

ELEVENTH  
Annual Report  
2002-2003



**GUJARAT INTRUX LIMITED**

: Regd. Office :

Survey No. 84/P, Rajkot-Gondal Highway, Village : Shapar,  
Taluka : Kotda Sangani, District : Rajkot - Gujarat - 360 002.

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**GUJARAT INTRUX LTD.**

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## BOARD OF DIRECTORS

<b>AMRUTLAL J. KALARIA</b>	<b>CHAIRMAN-CUM-NON-EXECUTIVE DIRECTOR</b>
<b>RAMAN D. SABHAYA</b>	<b>DIRECTOR</b>
<b>DHIRAJ D. PAMBHAR</b>	<b>WHOLETIME DIRECTOR</b>
<b>MADHUBHAI S. PATOLIA</b>	<b>DIRECTOR</b>
<b>DILIP M. DUDHAGARA</b>	<b>DIRECTOR</b>
<b>BHARAT M. CHOKSI</b>	<b>DIRECTOR</b>
<b>MAHENDRABHAI K. SHETH</b>	<b>DIRECTOR</b>
<b>KESHAVAL H. PATOLIA</b>	<b>DIRECTOR</b>
<b>BHUPAT O. JADAV</b>	<b>INDEPENDENT DIRECTOR</b>
<b>BHARAT M. SANGHAVI</b>	<b>INDEPENDENT DIRECTOR</b>
<b>YOGENDRA C. ANARKAT</b>	<b>INDEPENDENT DIRECTOR</b>
<b>GORDHAN K. SORATHIYA</b>	<b>INDEPENDENT DIRECTOR</b>

<b>Registered Office:</b>	<b>Auditors:</b>	<b>Bankers:</b>
<p>Survey No. 84/P., Rajkot-Gondal Highway, Village: Shapar, Taluka: Kotda Sangani, District: Rajkot.</p> <p>Phone No.: 02827-252851/252852 Fax No: 02827-252854 Email: intrux@icenet.net</p>	<p><b>H.B.Kalaria &amp; Associates</b> Chartered Accountants 203/204,"Alap", Limda Chwok, Rajkot.</p>	<p><b>Dena Bank</b> Para Bazaar, Rajkot,</p> <p><b>IDBI Bank Ltd</b> Dyneshwar Paduka Chwok, F.C.College Road, Pune.</p>

**GUJARAT INTRUX LTD.****ELEVENTH ANNUAL REPORT \* 2002-2003****NOTICE**

**NOTICE** is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING OF GUJARAT INTRUX LIMITED** will be held at the Registered Office of the Company at Survey No. 84/p, Rajkot-Gondal Highway, Village : Shapar, Taluka : Kotda Sangani, Dist : Rajkot on Saturday the 27<sup>th</sup> September, 2003 at 11.00 A.M. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider, and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2003 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors' and the Auditors' there on.
2. To appoint a director in place of Shri Amrutlal J. Kalaria, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Mahendrabhai K. Sheth, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Keshavlal H. Patolia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of Next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS :**

6. To pass with or without modification the following resolution as ordinary resolution :

"RESOLVED THAT Shri Yogendra C. Anarkat who was appointed as an Additional Director of the company pursuant to the provisions of Articles of Association of the company and Section 260 of the Companies Act, 1956 and holds office only upto the date of this Annual General Meeting, being eligible, offers himself for appointment and in respect of whom the company has received a notice from a member, under the provision of the Section 257 of the Companies Act, 1956 *ibid*, proposing the candidature of Shri Yogendra C. Anarkat for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To pass with or without modification the following resolution as ordinary resolution :

"RESOLVED THAT Shri Bharatbhai M. Sanghavi who was appointed as an Additional Director of the company pursuant to the provisions of Articles of Association of the company and Section 260 of the Companies Act, 1956 and holds office only upto the date of this Annual General Meeting, being eligible, offers himself for appointment and in respect of whom the company has received a notice from a member, under the provision of the Section 257 of the Companies Act, 1956 *ibid*, proposing the candidature of Shri Bharatbhai M. Sanghavi for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. To pass with or without modification the following resolution as ordinary resolution :

"RESOLVED THAT Shri Gordhanbhai K. Sorathiya who was appointed as an Additional Director of the company pursuant to the provisions of Articles of Association of the company and Section 260 of the Companies Act, 1956 and holds office only upto the date of this Annual General Meeting, being eligible, offers himself for appointment and in respect of whom the company has received a notice from a member, under the provision of the Section 257 of the Companies Act, 1956 *ibid*, proposing the candidature of Shri Gordhanbhai K. Sorathiya for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

Place : Shapar  
Date : 31<sup>st</sup> July, 2003.

