

**GUJARAT
TOOLROOM
LIMITED**

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20TH

**ANNUAL
REPORT**

2003-04

GUJARAT TOOLROOM LIMITED

BOARD OF DIRECTORS

Shri Saurabh N. Kinariwala **Chairman**
 Shri Samveg A. Lalbhai
 Dr. M. N. Vora
 Shri G. S. Davar
 Smt. Shreya S. Kinariwala
 (Alternate to Shri G. S. Davar)
 Shri Suresh S. Jain **Executive Director**

AUDITORS

C. R. Shreedalal & Co.
 Chartered Accountants
 Ahmedabad

BANKERS

Union Bank of India
 Ahmedabad

REGISTERED OFFICE & WORKS

86 / 4, Phase - 1, G. I. D. C. Vatva
 Ahmedabad - 382 445, India
 Phone : 079-2583 0117
 Fax : 079-2589 6949
 Email : gtl@kinariwala.com
 Website : www.kinariwala.com

20th ANNUAL GENERAL MEETING

Date : 21st August, 2004

Day : Saturday

Time : 10.00 a.m.

Place : 86 / 4, Phase - 1, G. I. D. C.,
 Vatva, Ahmedabad - 382 445

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NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of Gujarat Toolroom Limited will be held on Saturday, the 21st day of August, 2004 at 10.00 a.m. at the Registered Office of the Company situated at Plot No. 86 / 4, Phase - 1, G. I. D. C., Vatva, Ahmedabad - 382 445 to transact the following business:

ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the period from 1st January, 2003 to 31st March, 2004 together with the Directors' and Auditors' Report thereon.
- (2) To appoint a Director in place of Mr. Saurabh N. Kinariwala, who retires by rotation and being eligible offers himself for re-appointment.
- (3) To re-appoint Auditors and fix their remuneration.

By order of the Board of Directors

SAURABH N. KINARIWALA
Chairman

PLACE : AHMEDABAD
DATE : JUNE 26, 2004

NOTES :

- (1) A MEMBER OF 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.

A proxy in order to be valid should be lodged at the Registered Office of the Company not later than 48 hours of the time of the Annual General Meeting.

- (2) The Register of Members and Share transfer books shall remain closed from 13th August, 2004 to 21st August, 2004 (both days inclusive).
- (3) Members are requested to intimate the change in their addresses, if any, immediately to the Company.
- (4) Members are requested to bring their copy of the Annual Report at the meeting.
- (5) The shares of the Company are listed at Ahmedabad and Mumbai Stock Exchanges.

DIRECTORS' REPORT

To,
Dear Members

Your Directors have Pleasure in presenting the 20th Annual Report for the year ended 31st March, 2004.

FINANCIAL PERFORMANCE :

	(Rs. in Lacs)	
	2003-2004 (15 Months)	2001-2002 (15 Months)
Sales	61.58	90.70
Other Income	0.40	0.51
Total Income	61.98	91.21
Less : Expenses	45.31	66.33
Operating Profit	16.67	24.88
Less : Interest	11.10	16.35
Depreciation	20.45	22.88
Less : Extra Ordinary Items		
Loss on sale of Fixed Assets	21.70	0.02
Factory Shifting Expenses	2.35	NIL
Profit / (Loss) Before Tax	(38.93)	(14.37)
Less : Taxation for the Year	NIL	NIL
Previous year expenses	(1.43)	(0.97)
Net Profit / (Loss) after Tax	(40.36)	(15.34)
Balance Brought Forward	44.65	59.99
Balance Carried to Balance-Sheet	4.29	44.65

OPERATIONS OF THE COMPANY :

During the year ended on 31st March, 2004, sales has been Rs. 61.58 lacs as compared to a sales of Rs. 90.70 lacs in the previous year. After providing for interest of Rs. 11.10 lacs (previous year Rs. 16.35 lacs), the depreciation of Rs. 20.45 lacs (previous year Rs. 22.88 lacs). Your company has suffered an operational loss of Rs. 14.88 lacs without considering non operational loss from the sale of factory land & building.

The payment of loan to Union Bank of India has helped the company to reduce the interest burden.

During the year under review, the company has sold factory land & building which resulted in to a book loss of Rs. 21.70 lacs. Your company has incurred Rs. 2.35 lacs for shifting plant & machinery to other premises.

Your company has fully paid the outstanding loan to Union Bank of India from the sale proceeds of land & building.

In view of loss suffered by the company, your Directors express their inability to recommend any dividend for the year under review.

During the year under review, your company has focussed on manufacture of moulds for disposable syringes and as per the new business strategy, the company has procured good orders for supply of moulded syringes alongwith the order of moulds.

