is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to revise the said remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 in such manner as may be agreed to between the Board and Shri Rajnikant S. Ajmera.

RESOLVED FURTHER THAT any of the two Directors along with Company Secretary be and they are hereby authorized to execute the Supplement Agreement to be entered into between the Company and MD on the approval of the revision of remuneration by the Members of the Company."

7. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an **Ordinary Resolution:-**

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to the approval of the Central Government, if necessary, the Company hereby approves of the revision in the remuneration payable to Shri Ishwarlal S. Ajmera as the Wholtime Director (hereinafter referred to as WTD) of the Company for the remaining period of his tenure with effect from 1st April 2005 to 31st July 2009, as set out in the draft Supplement Agreement submitted to this Meeting and for the purpose of identification initialed by a Director, which Supplement Agreement is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to revise the said remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 in such manner as may be agreed to between the Board and Shri Ishwarlal S. Ajmera.

RESOLVED FURTHER THAT any of the two Directors along with Company Secretary be and they are hereby authorized to execute the Supplement Agreement to be entered into between the Company and WTD on the approval of the revision of remuneration by the Members of the Company."

Shining forever!

8. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an **Ordinary Resolution**:-

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to the approval of the Central Government, if necessary, the Company hereby approves of the revision in the remuneration payable to Shri M Sivaramakrishnan as the Director - Technical (hereinafter referred to as DT) of the Company for the remaining period of his tenure with effect from 1st April 2005 to 17th December 2007, as set out in the draft Supplement Agreement submitted to this Meeting and for the purpose of identification initialed by a Director, which Supplement Agreement is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to revise the said remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 in such manner as may be agreed to between the Board and Shri M. Sivaramakrishnan.

RESOLVED FURTHER THAT any of the two Directors along with Company Secretary be and they are hereby authorized to execute the Supplement Agreement to be entered into between the Company and DT on the approval of the revision of remuneration by the Members of the Company."

9. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an **Ordinary Resolution**:-

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the 17th Annual General Meeting of the Company held on 26th July 2004 and pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any such sums of money which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate for the time being of the Paid-up Capital of the Company and its Free Reserves, that is to say, Reserves not set apart for any specific purpose, provided that the maximum amount of moneys so borrowed by the Board shall not at any time exceed the limit of Rs. 1200 Crores (Rupees Twelve Hundred Crores Only)."

10. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to Section 293 (1) (e) of the Companies Act, 1956 a sum of Rs. 5,00,000 (Rupees Five Lacs only) paid by the Board of Directors of the Company, in the Chief Minister Relief Funds South India Earthquake account as donation be and is hereby confirmed, approved and ratified."

11. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to Section 293 (1) (e) of the Companies Act, 1956 a sum of Rs. 1,00,000 (Rupees One Lac only) paid by the Board of Directors of the Company, to the Paraplegic Rehabilitation Center, which looks after the War Disabled Soldiers, as donation be and is hereby confirmed, approved and ratified."

12. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an **Ordinary Resolution**:-

"RESOLVED THAT in accordance with the provisions of Section 293 (1) (e) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company to contribute on behalf of the Company to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, such amounts from time to time which the Board of Directors in its discretion deem fit."

By Order of the Board of Directors

For **SHREE PRECOATED STEELS LTD.**

ANIL O. SOMANI
Company Secretary

Mumbai,
17th June 2005

Registered Office:

"Citi Mall", Link Road,
Andheri (W), Mumbai - 400 053



SHREE PRECOATED STEELS LIMITED**NOTE:**

- I A MEMBER ENTITLED TO ATTEND AND VOTE AT THE METING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF OR HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- II** The information required to be provided under the Listing Agreement entered in to with The Stock Exchange, Mumbai (BSE), regarding the Directors who are proposed to be re-appointed and whose terms of remuneration has been revised and further an Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Resolution set out against item No. 4 to 11 of the Notice are annexed hereto.
- III The Register of Members and Share Transfer Books of the Company will remain closed for five days from the Thursday, 14th July 2005 to the Monday, 18th July 2005 (both days inclusive).**
- IV** All documents referred to in the accompanying Notice and the Explanatory Statement is open for inspection at the Registered Office of the Company during the office hours on all working days except Sundays between 11.00 a. m. and 1.00 p. m., up to the date of the ensuing Annual General Meeting.
- V** Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
- VI** Members are requested:
- to notify any change in their addresses to their Depository Participants (DPs) in respect of their electronic share accounts quoting Client ID no. and to the Sharex Dynamics (India) Private Limited Registrar and Transfer Agent (RTA) or to the Company in respect of their physical shares quoting their folio numbers.
 - who are not opting for depository and are holding Shares in identical order of names in more than one folio, to write to RTA to enable them to consolidate their holdings in one folio.
 - desiring any information as regard to accounts, to write to the Company at an early date so as to enable the Management to keep information ready.
 - who hold Shares in dematerialized form, to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
 - to bring their copies of the Annual Reports to the Meeting.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT :

As required under the Listing agreement, the particulars of Executive Directors whose remuneration are proposed to be revised are given below:-

A Name

Date of Birth

Effective date of revision in the remuneration

Expertise in specific functional area

Qualifications

Listed / Unlisted Public Companies in which outside Directorship held as on 31st March 2005

Chairman / Member of the Committees of the Board of the other Companies on which he is a Director as on 31st March 2005

Shri Chhotatal S. Ajmera

9th September 1937

1st April 2005

Industrialist having 46 years over all experience in various fields including Constructions with more than 18 years experience in Steel Industry.

