

ALAN SCOTT INDUSTRIES LIMITED



***11th Annual Report
2004-2005***

Alan Scott Industries Limited**BOARD OF DIRECTORS**

MR. SUKETU J. PARIKH	(CHAIRMAN & MANAGING DIRECTOR)
MS. ASMITA J. PARIKH	(EXECUTIVE DIRECTOR)
MR. K. K. GOVINDAN NAIR	(DIRECTOR)

REGISTERED OFFICE

38, APURVA INDUSTRIAL ESTATE,
MAKWANA ROAD, MAROL NAKA,
ANDHERI (EAST),
MUMBAI – 400 059.

BANKERS

ORIENTAL BANK OF COMMERCE
DEVELOPMENT CREDIT BANK LIMITED

AUDITORS

JAYESH DADIA & ASSOCIATES
CHARTERED ACCOUNTANTS

REGISTRARS AND TRANSFER AGENTS

INTIME SPECTRUM REGISTRY LTD.
C-13, PANNALAL SILK MILLS COMPOUND
L.B.S.MARG, BHANDUP (W),
MUMBAI – 400 078.
TEL : 5555 5454, FAX : 5555 5353

DEMAT FACILITY

AVAILABLE TO CO'S
SHAREHOLDERS
ISIN NO. INE273F01014

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11th Annual Report 2004-2005**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE ELEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF **ALAN SCOTT INDUSTRIES LIMITED** WILL BE HELD ON MONDAY, THE 29TH SEPTEMBER, 2005 AT 11.00 A.M. AT 38, APURVA INDUSTRIAL ESTATE, MAKWANA ROAD, OFF ANDHERI KURLA ROAD, MAROL NAKA, ANDHERI (EAST), MUMBAI – 400 059, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March 2005 and Profit & Loss Account for the year ended on that date and Report of the Auditors and Directors thereon.
2. To appoint a Director in place of Ms. Asmita Parikh who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint auditors in place of Jayesh Dadia & Associates, Chartered Accountants, Mumbai as Auditors of the Company, to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS :

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

“RESOLVED that Mr. Govindan Nair who was appointed as an additional Director, of the Company with effect from 28/12/2004 and who holds office up to the date of this Annual General Meeting be and be and is hereby appointed as Director of the company, liable to retire by rotation.”

Place : Mumbai

BY ORDER OF THE BOARD OF DIRECTORS

Date : 07/09/05

Sd/-

SUKETU J. PARIKH
(MANAGING DIRECTOR)

Registered Office

38, Apurva Industrial Estate,
Makwana Road, Marol Naka,
Andheri (E), Mumbai – 400 059

NOTES :-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain Closed from 28th September, 2005 to 30th September, 2005 (both days inclusive)
3. Members are requested to intimate any change in their address to the Company's Registrars and Shares Transfer Agents, M/s Intime Spectrum Registry Ltd., at the earliest quoting their folio numbers.
4. Members desirous of obtaining any information concerning accounts and operations of the Company, are requested to address their questions in writing to the Board of Directors of the Company, at least 7 days before the date of the Meeting, so that the information required may be made available at the Meeting.
5. Members should bring their copies of Annual Reports to the Annual General Meeting. Copies will not be distributed at the meeting as measure of economy.
6. The members who have not yet exchanged their Counter Receipts with Share Certificates are hereby requested to hand over/submit the same at the Office of Registrar and Transfer Agents of the Company at the earliest.

Alan Scott Industries Limited

7. The Company's shares are already traded in dematerialized form under NSDL. The ISIN No. Allotted by NSDL is INE273F01014. Members are requested to avail these facilities. The Company is in the process to register its script's under CDSL.
8. Members holding more than one Share Certificate in the same/under different ledger folios are requested to apply for the consolidation of such folios and send the relevant Share Certificates to the Registrars, M/s. Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078.
9. Details of the Directors retiring by rotation and seeking re-appointment (in pursuance of Clause 49 of the Listing Agreement)

Name of Director	Ms. Asmita J. Parikh
Date of Birth	14.11.1951
Date of Appointment	25.05.2005
Qualification	L.C.E.H
Expertise	She is a qualified doctor having experience of more than 2 decades.
List of Other Directorship held	Concord Capitals Pvt. Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company.	NIL
Chairman/Member of of the Committee(s) of Board of Directors of other Companies in which she is a Director.	NIL

SHAREHOLDER INFORMATION

The Company's securities are listed at the following Stock Exchange:

The OTC Exchange of India
92, Maker Towers "F",
Cuffe Parade,
Mumbai – 400 005

The Company has paid Annual Listing fees to the above Stock Exchange for the Financial Year 2005-2006.