By Order of the Board  
For **Gujarat Intrux Limited**

**Amrutlal J. Kalaria**  
(Chairman)

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE, INSTEAD OF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY.
2. The Proxy form duly executed and stamped should be deposited at Registered office of the Company not later than 48 hours before the time of the meeting.
3. The register of members and Share Transfer Book will remain closed from 22<sup>nd</sup> September, 2003 to 27<sup>th</sup> September, 2003 (Both days inclusive).
4. The Members/Proxies are requested to produce the attendance slip duly completed and signed at the entrance of the meeting.
5. Shareholders are requested to bring their copies of Annual Report at the meeting.
6. Members are requested to immediately intimate any change in their address registered with the company to its registered office.
7. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special business under item no. 6, 7 and 8 above are annexed hereto.





## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No. 6 :

With a view to comply with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors in its meeting held on 20<sup>th</sup> March, 2003 had appointed Shri Yodendra C. Anarkat, as Additional Non-Executive Director of the company in terms of Section 260 of the Companies Act, 1956. Pursuant to provisions of Section 260 of the Companies Act, 1956 Shri Yodendra C. Anarkat shall hold the office only up to the date of ensuing Annual General Meeting.

Valid notices along with requisite deposit under Section 257 of the Companies Act, 1956 have been received from the members of the Company proposing the candidature of Shri Yodendra C. Anarkat, for the office of Director of the Company.

In view of the background and valuable experience in various fields, it will be in the interest of the Company if he continues as its director. Accordingly the Board of Directors recommends for your approval the appointment of said person as director of the company liable to retire by rotation.

None of the director except Shri Yodendra C. Anarkat is concerned or interested in the resolution.

The Board of Directors recommend this resolution for your approval.

#### Item No. 7 :

With a view to comply with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors in its meeting held on 20<sup>th</sup> March, 2003 had appointed Shri Bharatbhai M. Sanghavi as Additional Non-Executive Director of the company in terms of Section 260 of the Companies Act, 1956. Pursuant to provisions of Section 260 of the Companies Act, 1956, Shri Bharatbhai M. Sanghavi shall hold the office only up to the date of ensuing Annual General Meeting.

Valid notices along with requisite deposit under Section 257 of the Companies Act, 1956 have been received from the members of the Company proposing the candidature of Shri Bharatbhai M. Sanghavi for the office of Director of the Company.

In view of the background and valuable experience in various fields, it will be in the interest of the Company if he continues as its director. Accordingly the Board of Directors recommends for your approval the appointment of said person as director of the company liable to retire by rotation.

None of the director except Shri Bharatbhai M. Sanghavi is concerned or interested in the resolution.

The Board of Directors recommend this resolution for your approval.

#### Item No. 8 :

With a view to comply with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors in its meeting held on 20<sup>th</sup> March, 2003 had appointed Shri Gordhanbhai K. Sorathiya as Additional Non-Executive Director of the company in terms of Section 260 of the Companies Act, 1956. Pursuant to provisions of Section 260 of the Companies Act, 1956 Shri Gordhanbhai K. Sorathiya shall hold the office only up to the date of ensuing Annual General Meeting.

Valid notices along with requisite deposit under Section 257 of the Companies Act, 1956 have been received from the members of the Company proposing the candidature of Shri Gordhanbhai K. Sorathiya for the office of Director of the Company.

In view of the background and valuable experience in various fields, it will be in the interest of the Company if he continues as its director. Accordingly the Board of Directors recommends for your approval the appointment of said person as director of the company liable to retire by rotation.

None of the director except Shri Gordhanbhai K. Sorathiya is concerned or interested in the resolution.

The Board of Directors recommend this resolution for your approval.

Place : Shapar  
Date : 31<sup>st</sup> July, 2003.

For Order of the Board  
For **Gujarat Intrux Limited**

**Amrutlal J. Kalaria**  
(Chairman)



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overall Review:**

Overall performance of the company compare to last year has shown growth in terms of production and in terms of sales. Following data shows the same :-

Over all Production	22.05 %	Grown Up
Overall Turnover (in Rs.)	19.58 %	Grown Up
Domestic Turnover(in Rs.)	12.18%	Grown Up
Export Turnover (in Rs.)	74.43%	Grown Up

The main Products of the Company is Stainless Steel, Alloy Steel, and Non-Alloy Steel Castings.

Other Income Rs.23.98 Lacs mainly for DEPB License Income which is also increased compare to last year due to increased in Export sales.

Earning Per Share is Rs.3.77.

### **Future Outlook:**

Company has improved its Revenue making constant efforts. As a result we have reduced the cost and increased the Profitability. Company is working towards Optimizing profit margin and started to select such items manufacturing. But overall profitability depends upon overall global economic outlook, global demand-supply scenario and trends.

By taking various steps to reduce cost, explore the Indian and market abroad and distinguishing and selling profitable items company management is hopeful for better performance in the year 2003-2004.

