



**SHREE PRECOATED STEELS LTD.**



**FOURTEENTH  
ANNUAL REPORT  
1999-2000**

Report  Junction.com

**METACOLOR**

Colour Precoated Steel Coils & Sheets



**METAGALVA**

Galvanized Coil/Plain & Corrugated Steel Sheets

## ANNUAL REPORT 1999-2000

**BOARD OF DIRECTORS****C. S. Ajmera**

Chairman &amp; Managing Director

**R. S. Ajmera**

Managing Director

**I. S. Ajmera****J. J. Doshi****N. G. Pai**, ICICI Nominee upto 9/9/2000**T. Raghavendran** ICICI Nominee w.e.f. 9/9/2000**P. Datta**, SICOM Nominee**K. Kannan** Special Director BIFR w.e.f. 28/12/2000**SHREE PRECOATED STEELS LTD.****M. K. Krishnan**

Chief Finance Controller and Company Secretary

**BANKERS**

Bank of Baroda - Mumbai

Abu Dhabi Commercial Bank Ltd. - Mumbai

Dena Bank - Mumbai

Allahabad Bank - Mumbai

The Federal Bank Ltd. - Mumbai

**AUDITORS**

V. Parekh &amp; Associates

**SOLICITORS**

Desai &amp; Diwanji

**REGISTERED OFFICE**

"Royal Classic",

Near Laxmi Indl. Estate,

Andheri Link Road, Andheri (West),

Mumbai - 400 058

**PLANT**

Sanaswadi, Tehsil Sirur,

Dist. Pune, Maharashtra

**REGISTRAR & SHARE TRANSFER AGENT**

Sharex (India) Pvt. Ltd.

Unit No.1, Luthra Industrial Premises,

Andheri Kurla Road, Safed Pool,

Andheri (East), Mumbai - 400 072

**MANAGEMENT TEAM****C. S. Ajmera** - Chairman & Managing Director**R. S. Ajmera** - Managing Director**S. K. Thakur** - Chief Executive**M. K. Krishnan** - Chief Finance Controller and Company Secretary**Ashwin B Ajmera** - Executive Vice-President**Sanjay C Ajmera** - Executive Vice-President**S. V. Kulkarni** - Senior General Manager

Fourteenth Annual General Meeting

on Thursday 29th March, 2001

at 3.00 pm at Royal Classic Compound,

Near Laxmi Indl. Estate, Andheri Link Road,

Andheri (West),

Mumbai 400 058.

**SHREE PRECOATED STEELS LIMITED****SHREE PRECOATED STEELS LTD.****NOTICE**

NOTICE is hereby given that the Fourteenth Annual General Meeting of the shareholders of Shree Precoated Steels Limited, will be held on Thursday, the 29th March 2001 at 3.00 pm at Royal Classic Compound, Near Laxmi Indl. Estate, Andheri Link Road, Andheri (West), Mumbai 400 058 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt Audited Balance Sheet for the period of 18 (Eighteen) months as at 30th September, 2000 and the Profit and Loss Account ended on that date and the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Shri I.S. Ajmera, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

By Order of the Board of Directors  
for **SHREE PRECOATED STEELS LTD.,**

Date : 31st January, 2001

**M K KRISHNAN**  
CHIEF FINANCE CONTROLLER  
AND COMPANY SECRETARY

**Registered Office :**

"Royal Classic",  
Near Laxmi Indl. Estate,  
Andheri Link Road, Andheri (West),  
Mumbai - 400 058

**NOTES:**

- I. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF OR HERSELF AND SUCH PROXY/PROXIES NEED NOT BE A MEMBER. PROXY/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 Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 20th March, 2001 to Thursday, the 29th March, 2001 (both days inclusive).
- III. The shareholders desiring any information as regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep information ready.
- IV. Members are requested to bring their copies of the Annual Report to the Meeting. This is a measure of economy.

## DIRECTORS' REPORT

To,

The Shareholders,

Your Directors present their **FOURTEENTH ANNUAL REPORT** of the Company together with the Audited Accounts for eighteen months period ended on 30th September 2000.

### FINANCIAL RESULTS

|                                                         | Rupees in Lacs |
|---------------------------------------------------------|----------------|
| Gross Profit before Interest, Depreciation and Taxation | 71.96          |
| Less: Interest                                          | 4,483.73       |
| Profit/(Loss) before Depreciation & Taxation            | (4,411.77)     |
| Add : Depreciation                                      | 1,059.80       |
| Profit/(Loss) before Tax                                | (5,471.57)     |
| Provision for Taxation                                  | Nil            |
| Profit/(Loss) after Tax                                 | (5,471.57)     |
| Less: Adjustment in respect of Previous Year            | 79.04          |
| Net Profit/(Loss) carried to Balance Sheet              | (5,392.53)     |

Your Company has been registered with the Board for Industrial & Financial Reconstruction (BIFR), Delhi and, having investigated the sickness of your Company, they have declared your Company "as sick" at the hearing held on 3rd March, 2000. Accordingly, no payment of dividend to the shareholders could be considered for the period under review.

