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**GUJARAT
TOOLROOM
LIMITED**

ANNUAL REPORT 1996-97





GUJARAT TOOLROOM LIMITED

14th Annual Report 1996-97

BOARD OF DIRECTORS

SHRI SAURABH N. KINARIWALA
Chairman & Managing Director

SHRI SAMVEG A. LALBHAI

DR. M. N. VORA

SHRI G. S. DAVAR

SHRI NATVERLAL P. KINARIWALA

SHRI SURESH S. JAIN
Executive Director

SMT. SHREYA S. KINARIWALA
(Alternate to Shri G. S. Davar)

AUDITORS

C. R. SHAREDALAL & Co.

Chartered Accountants

102, Parishram, 5-B, Rashmi Society,
Mithakhali Six Roads, Navrangpura,
Ahmedabad - 380 009.

BANKERS

UNION BANK OF INDIA
Ahmedabad.

14th ANNUAL GENERAL MEETING

Date : 14th August, 1997

Day : Thursday

Time : 10.00 am.

Place : 37-B, Phase-I, G. I. D. C., Vatva,
Ahmedabad - 382445, India.

REGISTERED OFFICE & WORKS

37-B, Phase - I, G. I. D. C., Vatva,
Ahmedabad - 382 445, India.

Phone : 0091 - 079 - 5830117

Fax : 0091 - 079 - 5835088

Email : kinari@ad1.vsnl.net.in



GUJARAT TOOLROOM LIMITED

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of Gujarat Toolroom Ltd. will be held on Thursday, the 14th day of August, 1997 at 10.00 at the Registered Office of the Company situated at Plot No.37/B, Phase-I, G.I.D.C Vatva, Ahmedabad - 382 445 to transact the following business.

ORDINARY BUSINESS :

1. To receive. Consider and adopt the Audited Balance-Sheet as 31st March, 97 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To Appoint a Director in place of Shri N.F.Kinariwala, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr.M.N.Vora, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND

AND VOTE INSTEAD OF HIMSELF / HERSELF ON A POLL ONLY AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. Members / Proxies should bring the attendance slip duly filled in alongwith them for attending the Meeting.
3. Proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the Meeting.
4. The Registers of Members and Share Transfer Books of the company will remain closed from 4-8-97 to 14-8-97 (both days Inclusive).
5. Members are requested to notify immediately change in their address to the Company at its Registered Office at Plot No. 37/B, Phase-1, G.I.D.C, Vatva, Ahmedabad - 382 445.
6. Members desiring any information as regards to the Accounts are requested to write to the Company at an early date, not later than 4th August, 1997 so as to enable the management to keep the information ready.

Ahmedabad
Date : 27-6-97

By order of the Board of Directors,

SAURABH N. KINARIWALA
Chairman and Managing Director

Regd. Office :
PLOT NO. 37/B, PHASE-I,
G.I.D.C. VATVA, AHMEDABAD - 382 445

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GUJARAT TOOLROOM LIMITED

DIRECTORS' REPORT

To,
The Members

Your Directors present herewith their 14th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1997

FINANCIAL RESULTS :

	1996-97	1995-96
Sales	1,15,46,100.	11,50,44,887
Other Income	4,06,124	5,32,076
Less : Expenses	80,41,505	10,48,74,253
Operating Profit	37,50,296	1,07,02,710
Less Interest	36,42,792	34,63,621
Cash Profit	1,07,504	72,39,089
Less : Depreciation	18,80,180	18,29,734
Amortisation of Preli. Exp.	2,09,699	2,09,699
Previous Year Expenses	1,62,423	2,627
Profit / Loss before Tax	(-) 21,44,798	51,97,029
Less Taxation	Nil	Nil
Net Profit After Tax	(-) 21,44,798	51,97,029
Balance B/F.	1,59,52,455	1,07,55,426
Balance Carried to		
Balance Sheet	1,38,07,657	1,59,52,455

OPERATIONS :

The year ended 31st March, 1997 was the fourth full year of operations for the Company.

During the year Manufacturing Division's sales is Rs.115.48 lakhs and operating profit is Rs.37.50.

Last year there was adhoc trading sales of Rs.1000 lakhs. During the year there is no trading sales.

After providing for depreciation of Rs. 18.80 lakhs, amortisation of Rs.2.10 lakhs and previous year's expenses of Rs.1.62 lakhs, Company has incurred loss of Rs. 21.45 lakhs.