Place : Mumbai
Date : 07/09/05

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
SUKETU J. PARIKH
(MANAGING DIRECTOR)

Registered Office
38, Apurva Industrial Estate,
Makwana Road, Marol Naka,
Andheri (E), Mumbai – 400 059

11th Annual Report 2004-2005**DIRECTOR' REPORT**

The Members,
Alan Scott Industries Ltd,

The Board of Directors have pleasure in presenting the Eleventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2005

FINANCIAL RESULTS

	2004-05 Rs. (Lakhs)	2003-04 Rs. (Lakhs)
Gross Turnover (Including other Incomes)	82.55	83.62
Profit/(Loss) before interest, Depreciation and Tax	(18.67)	12.18
Less: Financial Charges	2.44	5.94
Profit/(Loss) before depreciation & Tax	(21.11)	6.23
Less: Depreciation	6.47	2.99
Profit/(Loss) before tax	(27.58)	3.24
Less: Provision for Deferred Tax	(7.78)	73.90
Prior year / Extra Ordinary Expense	0.70	—
Profit/(Loss) after tax	(20.50)	77.14
Profit/(Loss) brought forward from Previous Year	(40.54)	(117.68)
Balance carried to Balance Sheet	(61.04)	(40.54)

DIVIDEND

In view of the unabsorbed losses of the earlier years, your Directors express their inability to recommend dividend for the financial year 2004-2005

OPERATIONS

The company has successfully set up manufacturing facilities by entering into an manufacturing agreement with Delta Galil Industries Limited (Israel)

The company has commenced production at the new production facilities set up at Silvassa

The New India Assurance co. has not yet paid the the final amount of the claim They are deliberately delaying the settlement and payment of the claim in spite of their having admitted the claim The mischief is being played at the Head office in spite of the divisional office and the Regional office's have forwarded the file to the HO with their recommendation. The delay is now over 28 months in spite of regular reminders follow ups and calls to them.

PUBLIC DEPOSITS

The Company has neither invited not accepted any deposits in contravention of section 58A of the Companies Act, 1956 and the Rules made there under during the year under review.

OBSERVATION IN THE AUDITORS' REPORT

The observation made by the Auditors in their Report have been duly clarified / explained in their report or in the relevant Notes forming, part of the Annual Accounts, which are self explanatory and do not need any further clarification. Further as regard Auditors observation for internal Audit system the Board is taking appropriate steps to strengthen the same.

PERSONNEL

Our company's human resources have been playing a vital role in achieving organization objectives. The company's growth and progress is the result of hard work and devotion of all the employees. None of the employees of the company was in receipt of remuneration in excess of the limits prescribed u/s 217(2A) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the companies Act, 1956, the Directors affirm that;

- in the preparation of the Annual Accounts of the company, the applicable Accounting standard have been followed ;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date ;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- the Directors have prepared the Annual Accounts on a going concern basis.

DIRECTORS

As require under corporate governance, the brief particulars of Directors retiring by rotation as under :

Ms. Asmita J.parikh was appointed as a Director w.e.f.25.05.2004.

The Board recommends her appointment.

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PARTICULARS U/S 217 (1) (e) OF THE COMPANIES ACT, 1956.

As required u/s 217-(1) of the companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rule, 1988 the relevant information is given below:

A CONSERVATION OF ENERGY

Power & Fuel Consumption:

	2004-05	2003-04
1) ELECTRICITY		
a) Purchase Units	223904	12075
Amount (Rs.)	7,75,359	75,557
Rate / Unit (Rs.)	3.46	6.25
b) Own Generated Units		
Total Oil consumed	Nil	Nil
Total Amount (Rs.)	Nil	Nil
Rate / Unit (Rs.)	Nil	Nil
2) STEAM GENERATOR:		
a) Consumed		
Keep	Nil	Nil
Total Oil consumed	Nil	Nil
Rate / kg (Rs)	Nil	Nil
3) PER UNIT OF CONSUMPTION PRODUCTION		
Products (with details) unit Socks		
4.16 lacs Pairs (0.24 lacs pairs P Y)	1.86	1.95
Electricity		

B RESEARCH & DEVELOPMENT

The company has no specific Research and Development Department.

C FOREIGN EXCHANGE EARNING / OUT GO

	2004-05 Rs. (Lakhs)	2003-04 Rs. (Lakhs)
Total Foreign Exchange earned	35.58	Nil
Total foreign exchange outgo	Nil	Nil
For Expenses Nil	Nil	
For Training	Nil	Nil
For travel	Nil	Nil
For machinery	Nil	Nil
For Component Spares	Nil	Nil

AUDITORS

The Auditors of the Company, M/s. Jayesh Dadia & Associates, Chartered Accountant, Mumbai, retire at the ensuing Annual General Meeting and being eligible u/s 224 (1B) of the Companies Act, 1956, have expressed their willingness to continue the Auditors of the Company, if appointed. The Directors recommend their appointment as the Auditors of the Company.