Your company will increasingly focus on moulding activity to achieve turn around of the company.

DEPOSITS :

The Company has not accepted any deposits to which the provisions of Section 58-A, of the Companies Act, 1956 and the relevant rules made there under are applicable.

RESPONSIBILITY STATEMENT :

The Directors confirm :

- (a) That in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same.
- (b) That they have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial year and of the Profit or Loss of the Company for that period.
- (c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) That they have prepared the Annual Accounts on a Going concern basis.

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

The particulars regarding Conservation of Energy and Technology Absorption pursuant to Section 217(1)(e) of the Companies Act, 1956 are Nil. The Company has not earned foreign exchange.

PARTICULARS OF EMPLOYEES :

There is no employee who is in receipt of remuneration exceeding the limits specified the limits specified under Section 217 (2A) of the Companies Act, 1956 and hence the information required thereunder is not given.

DIRECTORS :

Mr. Saurabh N. Kinariwala, Director of the Company retires by rotation and being eligible offers himself for re-appointment. You are requested to re-appoint him.

AUDITORS :

M/s. C. R. Sharedalal & Co. Chartered Accountants, Ahmedabad retires at the ensuring Annual general Meeting and is eligible for re-appointment. You are requested to re-appoint the said Auditors and fix their remuneration.

The observations made by the Statutory Auditors of the Company in their report Dated 26th June, 2004 are dealt with in the notes to the accounts under Schedule 16, forming parts of accounts, which is self explanatory and do not call for any further clarification.

CORPORATE GOVERNANCE REPORT :

A separate report on Corporate Governance is enclosed as part of this Annual Report and marked as Annexure 'A' Requisite Certificate from the Statutory Auditors of the Company regarding Compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the report of Corporate Governance.

ACKNOWLEDGEMENT :

The Board of Directors wishes to express its appreciation for the co-operation received from the Bankers, customers and the employees of the Company and look forward to their continued support in the years to come.

For and on Behalf of the Board of Directors

SAURABH N. KINARIWALA
Chairman

PLACE : AHMEDABAD
DATE : JUNE 26, 2004

ANNEXURE 'A'**REPORT ON CORPORATE GOVERNANCE****(1) COMPANY'S PHILISOPHY ON CODE OF GOVERNANCE**

Your company has always believed in the concept of good Corporate Governance involving a high level of transparency, accountability and responsibility in all areas of its operations to ensure investors protection. Your company has made necessary changes in the systems and procedures required control, for the steady growth of the company and to increase the value for all stakeholders. Mandatory provisions of corporate Governance as stipulated under listing agreements of Stock Exchanges are being complied with.

(2) BOARD OF DIRECTORS

The Board of Directors has 5 Directors including one Executive Director and 2 Non-Executive Independent Directors. The composition of Board is in compliance with the requirements of Clause 49(1) (A). the detailed composition of the Board and other related information is given in the table below.

Name of the Director	Designation	Category	No. of other Directorship held	No. of Board Committee Membership held	No. of Board meetings attended	Attendance at the last Annual General Meeting	Unsecured Loan Rs. in Lacs
Mr. Saurabh N. Kinariwala	Chairman	Promoter Non-Executive	5	2	5	Yes	(+) 0.58
Dr. M. N. Vora	Director	Independent Non-Executive	1	3	5	Yes	NIL
Mr. Suresh S. Jain	Executive Director	Executive	NIL	2	5	Yes	NIL
Mr. Samveg A. Lalbhai	Director	Independent Non-Executive	12	1	NIL	No	NIL
Mr. G. S. Davar	Director	Independent Non-Executive	NIL	NIL	NA	NA	NIL
Mrs. Shreya S. Kinariwala	Director Alternate to Mr. G.S.Davar	Non-Executive	6	NIL	5	Yes	(+) 0.43

The time gap between any two meetings was less than 4 months.

During the year 5 Board meeting were held on the following dates which were attended by all the directors.

10-03-2003	30-04-2003	31-07-2003	30-10-2003	30-01-2004
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(3) AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee at the meeting of the Board of Directors held on 10th March, 2003. The said committee is comprising of three non-executive directors with majority of them being independent.

The composition of the Audit Committee is as under.

Name of the Director	Category	Remarks
Dr. M. N. Vora	Independent Non-Executive	Chairman
Mr. Saurabh N. Kinariwala	Non-Executive	Member
Mrs. Shreya S. Kinariwala	Non- Executive	Member

The terms of reference are as under :

- ☛ To investigate into any matter in relation to the items specified under Clause 49 of the Listing Agreement.
- ☛ Reviewing of the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ☛ Recommending the appointment of external Auditor and fixation of their Audit fee.
- ☛ Reviewing with management the Annual financial statements and half yearly and quarterly financial results before submission to the Board.
- ☛ Reviewing periodically the adequacy of the internal control system.
- ☛ Discussions with Internal Auditor on any significant findings and follow up there on.