### STATUS UNDER BIFR

As informed to shareholders in the previous report, on the basis of the reference made by your Company to the BIFR under the provisions of Sec.3(1) (o) of the Sick Industrial Company (Special) Provision Act 1985, on August, 1998, your Company has been registered and after subsequent investigations of the sickness of the Company, at the meeting held on 3rd March, 2000, BIFR has declared your Company "as sick" and has also directed ICICI, the Operating Agency, to appraise the rehabilitation proposal to be submitted by your Company within six weeks.

Accordingly, the company has submitted first draft on rehabilitation scheme on 24th April, 2000 and have had several discussions with the Financial Institutions, and the Consortium Bankers. There has been a meeting of consortium bankers and financial institutions on 06th July, 2000 when our proposal was considered but not

accepted and again a meeting was held on 6th December, 2000 when we had submitted a revised rehabilitation scheme to the Operating Agency. Company is pursuing with them for arriving at an acceptable scheme.

### OPERATIONS

Your Board would like to inform the Shareholders that the turnover for the current period of 18 months is Rs.10327.82 lacs as against Rs.9853.021 lacs for the 12 months of the previous period (year). While the turnover for the current period of 18 months has been less in comparison with previous year, the same could have been further enhanced to the extent of Rs.65.00 Crores, as the confirmed irrevocable L/Cs for export were in hand but could not be executed by the Company due to want of timely Local L/C facilities at the time of the orders. While we appreciate our Consortium Bankers who have extended additional facility of Rs.12.50 Crores for the execution of export orders, it was too late for financial period closing at 31st March, 2000 and the export orders got expired. The company could have done better if the confirmed L/C amounting to Rs.65.00 Crores would have been executed in time. However, this has not happened due to want of local L/C facilities at the time of procuring orders. However, your directors are very confident that as our continued efforts have already shown appropriate response from the overseas buyers and with support from our Consortium Bankers we would be able to show better results in current Financial Year.

The shareholders are well aware that your company is one of the largest manufacturers of colour coated steel and aluminum sheets and having significant features like Skin Passing, Hot Dip Galvanising, Spangled Sheets and having adequate capacity to meet market demand. With the expected implementation of the C.R.Mill and adequate and timely financial support from banks and continued confidence of overseas buyers in our products, your Directors are hopeful of doing better, in line with the turnover shown in the proposed "package" to be submitted to BIFR, under consideration of the financial institutions and banks.

### EXPORTS

The exports during the period under review have been of Rs.3,560.86 lacs as against Rs.1,036.77 lacs for the previous year. There is scope for further improvement in export, subject only to present fluctuation in the price, in the overseas steel market. Your company is taking all efforts in this direction to overcome the difficulties and increase export share of the turnover.

Incidentally, your Directors inform you that the Marketing Officials had visited Italy, Turkey, Germany, Greece and Gulf countries for negotiating with various importers for our Colour Coating Items and the visit has been fairly successful.

**SHREE PRECOATED STEELS LIMITED**

In order to make our presence in the International Market, your Company has to encourage local people to canvass for the Company for which a small commission has been paid to them. With this small expenditure, your Company could get good amount of export orders and look forward to doing further better business in the future.

**FUTURE OUTLOOK**

As you are aware your Company is the first in India to be awarded ISO 9001 certificate for manufacturing GI and Aluminium Colour Coated Sheets and your Company's products are very well accepted in the market and are comparable with International Standard like ASTM, DIN, BS, GIS and IS. Further, your company has been accorded with the coveted membership of European Coil Coaters Association on account of quality standards established and maintained by your Company.

Your Directors are strengthening the marketing set up and also improving the process by the introduction of Pickling Line. By this, your company could maintain the quality, reduce the cost and improve the production alongwith the higher productivity to achieve better bottomline. It is expected that during the current year the "package" would be sanctioned and when implemented it would enable the company to turn the corner as expeditiously as possible.

**CRM PROJECT**

The implementation of C.R.Mill is still to be getting into the grips. However, your company is making all out efforts to bring the required finance to complete the project. The suppliers of indigenous equipment have shown their positive response with the promoters' personal assurances/ guarantee and started fabricating and/or producing the equipments. Your company could also ex-bond the imported machineries which were lying in the Bonded warehouse. Barring unforeseen circumstances, your Board is confident of completing the C.R.Mill during the initial year of the "package" of Revival to be sanctioned by BIFR. Your Promoters look forward to the sanction of BIFR "package" at the earliest so that the C.R.Mill could be completed and a good turnover would be established during the financial year 2001-2002.

**DIRECTORS**

Shri T.Raghavendran, Sr. Vice President, ICICI has been appointed as a Nominee Director of ICICI on the Board of your Company with effect from 09th September, 2000 in place of Shri N.G.Pai who has been withdrawn with effect from that date.

Your Directors welcome the appointment of Shri.T.Raghavendran on the Board of Your Company. Your Directors also place on record their sincere appreciation of the constructive contribution made by Shri N.G.Pai as nominee director of ICICI during his

tenure as Director.

Shri K. Kannan has been appointed as a "Special Director " by the Hon'ble BIFR with effect from 28th December 2000. Your Directors heartily welcome the appointment of Shri K.Kannan as Special Director on the Board of your Company.