### **Segment wise Performance:**

As such, the Company has no different segments, as its total involvement is in sand casting only. The production/turnover of Alloy Steel, and Non-Alloy Steel is quite higher than Stainless Steel.

### **Opportunities and Threats:**

The Casting industry is subject to competition among various segments of manufactures within the country and from manufacturers of outside the country. The threats of competition is comparatively less in the products which your company is manufacturing viz. Stainless Steel, Alloy Steel, and Non-Alloy Steel castings. The awareness towards quality product and potentiality of Indian casting in foreign market will provide opportunity to your company to increase its sale and capture more market share.

### **Risks Factors:**

In Foundry basic raw materials is Scrap & Ferro Alloys. Prices of Scrap and Ferro Alloys are fluctuating, in furtherance electricity cost and labour cost are also matter of concern. The company is utilizing some of zircon base product for manufacturing, however zircon is at present in crisis which resulted in the price hike of such material. Fuel (Diesel, LPG, Kerosin) is always matter of concern for every industry, now it is more important after decentralization of pricing of the same. Above this competition in the industry is increased, which has made it hard to raise the price of product though cost of the final product is higher.

Changes in Government Policy, Foreign Exchange rate may affect the company. However Company is trying to minimize certain risk by taking the steps which are in the hand of company.

### **Adequacy of Internal Control**

The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. Company have an adequate internal control system to ensure that all assets of the company are safeguarded, protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly. Company has an internal control system towards achieving efficiency in operations, optimum utilization of resources, effective monitoring, and compliances with applicable laws and regulations.

Company has established Internal Audit Panel by In-house team, to ensure reliability of financial and other records, and to prepare financial statements and other data, and to maintain accountability. Audit Committee of the Board reviews the findings and recommendations of the internal audit panel.



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### Quality of Products

Company is committed to continuous improvement in quality of the products manufactured by the company. Company has full-fledged laboratory and having a Spectrophotometer for Analysis, having Radiographic facilities, etc. Company has ISO 9002:1994 and going for ISO 9001: 2000. Company has implemented new system as per new standards.

### Human Resource and Development

Your Company has undertaken certain employees' development initiatives which have very positive impact on the moral and team spirit of the employees. The Company has continued to give special attention to Human Resources/Industrial Relations development. Company has also adopted appraisal system & performance review system in some key area. Industrial relations remained cordial throughout the year and there was no incidence of strike, lock-out etc.

### Foreign Exchange. and Exports

During the year 2002-2003 the company has earned Foreign Exchange Income of Rs.139.73 Lacs by way of Exports sales. Company Exports its products to Israel, U.K., Spain, Germany, U.S.A., and Australia. The company has achieved remarkable growth in the export sale compare to last year. Our marketing team is still making efforts to capture more export market.

### Cautionary Statement :

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

Place : Shapar

Date : 31<sup>st</sup> July, 2003

For and on behalf of the Board of Directors  
**Gujarat Intrux Limited**

**Amrutlal J.Kalaria**  
(Chairman)



## REPORT ON CORPORATE GOVERNANCE

### INTRODUCTION:

Corporate Governance is very important to built confidence and trust, which leads to strong, stable and long term partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the 'Code of Corporate Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-a-vis the Stock Exchange Listing Agreement is presented below.

### 2. BOARD OF DIRECTORS:

The Board consists of 12 Directors showing the fair combination of Executive, Non-Executive and Independent Directors. The directors are different in respect of the knowledge and expertise in the field. Some of the directors are professionals from different field; some are having the vast knowledge and experience of finance/marketing/production.

Name	Executive/ Non-Executive/ Independent	No. of other Directorship held	Board meetings attended	Membership In the committee	Chairmanship at the committee	Attended last AGM 27 <sup>th</sup> September, 2002
Mr. A. J. Kalaria	Non-Executive	2	12	3	1	Yes
Mr. D. D. Pambhar	Executive	1	12	1	1	Yes
Mr. R. D. Sabhaya	Non-Executive	2	12	2	Nil	Yes
Mr. M. S. Patolia	Non-Executive	2	12	Nil	Nil	Yes
Mr. D.M.Dudhagara	Non-Executive	1	12	Nil	Nil	Yes
Mr. B.M. Choksi	Non-Executive	1	12	Nil	Nil	No
Mr. M. K. Sheth	Non-Executive	Nil	Nil	Nil	Nil	No
Mr. K. H. Patolia	Non-Executive	Nil	Nil	Nil	Nil	No
Mr. B. O. Jadav	Independent	Nil	Nil	Nil	Nil	No
Mr. H.D. Soni	Non-Executive	Nil	Nil	Nil	Nil	No
Mr. Y.C. Anarkut	Independent	Nil	N.A.	2	1	N.A.
Mr. B.M. Sanghavi	Independent	Nil	N.A.	2	Nil	N.A.
Mr. G.K. Sorathia	Independent	Nil	N.A.	1	Nil	N.A.

