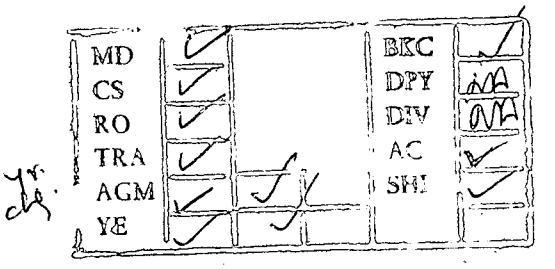
SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

SHREE PRECOATED STEELS LTD.

AJMERA



ANNUAL REPORT 1996-98

METACOLOR
Colour Precoated Steel Coils & Sheets

METAGALVA
Galvanized Coil/Plain & Corrugated Steel Sheets

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

SHREE PRECOATED STEELS LTD.

BOARD OF DIRECTORS

C. S. Ajmera
Chairman & Managing Director
R. S. Ajmera
Managing Director
I. S. Ajmera
J. J. Doshi
J. H. Shah
N. G. Pai ICICI Nominee

BANKERS

Bank of Baroda
Dena Bank
Allahabad Bank
Abu Dhabi Commercial Bank Ltd.
The Federal Bank Ltd.
ICICI Banking Corporation Ltd.

AUDITORS

V. Parekh & Associates

SOLICITORS

Desai & Diwanji

REGISTERED OFFICE

Hanuman Building,
308, Perin Nariman Street,
Fort,
Mumbai 400 001.

PLANT

Sanaswadi, Tehsil Sirur,
Dist. Pune.

REGISTRAR & SHARE TRANSFER AGENT

Computrade Services Pvt. Ltd.,
Wakefield House,
11, Sprott Road,
Ballard Estate,
Mumbai 400 038.

MANAGEMENT TEAM

C. S. Ajmera	-	Chairman & Managing Director
R. S. Ajmera	-	Managing Director
S. K. Thakur	-	Chief Executive
Ashwin B. Ajmera	-	Director (Marketing)
Sanjay C. Ajmera	-	Directof (Works)
B. G. Adhikari	-	VP (Operations)
R. S. Chamadia	-	GM (Finance)

OFFICES

Delhi
Calcutta
Chennai
Ahmedabad
Bangalore

Annual General Meeting
on Thursday, 24th September, 1998
at 4.00 pm at Royal Classic Compound,
Andheri Link Road,
Near Laxmi Indl. Estate, Andheri (W),
Mumbai 400 058.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NOTICE

NOTICE is hereby given that the Twelth Annual General Meeting of Shree Precoated Steels Limited, will be held at Royal Classic Compound, Andheri Link Road, Near Laxmi Indl. Estate, Andheri (W), Mumbai 400 058 on Thursday, the 24th September, 1998 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Director's Report and Audited Profit and Loss Account for the period ended 31st March, 1998 and the Balance Sheet as at that date.

2. To appoint a Director in place of Shri I. S. Ajmera who retires by rotation and being eligible offers himself for reappointment.

3. To appoint a Director in place of Shri J. H. Shah who retires by rotation and being eligible offers himself for reappointment.

4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

Regd Office:
Hanuman Bldg.,
308, Perin Nariman Street,
Fort, Mumbai 400 001
Date : 17th August, 1998

By Order of the
Board of Directors

C.S. AJMERA
Chairman &
Managing
Director

Notes:

1. A member entitled to attend and vote is entitled to attend and vote instead of himself and the proxy need not be a member.

2. The Register of Members and Share Transfer Book of the Company will remain closed from Monday, the 14th September, 1998 to Thursday, the 24th September, 1998 (both days inclusive).

3. The shareholders desiring any information as regards accounts are requested to write to the Company at an early date so as to enable the Management to keep information ready.

4. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report.

5. Members who are holding shares in identical order of names in more than one folio are requested to write to the Registrars and Transfer Agents of the Company to enable the Company to consolidate their holdings in one folio.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twelth Annual Report of the Company together with the Audited Accounts for the period ended 31st March, 1998.

FINANCIAL RESULTS

	Rs in Lacs
Gross Loss before Interest & Depreciation	**(2804)**
Add: Interest	**2650**
Loss before Depreciation	**(5454)**
Add: Depreciation	**1238**
Net Loss	**(6692)**
Add: Provision for Taxation for earlier years	**3**
Net Loss carried to Balance Sheet	**(6695)**

In view of the losses, your Directors cannot recommend any payment of dividend for the period under review.

