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29th ANNUAL REPORT

2000 - 2001



AHMEDABAD STEELCRAFT LIMITED

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BOARD OF DIRECTORS :

Shri Anilbhai Kasturbhai Jhaveri	–	Chairman & Managing Director
Shri Anandbhai Vipinbhai Shah	–	Managing Director
Shri Shaileshbhai Dahyabhai Shah	–	Executive Director
Shri Anand N. Jhaveri	–	Executive Director
Shri Darshan A. Jhaveri	–	Executive Director
Shri Shashank I. Shah	–	Executive Director
Shri Navinbhai Kasturbhai Jhaveri		
Shri Girishbhai Dahyabhai Shah		
Shri Ashok C. Gandhi		
Shri Kanishka H. Kaji		
Shri Jawahar I. Mehta		
Shri Gaurav A. Parikh		

BANKERS : Central Bank of India
Lal Darwaja
Ahmedabad 380 001

AUDITORS : DHIREN SHAH & CO.
Chartered Accountants
2nd Floor, Swastik Avenue,
Navrangpura, Ahmedabad.

REGISTERED OFFICE : 205, 206, "Abhijeet"
2nd Floor, Mithakhali Six Roads,
Navrangpura, Ahmedabad 380 006
Tele : 6401996 / 97
Fax : 91-79-6404656
E-mail : ascsteel@ad1.vsnl.net.in
Website : www.steelcraft.co.in

FACTORY : Odhav Road, Ahmedabad-382 410.

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NOTICE

NOTICE is hereby given that the Twenty Nineth Annual General Meeting of the Members of Ahmedabad Steelcraft Limited will be held on Friday the 28th September, 2001 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, 2001 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors.
2. To declare dividend.
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 Girish D. Shah, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Shri Kanishka H. Kaji, who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

By order of the Board of Directors

Place : Ahmedabad — ANIL K. JHAVERI

Date : 23rd June, 2001 — 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. 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 18-9-2001 to 28-9-2001 (both days inclusive).
3. The dividend as recommended by the Board, if sanctioned at the meeting, will be paid from 3-10-2001 to those members whose names appear on the Company's Register of Members on 28-9-2001. In respect of the Shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the depositories for this purpose.

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DIRECTORS' REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting their Twenty Nineth Annual Report together with Audited Accounts for the year ended on 31st March, 2001.

1. FINANCIAL RESULTS :

	2000-2001 (Rs. In Lacs)	1999–2000 (Rs. in Lacs)
Profit before depreciation and taxation	99.12	222.59
Less :		
Provision for depreciation	38.81	34.09
Provision for taxation	6.00	35.00
Profit after tax	54.31	153.50
Add :		
Profit brought forward from last year	51.41	2.55
Excess - Short provision in previous year	1.86	– 1.80
	107.58	154.25
APPROPRIATIONS :		
Interim Dividend	-	81.84
Proposed Dividend	40.92	–
Tax on Dividend	4.18	9.00
Transfer to General Reserve	-	12.00
Balance carried to Balance Sheet	62.48	51.41
	107.58	154.25

2. DIVIDEND :

Your Directors are pleased to recommend a dividend of 10% for the year under review as against a dividend of 20% declared last year. As the working of the Company was not so encouraging the Directors have no choice but to reduce the dividend. The dividend will absorb an amount of Rs. 40.92 Lakhs. Moreover, the Company shall have to pay tax @ 10.20% on the amount of Dividend which will absorb a further amount of Rs. 4.18 Lakhs.

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3. OPERATIONS :

Steel Rolling Mills continue to be under severe strain of market recession, rising cost of production and the tough competition. As a result of this, the working of your Company is undoubtedly not upto mark. The production, sales and profit before tax for the year under review has gone down. However, if the results are seen, keeping in view the general scenario of the industry the working of your company cannot be said to be so discouraging or disappointing. Several rolling mills have pulled down their shutters and there is hardly any unit which works to the optimum capacity.

On account of greater concentration on exports as stated in the following para things are looking brighter for the future. Second rolling mill which was hitherto closed has now been restrated.

4. EXPORTS :

The Company continued to accord its high priority and importance to exports. During the year under review, your Company secured a big export order against stiff internatitional competition. This order is being executed in the current year. It is hoped that on execution of this order the total sales and the export sales shall scale new heights in the current year.

As usual this year also Company developed some new Sections for the overseas buyers. New territories have also been added to our export market.

5. WIND MILL :

Our wind Mill at Lamba continues to work normally.

6. 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 dematerialised 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 dematerialise their shares in their own interest. Your Company has also made arrangements for simultaneous dematerialisation of the physical shares lodged for transfer.

Shares of your Company are compulsorily traded in demat with effect from 2nd April, 2001 both at Mumbai and Ahmedabad Stock Exchanges.