CORPORATE GOVERNANCE

Your company is required to comply with the code of corporate governance as mandated by the SEBI, Under Clause 49 of the Listing Agreement with the OTC by 31.03.2003. The Board has already initiated measures to ensure that the code is complied with.

Pursuant to Clause 49 of the Listing Agreement with the OTC Exchange, a Management Discussion and Analysis. Corporate Governance Report and Auditor's Certificate regarding compliance of condition of corporate Governance are made a part of the Annual Report. A note on the Company's efforts to discharge its social responsibility is also included.

ACKNOWLEDGEMENT

The Directors take this opportunity to thank all the employees for their contribution to the Company's performance during the year under review. The Directors place on record their appreciation for assistance and support from various Government Agencies, Bankers and Financial Institution.

The Directors also express their gratitude to the Shareholders of the Company for their continuous support to the management.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
SUKETU J. PARIKH
(CHAIRMAN)

PLACE: MUMBAI
DATE: 07/09/05

11th Annual Report 2004-2005**AUDITOR'S REPORT**

TO,
THE MEMBERS OF
ALAN SCOTT INDUSTRIES LIMITED.

1. We have audited the attached Balance Sheet of **ALAN SCOTT INDUSTRIES LIMITED** as at 31st March, 2005 and also Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) (Amendment) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) 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;
 - (ii) In our opinion, proper books of accounts as required by the law have been kept by the company as it appears from our examination of the books;
 - (iii) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this Report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - (v) On the basis of representations received from the Directors as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) In case of the Balance Sheet, of the state of affairs of the company as at 31st March 2005; and
 - (b) In case of the Profit and Loss account, of the loss for the year ended on that date.
 - (c) In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Jayesh Dadia & Associates,
Chartered Accountants.

Jayesh Dadia
Partner
M.No.: 33973

Mumbai, Dated : 7th September, 2005

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) As informed to us all the assets have been physically verified by the Management during the year at reasonable intervals and no material discrepancies were noticed on verification;
- (c) During the year, the company has not disposed off a substantial part of the Fixed Assets;
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) In respect of loans, secured or unsecured, granted or taken by the by the company to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956:
 - (a) The Company has granted interest free loan, to one company listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.7.59 lacs and the balance at the year end was Rs.7.11 lacs.

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- (b) In our opinion and according to the information and explanation given to us, the terms and conditions on which loan have been given are not prima-facie, prejudicial to the interest of the company.
- (c) As the loans given by the company are repayable on demand the question of overdue amounts does not arise.
- (d) The Company has taken Interest free loans from six parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.23.49 lacs and the balance at the year end was Rs.37.67 lacs.
- (e) In our opinion and according to the information and explanation given to us, the terms and conditions on which loan have been taken are not prima-facie, prejudicial to the interest of the company.
- (f) In our opinion the Company is regular in repaying the principal amounts as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there are is no adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services.
- (v) In our opinion, and according to the information and explanation given to us the company has not entered into any transactions for the purchase and sale of goods and services, with companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.500,000/- or more in respect for each party.
- (vi) The company has not accepted any deposits from the Public and consequently, the directives issued by the Reserve Bank of India, the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under are not applicable. As regards unsecured loans from Shareholders, the company has complied with the provisions of section 58A of the Companies Act, 1956 and the rules made there under.
- (vii) In our opinion, the Internal audit system is not commensurate with the size of the company's operations and the nature of its business and needs to be strengthened.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of the services carried out by the Company.
- (ix) (a) According to the records of the company and information and explanation given to us undisputed statutory dues including provident fund, Income tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, ESIC and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.
- (b) According to the information and explanation given to us, there are no dues outstanding on account of dispute.
- (x) The company has accumulated losses at the end of the financial year, which is not more than 50% of its net worth, after taking into consideration the amount Deferred Tax Asset. The company has incurred cash losses during the financial year covered by our audit and whereas the company did not incur any cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and any other securities.
- (xiii) The provisions of any special statute applicable to a chit fund, nidhi, mutual benefit or a society are not applicable to the Company.
- (xiv) According to the information and explanation given to us, the company has not done any dealing in shares, securities, debentures and other investments.
- (xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or any financial institutions.
- (xvi) According to the information and explanation given to us, the company has not obtained any term loans during the year.
- (xvii) According to the Cash Flow Statement and the records examined by us and according to the information and explanation given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
- (xviii) According to the information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanation given to us, the company has not issued any debentures during the year.
- (xx) According to the information and explanation given to us, The company has not raised any money by way of public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit;

For Jayesh Dadia & Associates,
Chartered Accountants.

Jayesh Dadia
Partner
M.No.: 33973

Mumbai, Dated : 7th September, 2005