#### Notes :

1. Mr. H. D. Soni has resigned from the directorship of the company w.e.f. 26<sup>th</sup> November, 2002.
2. Mr. Y. C. Anarkat was appointed as an additional director of the company w.e.f. 20.03.2003
3. Mr. Bharatbhai Sanghavi was appointed as an additional director of the company w.e.f. 20.03.2003
4. Mr. Gordhabhai Sorathia was appointed as an additional director of the company w.e.f. 20.03.2003




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**a) Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:**

Name Of Director	Shri A. J. Kalaria	Shri K. H. Patolia	Shri M. K. Sheth	Shri Y. C. Anarkat	Shri B. M. Sanghavi	Shri G. Sorathiya
Date of Birth	03.10.1955	01.03.1947	12.02.1941	21.09.1955	11.12.1958	25.12.1962
Date of Appointment	08.01.1992	21.06.1992	21.06.1992	20.03.2003	20.03.2003	20.03.2003
Expertise in Specific functional Area	Materials, Accounts and Finance	Mechanical Engineers Degree	Trading in steel, alloy steel, Stainless Steel and Non-ferrous Metals	Finance	Finance	Civil works
List of Public Limited Companies in which Directorship held	Nil	Nil	Nil	Nil	Nil	Nil
Chairman / Member of the committees	1. Audit committee 2. Remuneration committee 3. Share transfer & share holders grievance committee	-	-	1. Audit committee 2. Remuneration committee	1. Audit committee	1. Audit committee 2. Remuneration committee
Chairman / Member of the committees of Directors of other companies	-	-	-	-	-	-

**b) Board Procedures:**

The Board of Directors meet once a quarter to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/Whole-Time Director briefs the Directors at every Board Meeting, overall performance of the Company. All major decisions/approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, investment opportunities, Statutory Compliance etc.

**3. AUDIT COMMITTEE:**

The terms of reference of the Audit committee, as specified by the Board, includes the whole as specified in the clause 49 of the listing agreement, including a review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The committee members are all non-executive and majority being the independent directors, collectively having requisite knowledge of finance, accounts and company law. The committee recommends the appointment of external auditors and their fees and payments and also takes an overview of the financial reporting process to ensure that financial statements are correct sufficient and credible. The reports of the statutory as well as the internal auditors are reviewed along with managements' comments and action-taken reports. The committee comprises Shri Y. C. Anarkat, Chairman (Non-Executive Independent Director, having knowledge of Accounts and finance), Shri A. J. Kalaria (Non-Executive Director, having knowledge of Accounts and finance) , Shri Bharatbhai Sanghavi (Non-Executive Independent Director, having knowledge of Accounts and finance), Shri G. K. Sorathiya (Non-Executive Independent Director). As the Committee was appointed on 20.03.2003, it could not meet during the financial year 2002-03. However, it met on 2<sup>nd</sup> June, 2003 to review the accounts for the year 2002-03. In the meeting Shri Y. C. Anarkat, Chairman, Shri A. J. Kalaria and Shri B. M. Sanghavi were present.

**4. REMUNERATION COMMITTEE:**

The Board Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation Package for the Whole-Time Director and Managerial Personals. It also reviews from time to time the overall Compensation structure and related policies with a view to attract, motivate and retain employees.

The Committee comprises the following Directors as members:

1. Shri A. J. Kalaria, Chairman - Non-executive Director
2. Shri R. D. Sabhaya, Member - Non-executive Director
3. Shri Y. C. Anarkat, Member - Non-executive Independent Director
4. Shri G. K. Sorathiya, Member - Non-executive Independent Director

All the members attended the meetings held on 25th March, 2003.

Details of remuneration paid:

1. Shri Dhiraj D. Pambhar, Whole-Time Director was paid Rs. 6,00,000/- as managerial remuneration during the year 2002-03.
2. No Sitting Fees, Commission or Stock Option has been offered to the Directors during the Year 2002-2003.

**5. SHARE TRANSFER AND SHAREHOLDERS GRIEVANCE COMMITTEE:**

The Board has constitutes a SHARE TRANSFER AND SHAREHOLDERS GRIEVANCE COMMITTEE for the purpose of effective redressal of the complaints of the shareholders such as Dematerialisation, Share Transfer, Non-receipt of Balance Sheet, Dividend Warrants etc.

Shri D. D. Pambhar, Chairman and Shri A. J. Kalaria, and Shri R. D. Sabhahya are the Members of the Committee.

Shri Sanjay Vagadia, Accounts/Secretarial Executive is the Compliance Officer for the above purpose.