Shri I.S.Ajmera retires by rotation in the ensuing Annual General Meeting and being eligible for reappointment offers himself for reappointment.

Shri C.S.Ajmera who has been appointed as Chairman & Managing Director from 1st October 1999 and Shri R.S.Ajmera who has been appointed as Managing Director from 1st October 1999 have agreed not to draw their salary from April 1999 onwards till they notify otherwise. Hence they have not drawn any salary during the period under review.

**DEPOSITS**

During the year under review there were no Deposits pending due for repayment.

**AUDITORS**

Your Company's Auditors, M/s V Parekh & Associates, Chartered Accountants, retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished necessary Certificate in terms of Section 224(1B) 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. Concurrent Auditors have been appointed as per BIFR direction.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:****(A) Conservation of Energy:**

- (a) The Company endeavours to improve overall energy efficiency by installing efficient equipments.
- (b) Total energy consumption and energy consumption per unit of production.

**I. Power and Fuel Consumption**

|                      | Current<br>Period | Previous<br>Year |
|----------------------|-------------------|------------------|
| 1. Electricity       |                   |                  |
| Purchase Units (KWH) | 85,47,356.00      | 41,18,867.00     |
| Total Amount (Rs.)   | 3,93,20,373.00    | 1,79,07,149.00   |
| Rate/Unit (Rs.)      | 4.60              | 4.35             |
| 2. LPG               |                   |                  |
| Purchase Units (MT)  | 1,231.20          | 1,045.115        |

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|                                        |                |              |
|----------------------------------------|----------------|--------------|
| Total amount (Rs.)                     | 1,93,64,782.00 | 11,01,345.00 |
| Rate/Unit (Rs.)                        | 15,128.38      | 10,836.00    |
| II. Consumption per unit of production |                |              |
| Units of Production                    | MT             | MT           |
| Power (Units/MT)                       | 179.64         | 105.00       |
| LPG Kgs/MT)                            | 25.88          | 27.00        |

**(B) Technology Absorption****(i) R&D**

In the galvanising section various activities have been successfully carried out to reduce the dross formation, improve the Zinc adhesion on substrate, coating mass control and control of alloy layer and pure Zinc formation. In the colour coating section efforts to produce pre-coated steel at competitive prices have shown encouraging results, due to continued research and upgradation of colour range and colour shade requirements of customers.

**(ii) Technology Absorption & Innovation**

The Company has successfully absorbed the technology to produce high quality Galvanised as well as Colour Coated Steel to cater to diverse Domestic and International Market segments. Trials of galvanising on Hot Rolled substrate have been successful and a bright future is anticipated in this sector.

**(iii) Benefits Derived**

Due to the on going improvement activities, the company is confident of supplying better quality steel, both galvanised and colour coated, to its customers at competitive prices. This would go a

long way in improving the customer relations thereby earning infinite benefits to the company.

**C) Foreign currency earnings & outflow****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 3,560.86 lakhs (US\$ 8.29 million and Euro\$ 0.30 million) compared to previous period of Rs 1,036.77 lakhs (US\$ 3.02 million).

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

|                                     | As on<br>30-09-2000<br>(18 Months) | As on<br>31-03-1999<br>(12 Months) |
|-------------------------------------|------------------------------------|------------------------------------|
| Inflow                              | 35,60,86,475                       | 10,36,77,166                       |
| Outflow:                            |                                    |                                    |
| (a) Travelling Expenses             | 6,92,832                           | 5,41,075                           |
| (b) Interest and Commitment Charges | 12,09,79,524                       | 5,08,24,787                        |
| (c) Repairs & Maintenance           | Nil                                | 12,56,364                          |
| (d) Membership Books & Periodicals  | 1,94,279                           | 95,418                             |
| (e) Sales Commission                | 9,25,122                           | Nil                                |
| (f) Sales Promotion                 | 4,48,280                           | Nil                                |

**INDUSTRIAL RELATIONS**

Industrial relations during the period under review has been generally cordial.

**Schedule Annexed to the Directors' Report for the Period Ended 30th September, 2000.**

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

| Name                                     | Designation and Nature of Duties | Remuneration Received/ Receivable | Qualifications  | Date of Commencement of Employment | Age in Years | Expe-rience In Yrs. | Particulars of Previous Employment |
|------------------------------------------|----------------------------------|-----------------------------------|-----------------|------------------------------------|--------------|---------------------|------------------------------------|
| Employed throughout the 18 months period |                                  |                                   |                 |                                    |              |                     |                                    |
| Mr S K Thakur                            | CEO                              | Rs 10,50,300                      | Bsc Engg (Mech) | 22.6.98                            | 58           | 36                  | Ispat Ltd                          |

**ACKNOWLEDGEMENT**

The Directors wish to thank the Customers, Dealers, Bankers, Financial Institutions, the Central & State Governments, Semi Government Bodies and Reserve Bank of India for their continuous 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.

By order of the Board of Directors  
For SHREE PRECOATED STEELS LTD.

Date : 31st January, 2001  
Place : Mumbai

C. S. AJMERA  
Chairman & Managing Director