7. 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, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures. This is subject to Accountng 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 consistenly 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 have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

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8. INSURANCE :

All the assets of the Company have been adequately insured.

9. DIRECTORS :

As per the provisions of the Articles of Association of the Company Sarva Shri Darshan A. Jhaveri, Kanishka H. Kaji and Girish D. Shah retire from the Board by rotation and being eligible offer themselves for re–appointment.

10. 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.

11. 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.

12. PARTICULARS OF EMPLOYEES :

There were no employees drawing remuneration of Rs. 12,00,000/- or more per annum employed throughout the year or Rs. 1,00,000/- or more, per month employed for a part of the year.

13. 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.

14. APPRECIATIONS :

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 to the Company.

For and on behalf of the Board

Place : Ahmedabad
Date : 23–06–2001

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. 514.08 lakhs

Foreign Exchange used Rs. 10.76 lakhs

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Form - A
(Forming Part of Annexure I)

Form for disclosure of particulars with respect to conservation of energy

A. POWER AND FUEL CONSUMPTION :

	2000-2001	1999–2000
1. Electricity		
(a) Purchased Units	9,32,370	10,45,803
Total Amount Rs.	40,40,907	49,11,630
Rate/Unit Rs.	4.33	4.70
(b) Own Generation (through Diesel Generator)		
Only for emergency lighting & workshop purpose.		
No production achieved through Generators.		
i. Units produced	3,135	2,670
ii. Qty of diesel consumed Ltrs.	1,667	1,461
iii. Units per litre of Diesel	1.88	1.83
iv. Cost of diesel consumed Rs.	27,886	16,624
v. Cost / Unit Rs.	8.90	6.23
2. Coal (specify quantity & where used)		
Quantity (Tonnes)	Nil	Nil
Total Cost	Nil	Nil
Average Rate	Nil	Nil
3. Furnace Oil		
Quantity (in Ltrs.)	4,91,000	6,12,000
Total Amount Rs.	52,13,593	60,32,274
Average rate (per Ltr.) Rs.	10.62	9.86
4. Other / internal generation		
(Please give details of quantity)	Nil	Nil
B. CONSUMPTION PER M.T. OF PRODUCTION :		
Product (Steel Sections)		
Electricity (Units)	151	137
Furnace Oil (Ltrs.)	79	80
Coal (Specify quantity)	Nil	Nil
Others	Nil	Nil

For and On behalf of the Board of Directors

Place : Ahmedabad
Date : 23–06–2001

Anil K. Jhaveri
Chairman

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AUDITOR'S REPORT

To,

The Shareholders,

AHMEDABAD STEELCRAFT LIMITED

AHMEDABAD.

We have audited the attached Balance Sheet of Ahmedabad Steelcraft Ltd. as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date attached thereto and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, We annex hereto a statement of the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in Paragraph 1 above, and **subject to Note No. 6, regarding depreciation on rolling mill rolls due to which the profit for the year is higher by an amount of Rs. 17,47,106/–.**

   We report that :

   (a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.

   (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub–section (3C) of section 211 of the Companies Act, 1956, **except valuation of current investments. Had the Accounting Standard 13 been followed in respect of current investments the value of investments would have been lower by an amount of Rs. 89,24,622/- and the profit would have been lower by the same amount.**

   (e) In our opinion and as per the information and explanation given to us, there are no Directors of the Company disqualified of being appointed as Directors under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   (f) In our opinion, and to the best of our information and according to the explanations given to us, the said account read together with the significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

      (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2001.

      and

      (ii) In the case of the Profit and Loss Account of the profit for the year ended 31st March, 2001.

For **DHIREN SHAH & CO.**
Chartered Accountants
DHIREN SHAH
PROPRIETOR

PLACE : AHMEDABAD
DATED : 23-06-2001.

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ANNEXURE TO AUDITOR'S REPORT

(As required by the Manufacturing And Other Companies Auditor's Report Order, 1988 issued by the Central Government).

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The said fixed assets are physically verified by the management at the end of the year. No material discrepancies were noticed on verification.

2. None of the Fixed Assets were revalued during the year.

3. The stock of finished goods, raw materials, stores and spare parts have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

4. The procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

5. The discrepancies noticed on physical verification of stocks as compared to book records were not material and the same have been properly dealt with in the Books of Account.

6. On the basis of our examination of stock records, We are of the opinion that the valuation of stock is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.

7. The company has not taken any loans, secured or unsecured, from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956 as then applicable.

8. The company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to the Companies under the same management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956 as then applicable.

9. The parties to whom the loans and advances in the nature of loans have been given are generally repaying the principal amounts as stipulated and interest regularly except that in two cases where the company is taking appropriate steps for recovery of the same.

10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw-materials including components, plant and machinery equipment and other assets and with regard to the sale of goods.

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