NET WORTH

The heavy loss has eroded the net worth and the Company is a Sick Industrial Company within the meaning of clause (o) of sub- section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

The losses have been mainly on account of the following main reasons:-

1. Severe problems for procurement of high quality material at competitive prices.
2. Shortage/timely availability of increased working capital facilities from banks.
3. Non-pick-up of economy for white goods because of insufficient flow of foreign direct investment.
4. Non-implementation of backward integration project fully due to unfavourable primary market conditions, etc.

OPERATIONS

(a) The financial year of the Company has been extended for a period of six months once again to end on 31st March, 1998. The accounts for the period under review are, therefore, for 18 months commencing from 1st October, 1996 to 31st March, 1998. The present change would thus bring the Company's accounting year to coincide with the financial year under Income Tax Act, 1961.

(b) During the period under review, production of Continuous Galvanising Line has been stabilised and thus it has been possible to run Colour Coating Line with material processed in house only instead of depending on external sources. Capacity utilisation in Continuous Galvanising Line is 81% approx. monthly basis. A prestigious export order of 10000 M.T. export of GP coils to Europe was also executed within a short period of one and half month. Quality of Galvanised products is matching international standards and has been well accepted in India and abroad.

MARKETING

The company in its bid to strengthen the market presence had taken following measures on various counts.

Product:

1. Successfully introduced PUFS/Panels for Power Plants coming in India.
2. Introduction of new Profile type 1050 to have better cost advantage.
3. Positioning Porta Cabins for communication shelters thus opening a new avenue.

Price:

In order to have a cost advantage in today's competitive world, company has decided to enter into a strategic alliance with Essar, Pennar and Indal. This has marginally helped us to compete with falling international prices due to Asian currency crisis apart from smooth inflow of raw materials.

Physical distribution:

In order to enhance our capacity utilisation, and thus maximise contribution because of economies of scale, we are also undertaking orders on conversion basis. This is also strengthening our reach in the market.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

EXPORTS

Substantial volume of our production is now exported to various countries in the Middle East, Africa, South East Asia and Europe. Due to an aggressive marketing strategy and focus on growth, export targets have been successfully achieved in quantity and value.

The product enjoys a reputation of uniformity in quality and specifications. The margins continue to be under pressure on account of interest and financial costs.

FUTURE OUTLOOK

Company's Gavlanised as well as Colour Coated products are already well accepted in India as well as international market. Zero spangle galvanised coils with on line Skin Passing products by the company are of better quality. Company has entered into a conversion agreement with M/s Indian Aluminium Company Ltd., a major manufacturer of Aluminium for Colour Coating of bulk quantity of Aluminium for their exports.

PROJECT

The delay in the Cold Rolled Mills Project beyond our expectations due to shortfall in tie-up of finances because of unfavourable market conditions and sluggishness in the property market has upset the Company's ambitious plans of commencing the project as scheduled. However, the Company is making all out efforts to bring in an investor to complete the project. Thereafter, with the co-operation of Financial Institutions/Banks, the Company would be in a position to commence the integrated complex viably and regain competitiveness.

DIRECTORS

SICOM withdrew the nomination of Mr. D. M. Chawathe as Director of the Company with effect from 28th July, 1998.

Mr. Yeshwant M. Desai and Mr. J. R. Shah have resigned from the Board of Directors with effect from 28th July, 1998.

The Directors record their appreciation for the valuable services rendered by Mr. D. M. Chawathe, Mr. Y. M. Desai and Mr. J. R. Shah as Directors of the Company.

Shri I.S. Ajmera and Shri J. H. Shah retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

FINANCE

During the year the Company raised funds by issue of Equity Shares by way of preferential allotment by converting Unsecured Loan aggregating to Rs.37 Crores.

DEPOSITS

During the year there were no Fixed Deposits falling due for repayment, neither there are any unclaimed Deposits.

AUDITORS

M/s. V. Parekh & Associates, Chartered Accountants retire as Auditors of the Company at the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. They have furnished necessary Certificate in terms of Section 224(IB) of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors in their report have referred to the notes forming part of the accounts. The said notes are self-explanatory and do not require any further elucidation.

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

(A) Conservation of Energy:

(a) The Company endeavours to improve overall energy efficiency installing energy efficient equipments.

(b) Total energy consumption and energy consumption per unit of production.