The recession that hit Indian economy has adversely affected the performance of the Company. All market segments in which your Company operates felt to varying degrees the effects of recession. Company's customers had to postpone, delay, the orders and payments because of severe recession and cash crunch in their industries. This in turn placed your Company in vulnerable position. Company had to carry lot of inventory. In spite of several Governmental efforts, recession continues to be present.

Company continues to make good technological progress. Company is now preferred mould supplier in several market segments such as toothbrush, medical disposable, audio cassette, refrigerator parts, etc. During the year Company also entered the business of thermoforming moulds with success.

In unfavourable times like these, it is important not to loose focus but to continue the efforts in the direction to strengthen the core competencies. So that as soon as economy and market conditions

improve, Company is well positioned to benefit.

INJECTION MOULDING PROJECT :

Company has made progress for establishment of injection moulding division. Certain initial expenditure has also been made towards implementation of the project. Company is in discussions with several reputed foreign companies for technical collaboration / joint venture.

Subsidiary Company - Stamag Ag., Switzerland

Results of Stamag Ag. for the year ended December 31st, 1996 are attached herewith for information.

DIVIDEND :

Your Directors do not recommend any dividend.

DIRECTORS :

Smti N.P.Kinariwala and Dr. M.N.Vora retire from the Board by rotation in accordance with the provisions of article No.22 (b) of the Article of Association of the Company and being eligible, offer themselves for re-appointment.

Shri N.P.Kinariwala and Dr. M.N.Vora both were appointed as Directors of the Company on 16th Aug. 1996. Both the Directors offer themselves to be appointed as the Directors of the Company and the same is to be confirmed at the ensuing Annual General Meeting.

The Board recommends the appointments / re-appointments of these Directors.

FIXED DEPOSITS

The company has not accepted any deposit coming under parview of the provisions of section 58(A) of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975 as amended.

AUDITORS :

M/s. C.R. Sheredal & Co., Chartered Accountants, Ahmedabad, the Auditors of the Company, retire at the conclusion of the ensuing (14th) Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment. The Auditors have also furnished a certificate to the effect that their re-appointment, if made, will be within the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956.

AUDITOR'S REPORT :

The Auditor's Report and Notes on Accounts are self-explanatory and hence no further explanation is necessary.

PERSONNEL :

During the year, employer-employee relations continued to be cordial. Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Amendment) Act, 1988 and forming part of the Director's Report for the year 1996-97 is annexed hereto as Annexure-I and form part of this Report.

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

The details of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1) (e) of the Companies Act, 1956, read with the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto as Annexure-II.



GUJARAT TOOLROOM LIMITED

ACKNOWLEDGMENT :

Your Directors wish to place on record their appreciation of the devoted services of all employees in India and Switzerland during the year.

Your Directors also acknowledge with thanks the co-operation and support extended all times by Union Bank of India, Export-Import Bank of India, and various Government Departments.

Your Directors thank customers for the confidence reposed.

For and on Behalf of the Board of Directors,

AHMEDABAD,
27th June, 1997

SAURABH N.KINARIWALA
CHAIRMAN & MANAGING DIRECTOR

ANNEXTURE - I TO DIRECTORS' REPORT TO THE SHAREHOLDERS

Information under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended 31st March, 1997 :

There was no employee getting Remuneration of Rs. 25,000/- per month of Rs. 3,00,000/- per annum during the year or for the part of year pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Hence, no information is given in this regard.

For and on Behalf of the Board of Directors,

For and on Behalf of the Board of Directors,

SAURABH N.KINARIWALA
CHAIRMAN & MANAGING DIRECTOR

AHMEDABAD,
27th June, 1997

Annexure-II TO DIRECTORS' REPORT TO THE SHAREHOLDERS

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken : The Company is using only electricity. However, the Company has arranged for regular maintenance of drive motors and control gear equipment to get optimum efficiency.
- b) Additional investment & proposal, if any, being implemented for reduction of consumption of energy : Nil
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and cost of production of goods. : The cost of electricity in total production cost is very negligible hence no impact will be visible.
- d) Total energy consumption & energy consumption per unit of production as per For A of the Annexure in respect of industries specified in the Schedule thereto. : Not applicable as the Company is not a Steel/Forging/Rerolling Engineering Industry.

B. TECHNOLOGY ABSORPTION :

- e) Efforts made in Technology absorption :

RESEARCH & DEVELOPMENT (R & D)

- 1) Specific area in which R & D carried out by the Company : Design

& Development plastic products & injection moulds for those products.

