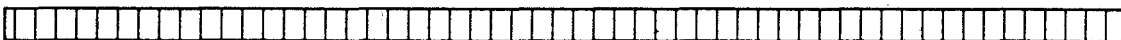


# 31<sup>ST</sup> ANNUAL REPORT

## 2002-2003



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	
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 380 009

**REGISTERED OFFICE**

: 205, 206, "Abhijeet"  
2nd Floor, Mithakhali Six Roads,  
Navrangpura, Ahmedabad 380 006  
Tele : 6401996/97  
Fax : 91-79-6404656  
E-mail : ascsteelad1@sancharnet.in  
Website : www.steelcraft.co.in

**FACTORY**

: Odhav Road, Ahmedabad-382 410.



## NOTICE

**NOTICE** is hereby given that the 31<sup>ST</sup> Annual General Meeting of the Members of Ahmedabad Steelcraft Limited will be held on Thursday the 4th September, 2003 at 12.00 Noon in the premises of Gujarat Chamber of Commerce and Industry, Ashram Road, Ahmedabad - 380 009 to transact the following business :

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2003 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 Navinbhai K. Jhaveri who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Ashokbhai C. Gandhi who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Shri Gauravbhai A. Parikh who retires by rotation.
6. To appoint Auditors and to fix their remuneration.

On Behalf of the Board of Directors

Place : Ahmedabad

Date : 28.06.2003

**ANIL K. JHAVERI**

**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 30-8-2003 to 4-9-2003 (Both Days inclusive).
3. The Dividend as recommended by the Board, if sanctioned at the Meeting, will be paid from 8-9-2003 to those members whose names appear on the Company's register of members on 04-9-2003. 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.
4. **THE SHAREHOLDERS WHO HAVE NOT ENCASHED THEIR DIVIDEND FOR THE FINACIAL YEAR 1995-96 ARE REQUESTED TO REVALIDATE THEIR DIVIDEND WARRANTS BEFORE 30-10-2003. THE DIVIDEND NOT ENCASHED BEFORE 30-10-2003, WILL BE TRANSFERED TO INVESTOR PROTECTION FUND.**

## DIRECTOR'S REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting their Thirtyfirst Annual Report together with Audited Accounts for the year ended on 31st March, 2003.

## 1. FINANCIAL RESULTS :

	2002-2003 (Rs. in Lacs)	2001-2002 (Rs. in Lacs)
Profit before depreciation and taxation	152.62	240.08
<b>Less :</b>		
Provision for depreciation	45.44	44.88
Provision for taxation	16.00	32.00
<b>Add : Deferred tax credit</b>	3.96	0.76
Profit after tax	95.14	163.96
<b>Add :</b>		
Profit brought forward from last year	173.09	62.48
Excess-(short) provision in previous year	0.49	--
<b>Total :</b>		<u>226.44</u>
<b>APPROPRIATIONS :</b>		
Proposed Dividend	40.92	49.10
Tax on Dividend	5.24	--
Transfer to General Reserve	--	4.25
Balance carried to Balance Sheet	222.56	173.09
	<u>268.72</u>	<u>226.44</u>

## 2. DIVIDEND :

Your Directors are pleased to recommend a dividend @ 10% for the year under review as against a dividend of 12% declared last year. The dividend will absorb an amount of Rs. 46.16 Lakhs. including tax on dividend of Rs. 5.24 lakhs.

## 3. OPERATIONS :

The working of the Company has been adversely affected on account of depressed market conditions and steep increase in raw material prices coupled with Iraq/Us War which made the management more vigilant in export market resulting in lower turn over compared to that of last year. However, new markets are explored and the Board is hopeful to achieve better results in the current year.

Further more, Iraq/U.S. war has resulted decrease in export turnover. We hope with new restructuring this market will shortly revive



**4. WIND MILL :**

Our Wind Mill at Lamba continues to work normally.

**5. DEPOSITORY SYSTEMS :**

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 17,54,100 being 43% 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 31<sup>st</sup> March 2003, 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 have prepared the accounts for the Financial Year ended 31<sup>st</sup> March, 2003 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 Navinbhai K. Jhaveri and Shri Ashokbhai C. Gandhi retire from the Board by rotation and being eligible offer themselves for reappointment. Shri Gaurav A. Parikh, retires from the Board by rotation.

**9. AUDITOR'S REPORT :**

The remarks made by the Auditors in their Report have been suitably dealt within 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 line with clause 49 is annexed to and forms part of the Director's 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 of the Company.

Place : Ahmedabad

Date : 28-06-2003

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. 1,102.09/- lakhs
  - Foreign Exchange used Rs. 16.74/- lakhs





## FORM-A

(Forming Part of Annexure I)

Form for disclosure of particulars with respect to conservation of energy

		2002-03	2001-02
<b>A. POWER AND FULE CONSUMPTION</b>			
<b>1. Electricity</b>			
(a) Purchased Units		11,21,652	16,23,576
Total Amount Rs.		55,86,930	84,55,597
Rate/Unit Rs.		4.98	5.20
(b) Own Generation (through Diesel Generator)			
Only for emergency lighting & workshop purpose.			
No Production achieved through Generators.			
i. Units produced		1,120	1,320
ii. Qty of diesel consumed Ltrs		603	664
iii. Units per litre of Diesel		1.85	1.98
iv. Cost of diesel consumed Rs.		13,055	13,115
v. Cost/Unit Rs		11.66	9.93
<b>2. Coal (specify quantity &amp; where used)</b>			
Quantity (Tonnes)		Nil	Nil
Total Cost		Nil	Nil
Average Rate		Nil	Nil
<b>3. Furnace Oil</b>			
Quantity (in Ltrs)		6,16,000	9,21,000
Total Amount Rs.		72,69,912	88,92,181
Average Rate (per Ltrs) Rs.		11.80	9.56
<b>4. Other/internal generation</b>			
(Please give details of quantity)		Nil	Nil
<b>B. CONSUPTION PER M.T. OF PRODUCTION :</b>			
Product (Steel Sections)			
Electricity (Units)		132	127
Furnace Oil (Ltrs.)		72	72
Coal (Specify quantity)		Nil	Nil
Others		Nil	Nil

For and On Behalf of the Board of Directors

Place : Ahmedabad

Date : 28-06-2003

Anil K. Jhaveri

Chairman



## MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

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

The Company's performance and out look for 2002-03 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 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 manufactures 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

The sales of the Company was dropped on account of prevailing recession and Iraq/US war resulting an overall decrease in export turnovers. This has also affected the profitability of the Company.

### Manufacturing

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

### Development and outlook

The sluggish trend in the industry continued during the whole of 2002-03. 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.

#### (i) Currency Risk

These risk emerges from the potential upward and downward fluctuation in foreign Currency.

(ii) Liquidity Risk

The Company has wide customer base all over the Country. However, liquidity will not be affected perceptibly by defaults by few customers.

(iii) Legal and Statutory Risk

Legal compliance is given due importance in the Company as internal process for ensuring statutory compliance across the Company.

(iv) Political Risk

Apart from Generic Government policies (Like taxation, frequent changes in imports, Labour cost, etc) which affect all industries, there are no specific government policies that impact Company's business. There is change in Export-Import policy regards to Export incentives and procedure, which can affect viability in Exports.

(v) Finance

The Company has marginal borrowing from bank during the year 2002-03.

(vi) Human Resources

Pro active and collaborator approach towards industrial relations supported by positive mind sets amongst all employees ensured cordial employee reforms at all departments.

(vii) Internal Controls

The Company has an established framework of internal control for ensuring optimal use of resources and safeguarding of assets.