I. Power and Fuel Consumption

	Current Period (18 months)	Previous Period (18 months)
1. Electricity		
(a) Purchased Units (KWH)	**11746735**	3175938
Total Amount (Rs)	**4,62,82,992**	1,07,94,208
Rate/Unit (Rs)	**3.94**	3.40
(b) Own Generation	**Nil**	Nil
2. LPG		
(a) Purchased Units (MT)	**1657.81**	482.235
Total Amount (Rs)	**2,24,65,343**	65,37,238
Rate/Unit (Rs)	**13,551**	13,556

II. Consumption per unit of Production

Units of Production	**MT**	MT
Power (Units/MT)	**240**	217
LPG (Kgs/MT)	**33.82**	57.59

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

(B) **Technology Absorption:**

(i) **R&D:**

The company continues to undertake on a continuous basis various activities for development of new products and processes, cost reduction, improvement in quality and productivity. As there is no separate R&D cell as of yet, the amount incurred on R&D is unascertainable.

(ii) **Technology Adoption and Innovation:**

Significant progress was made in the upgradation of technology and innovation in the areas of high class precoated sheets for appliance structure and development of pre-fabricated puff insulated shelter for telecommunication and power sector. It has also introduced new Profile type 1050 for better cost advantage.

(iii) **Benefits Derived:**

The Company has successfully developed shelter for telecommunication sector which has been approved by one of the telecom giants of international repute. The Company has also improved door panels which can be substituted for wooden doors.

(C) **Foreign Exchange Earnings & Out-go:**

(i) **Activity relating to Exports:**

Action has been initiated for widening the product range of value added products in export markets. The Company's physical exports during the period is Rs 4422 lakhs compared to previous period of Rs 563 lakhs.

(ii) **Foreign Exchange - Inflow & Outflow:**

	As on 31-03-1998 (18 Months)	As on 30-09-1996 (18 Months)
Inflow	**41,49,45,579**	5,63,76,624
Outflow:		
(a) Traveling Expenses	**5,07,057**	14,72,190
(b) Interest and Commitment Charges	**4,67,15,329**	2;20,80,280
(c) Repairs & Maintenance	**2,95,077**	83,870
(d) Membership Books & Periodicals	**1,31,380**	1,16,986

INDUSTRIAL RELATIONS

The Company has maintained cordial industrial relations during the period under review.

ACKNOWLEDGEMENT

The Directors wish to thank the customers, dealers, Bankers, Financial Institutions, the Central and State Governments, for their continued support. They also take this opportunity to record their appreciation of the contribution made by all employees to the operations of the Company during the period under review.

For and on behalf of the Board of Directors

C. S. AJMERA

Chairman &

Managing Director

Place : Mumbai

Dated : 17th August, 1998

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

AUDITOR'S REPORT

To,
The Members
Shree Precoated Steels Limited

We have audited the attached Balance Sheet of **Shree Precoated Steels Limited** as at 31st March, 1998 and also the annexed Profit & Loss account for the period ended on that date and report as under :

1. As required by the Manufacturing and Other Companies (Auditors' 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 and 5 of the said Order.

2. Further to our comments on the Annexure referred to in paragraph (1) above :

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

   b. In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books.

   c. The Balance Sheet and Profit & Loss Account are in agreement with the books of account;

   d. In our opinion, and to the best of our information and according to the explanations given to us, the accounts read together with,

      i) Note no. 12 regarding accounting of unrecorded under stated values of fixed assets and provision of depreciation thereon for earlier years.

      ii) Note no. 14 for understating of capital work in progress and current liabilities.

   and read with 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, 1998 and

      ii) in the case of the Profit and Loss Account, of the Loss of the Company for the period ended on that date.

For and on behalf of
V. PAREKH & ASSOCIATES
Chartered Accountants

Place : Mumbai
Dated : 17th August, 1998

RASESH V. PAREKH
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE PERIOD ENDED ON 31ST MARCH, 1998 OF SHREE PRECOATED STEELS LIMITED.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us, we state that :

1. The Fixed Assets Register is under preparation. However, Management has verified major Fixed Assets during the period and no discrepancies were noticed on verification.

2. None of the Fixed Assets have been revalued during the period.

3. The stock of finished goods, stores, spare parts and raw materials have been physically verified at reasonable intervals during the period by the management.

4. In our opinion and according to the information and explanation given to us, the procedures 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 between the physical stocks as verified and book records were not material.

6. In our opinion, on the basis of our examination of stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding period.

7. The Company has taken loans from companies, firms

www.reportjunction.com