During the year, three meetings of the committee were held on 10th March 2003, 30th October, 2003 and 30th January, 2004 which were attended by majority of the members of the committee.

(4) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee was formed by the Board of Directors on 10/03/2003 to ensure the effective redressal of the complaints of the investors. The Committee also recommends steps to be taken for further implementation in the quality and services to the investors.

Composition of the Investors' Grievance Committee

Name of the Director	Category	Remarks
Dr. M. N. Vora	Independent Non-Executive	Chairman
Mr. Saurabh N. Kinariwala	Non-Executive	Member
Mr. Suresh S. Jain	Executive	Member

During the year, three meetings of the committee were held on 10th March 2003, 30th October, 2003 and 30th January, 2004 which were attended by majority of the directors of the committee.

The Minutes of Shareholders Grievance Committee are discussed and taken note of by the Board of Directors. Shri Suresh Jain, Executive Director has been designated as Compliance Officer for the purpose.

The particulars of Investors Grievance received and redressed during the financial year are furnished below.

Particulars	Received	Redressed
(1) Non-receipt of Share Certificates	NIL	NIL
(2) Non-receipt of Dividend Warrants	NIL	NIL
(3) Non-receipt of Balance Sheet	NIL	NIL
(4) For Demat	NIL	NIL
(5) Others	NIL	NIL

There are 4 complaints pending on account of non-availability of specific details since more than one year.

(5) REMUNERATION COMMITTEE

The Board is yet to constitute Remuneration Committee, as no remuneration is fixed or revised during the year.

Details of Remuneration paid

(a) Executive Directors

Name of the Director	Salary (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)	Total (Rs.)
Mr. Suresh S. Jain	2,02,500	NIL	NIL	NIL	2,02,500

(b) Non-Executive Directors

Name of the Director	Sitting Fees (Rs.)
Dr. M. N. Vora	2,500
Mr. Saurabh N. Kinariwala	1,000
Smt. Shreya S. Kinariwala	1,250

Service Contract :

Shri Suresh Jain was appointed as Executive Director of the Company for a term of five years w. e. f 17th November, 2000 and the appointment was approved by the members at the 17th Annual General meeting of the Company held on 16th September, 2000.

(6) GENERAL BODY MEETING

The location and time of the last three Annual General Meetings are as under.

AGM	Date	Time	Venue	No. of special resolutions approved
17th	16/09/2000	9.30 a.m.	37-B, Phase-1, G. I. D. C. Vatva Ahmedabad - 382 445	-
18th	25/02/2002	9.30 a.m.	37-B, Phase-1, G. I. D. C. Vatva Ahmedabad - 382 445	-
19th	24/05/2003	9.30 a.m.	37-B, Phase-1, G. I. D. C. Vatva Ahmedabad - 382 445	-

No Extraordinary general Meeting was held during last year. No special resolution was to be carried out through postal ballot last year. No resolution is proposed by postal ballot at the ensuing Annual General Meeting.

(7) DISCLOSURES

- There was no transaction of material nature with the Management or with the Directors of the Company during the years.
- There was no instance of Non-compliance of any matter related to the capital markets during the last three years.
- The Company ensures compliance of various statutory requirements by all its divisions and obtains quarterly reports in the form of certificate from the head of the divisions. These certificates are placed before the Board on quarterly basis.
- All the statutory registers that are required to be maintained, particularly Register of Contracts in which Directors have interest, Register of Director's Shareholdings, Register of Investments etc. are maintained and continuously updated.

(8) MEANS OF COMMUNICATION

- During the year, quarterly and half yearly (Unaudited) and Annual financial results (Audited) of the company were submitted to the Stock Exchanges immediately after the Board meeting approved the same and were published in the Western Times in English and in Gujarati.

(9) FINANCIAL CALENDER FOR THE FINANCIAL YEAR 2003-04

Financial Year	:	1st January, 2003 to 31st March, 2004 (15 Months)
First Quarter ended	:	for the Quarter ending 30th June, 2004 - the
		unaudited results as expected to be published by July end, 2004
Half year ended	:	30th August, 2004
AGM for the year 2003-04	:	21st August, 2004
Date of Book Closure	:	13th August 2004 to 21st August 2004
		(Both days inclusive)
Dividend Payment Date	:	Not Applicable
Listing on Stock Exchange	:	Ahmedabad and Mumbai
Stock Code	:	22800 / GUJ TOOLROOM (ASE)