- 2) Benefit derived as a result of the above R & D : Optimum use of plastic material with quality product and efficient production.
- 3) Future plan of action : Inject Moulds for Industry
- 4) EXPENDITURE ON R & D

a) Capital	Nil
b) Recurring	Nil
c) Total	Nil
d) Total R & D expenditure as percentage of total	Nil

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- 1) Efforts, in brief, made towards technology absorption, adaptation and innovation : The Company's technicians have undergone on the job training at the collaborator's works Switzerland, to absorb mould designing / manufacturing technology.
- 2) Benefits derived as a result of the above efforts : The Company started manufacturing of precision moulds, with advance technology which were previously imported.
- 3) IMPORTED TECHNOLOGY
 - a) Technology Imported : Manufacturing of precision Plastic Injection moulds with CAD/CAM facility and CNC machines.
 - b) Year of import : 1991
 - c) Has technology been fully absorbed ? : No, not yet. It is a continuous process which will continue till the collaboration agreement is in force.
 - d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action : As per Collaboration agreement, the Collaborator will impart men month training to our personnel and the foreign technicians will come to India for imparting the training every year for the coming four years.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

- f) Activities relating to exports initiatives taken to increase exports, development of new export markets for products and services and export plan : The Company's product is an import substitute. The Company has executed export orders and several inquiries are received.
- 9) Total Foreign Exchange :

Used :	Rs. 2,15,258
Earned :	Rs. 14,35,303

For and on Behalf of the Board of Directors,

SAURABH N.KINARIWALA
CHAIRMAN & MANAGING DIRECTOR

AHMEDABAD,
27th June, 1997



GUJARAT TOOLROOM LIMITED

AUDITORS' REPORT

The Members of
GUJARAT TOOLROOM LIMITED
Ahmedabad.

We have audited the attached Balance Sheet of GUJARAT TOOLROOM LIMITED, Ahmedabad as at 31st March, 1997 and also the Profit and Loss Account of the Company for the year ended on that date annexed hereto, and report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) 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 those books.
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion and to the best of our information and according to the explanation given to us, the accounts subject to clause No.6 of Part No.B of schedule 16 in respect of valuation of closing stock and read with other notes on accounts thereon give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view.
 - (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 1997 and
 - (b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

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, and on the basis of such checks of books and records of the Company as were considered appropriate and on the basis of information and explanations given to us during the course of our audit, we state, on the matters specified in paragraph 4 and 5 of the said order, as under :-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As informed to us, the management has physically verified the assets. No material discrepancies were noticed during the verification.
2. There is no revaluation of Fixed Assets during the year.
3. As informed to us, the stock of finished goods, stores, spare parts and raw materials have been physically verified during the year by the Management.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management were found reasonable and adequate in relation to the size of the company and the nature of its business.
5. As informed to us, no discrepancies were noticed on verification between the physical stocks and books records.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year, subject to our note mentioned in Schedule 16 Part-B clause No.1(d) and clause No.6.
7. The company had taken unsecured loan from Companies covered by the definition under section 301/370 (1B) of the Companies Act, 1956. The terms and conditions of the above loans are not, in our opinion, prima facie prejudicial to the interest of the Company.

8. The company has not granted any loans and advances in the nature of loan to any company, firm or other parties covered under the definition of section 301 and 370 (1B) of the Companies Act, 1956
9. The company has not granted any loans in the nature of loan or advance to any party, except staff who are generally repaying the principal amount as stipulated, and such loans are free of interest.
10. There is adequate internal control procedure commensurate with the size of the company and nature of its business with regards to purchase of stores, raw materials, plant and machinery, equipments and other assets and for sale of goods.
11. There is no purchase of goods or materials and sale of goods, materials and services made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods.
13. The Company has not accepted any deposits from the public and hence the question of compliance under section 58-A of the Companies Act, 1956 does not arise.
14. There are no by-products, so the question of maintaining reasonable records does not arise.
15. The Company has appointed a firm of Chartered Accountants for internal audit, and the internal audit system is commensurate with its size and nature of business of the Company.
16. According to the explanation given to us, Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
17. The Company has been regularly depositing the Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. According to the information and explanations given to us, no disputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty which were outstanding, as at 31.3.1997 for a period of more than six months from the date they became payable.
19. According to the explanations and information given to us and the records examined by us, no personal expenses or employees or directors expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of clause (O) of section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. As explained to us, in respect of the trading activities of the company, there are no damaged goods.

AHMEDABAD,
27th JUNE, 1997

FOR C.R.SHAREDALAL & CO.
CHARTERED ACCOUNTANTS.
(M.B. SHAH)
PARTNER.