Higher Secondary Education

Ajmera Steels Strips Limited
Gujarat Fun World Limited

Nil

B Name

Date of Birth

Effective date of revision in the remuneration

Expertise in specific functional area

Qualifications

Listed / Unlisted Public Companies in which outside Directorship held as on 31st March 2005

Chairman / Member of the Committees of the Board of the other Companies on which he is a Director as on 31st March 2005

Shri Rajnikant S. Ajmera

6th March 1953

1st April 2005

Industrialist having 31 years over all experience in various fields including Constructions with more than 18 years experience in Steel Industry.

Diploma in Civil Engineering

Ajmera Steels Strips Limited
Gujarat Fun World Limited
Shree Ram Estates Limited

Nil

C Name

Date of Birth

Effective date of revision in the remuneration

Expertise in specific functional area

Qualifications

Listed / Unlisted Public Companies in which outside Directorship held as on 31st March 2005

Chairman / Member of the Committees of the Board of the other Companies on which he is a Director as on 31st March 2005

Shri Ishwarlal S. Ajmera

30th October 1925

1st April 2005

Industrialist having 51 years over all experience in various fields including Constructions with more than 18 years experience in Steel Industry.

Higher Secondary Education

Ajmera Steels Strips Limited

Shree Ram Estates Limited

Nil



As required under the Listing agreement, the particulars of the Director who is proposed to be appointed / re-appointed and whose remuneration is proposed to be revised is given below:-

Name

Date of Birth

Date of Re-appointment

Effective date of revision in the remuneration

Expertise in specific functional area

Qualifications

Listed / Unlisted Public Companies in which outside Directorship held as on 31st March 2005

Chairman / Member of the Committees of the Board of the other Companies on which he is a Director as on 31st March 2005

Shri M. Sivaramakrishnan

28th June 1938

Ensuing 18th Annual General Meeting

1st April 2005

More than 35 years experience in Iron & Steel Industry

B. E. (Hon's.) In Mechanical Engineering.

Nil

Nil

EXPLANATORY STATEMENT

As required by Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement set out all material facts relating to the business under item nos. 4 to 12 of the accompanying Notice dated 17th June 2005.

Item No. 4:

- a. The Company proposes to make substantial investments in the areas of modernization and expansion in near future. Further to strengthen the Company's financial position the company intends to raise fund so as to generate resources of approximately Rs. 5107.75 Lacs for the followings:
 1. to meet with the long term working capital requirements of the Company;
 2. to fund the balancing equipment of the proposed expansion; and
 3. to meet with the right issue expenses.
- b. The Directors have therefore, decided to recommend the issue of rights shares to the holders of the existing Equity Shares, in proportion of one further Equity Share for every two exiting Equity Shares of Rs. 10 each held with the right to renounce the Equity Shares, in whole or in part, in favour of any other person, the same may be or may not be a Member of the Company. The whole amount of the issue price of Rs. 20 (i.e. Rs. 20 comprising of Rs. 10 on account of capital and Rs. 10 on account of share premium) shall be payable at the time of the acceptance of the offer. The Shareholders who accept the offer in full will also be eligible to apply for additional Shares. The proceeds of this rights issue are expected to amount to Rs. 5,107.75 Lacs, comprising of Rs. 2,553.88 Lacs in Share Capital account and Rs. 2,553.87 Lacs in Share Premium account, which will be applied largely to financing the programs as aforesaid. The proposed rights issue will strengthen the equity base of the Company for its growing activities.
- c. The new Equity Shares shall rank *pari passu* in all respects (including voting rights) with the existing Equity Shares except for the dividend as may be declared at any time during the financial year 2005 - 06 on pro-rata basis.
- d. The Memorandum and Articles of Association of the Company are available for inspection of any Member of the Company at the Registered Office of the Company between the hours of 11 AM and 5.30 PM on any working day (i.e., excluding Saturdays, Sundays, Public Holidays or any other day on which the office of the Company remains closed).
- e. The Directors of the Company who are also the Shareholders of the Company are concerned or interested in the Resolution to the extent to which they will have the right to subscribe to the Equity Shares on right basis in proportion to their shareholding on such date as the Directors may fix.
- f. Your Directors commends the Resolution at item No. 4 of the Notice for approval by the Members.