



21ST

ANNUAL REPORT

2004-05

GUJARAT TOOLROOM LIMITED

BOARD OF DIRECTORS

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

AUDITORS

M/s. Ashit N. Shah & Company
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, 079-2589 6949
Email : gti@kinariwala.com
Website : www.kinariwala.com

21st ANNUAL GENERAL MEETING

Date : 20th August, 2005

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 21st Annual General Meeting of the Members of Gujarat Toolroom Limited will be held on Saturday, the 20th day of August, 2005 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, 2005 and the Profit & Loss Account for the year ended on that date, together with the Directors' and Auditors' Report thereon.
- (2) To appoint a Director in place of Mr. G. S. Davar, who retires by rotation and being eligible offers himself for re-appointment.
- (3) To re-appoint Auditors and 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. Siddharth S. Kinariwala, who pursuant to Section 260 of the Companies Act, 1956 was appointed as an Additional Director of the Company with effect from 28th January, 2005 and holds office upto the ensuing Annual General meeting of the Company and in respect of whom the Company is in receipt of a Notice under Section 257 of the Companies Act, 1956 from a member proposing Mr. Siddharth S. Kinariwala, as a director of the Company, be and is hereby appointed as a director of the Company, whose period of office shall be liable to determination of retirement of directors by rotation."

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

"RESOLVED THAT Mr. Ramesh S. Patel, who pursuant to Section 260 of the Companies Act, 1956 was appointed as an Additional Director of the Company with effect from 28th January, 2005 and holds office upto the ensuing Annual General meeting of the Company and in respect of whom the Company is in receipt of a Notice under Section 257 of the Companies Act, 1956 from a

257 of the Companies Act, 1956 from a member proposing Mr. Ramesh S. Patel, as a director of the Company, be and is hereby appointed as a director

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

"RESOLVED THAT Mr. Pankaj S. Shah, who pursuant to Section 260 of the Companies Act, 1956 was appointed as an Additional Director of the Company with effect from 28th January, 2005 and holds office upto the ensuing Annual General meeting of the Company and in respect of whom the Company is in receipt of a Notice under Section 257 of the Companies Act, 1956 from a member proposing Mr. Pankaj S. Shah, as a director of the Company, be and is hereby appointed as a director of the Company, whose period of office shall be liable to determination of retirement of directors by rotation."

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

"RESOLVED THAT pursuant to Section 198, 269, 309 read with Schedule XIII and all other applicable provisions if any of the Companies Act, 1956 consent of the Company be and is hereby accorded to the re-appointment of Mr. Suresh S. Jain, as Executive Director of the Company for a period of 5 years with effect from 17th November, 2005 on the following terms and conditions.

1. The re-appointment shall be for a period of 5 years with effect from 17th November, 2005.
2. He shall be entitled to a monthly remuneration of Rs. 13,500/- , in the grade of Rs. 13,500/- - 500/- - 15,500/- as may be decided by the Board of Directors of the Company from time to time. The above remuneration shall be inclusive of any House Rent Allowance, LTC, Medi-claim insurance, if any availed by him or paid by the company on his behalf
3. Company's contribution to Provident Fund, Super Annuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites.

4. Gratuity shall be payable as per the Rules of the Company which shall not exceed half a months salary for each completed year of service.

"RESOLVED FURTHER THAT if in any financial year during the currency of the tenure of Shri Suresh S. Jain, the Company has no profits or the profits are inadequate, the company shall pay the aforesaid remuneration as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary or expedient to give effect to this resolution including the variations, if any, in the agreement, subject to necessary permissions"

By order of the Board of Directors

SAURABH N. KINARIWALA
Chairman

PLACE : AHMEDABAD

DATE : MAY 28, 2005

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.

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 12th August, 2005 to 20th August, 2005 (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.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 4 to 6

Mr. Siddharth S. Kinariwala, Mr. Ramesh S. Patel and Mr. Pankaj S. Shah were appointed as Additional Directors of the Company at the meeting of the Board of directors of the Company held on 28th January, 2005. Pursuant to Section 260 of the Companies Act, 1956, they hold office up to the ensuring Annual General Meeting of the Company. The Company is in receipt of Notices from the member of the Company under Section 257 of the Companies Act, 1956 proposing their candidature for the office of director, liable to retire by rotation alongwith a deposit of Rs. 500/- in each case.

Mr. Siddharth S. Kinariwala, Mr. Ramesh S. Patel and Mr. Pankaj S. Shah do possess rich experience in one or other capacity. Their wide public relations would help the company to expand business activities.

Your director commend passing of the resolution set out at item Nos. 4 to 6 of the accompanying notice for your approval. None of the director of the Company, except Mr. Ramesh S. Patel and Mr. Pankaj S. Shah may be deemed to be concerned or interested in the resolution as set out at item No. 5 and 6 respectively. Mr. Siddharth S. Kinariwala being appointee and Mr. Saurabh N. Kinariwala and Mrs. Shreya S. Kinariwala, being related, may be deemed or concerned or interested in the resolution set out at item No. 4 of the Notice. None of the other director of the Company is in any way concerned or interested in the resolutions.

ITEM NO. 7

Mr Suresh S. Jain was re-appointed as Executive Director of the Company for a period of 5 years with effect from 17th November 2000. The tenure of his appointment as Executive Director of the Company is coming to an end from 16th November 2005. Keeping in mind his experience and expertise, the Board of Directors of the Company at its meeting held on 28th May, 2005 approved his re-appointment as an Executive Director of the Company for a period of 5 years with effect from 17th November, 2005 subject to approval of members in general meeting.

The agreement proposed to be entered into by the Company with Mr. Suresh S. Jain in respect of his appointment is available for inspection at the registered Office of the company on any working day between 11.00 a.m. and 1.00 p.m.

By order of the Board of Directors

SAURABH N. KINARIWALA
Chairman

PLACE : AHMEDABAD

DATE : MAY 28, 2005

DIRECTORS' REPORT

To,
Dear Members

Your Directors have Pleasure in presenting the 21st Annual Report for the year ended 31st March, 2005.

FINANCIAL PERFORMANCE :

	(Rs. in Lacs)	
	2004-2005 (12 Months)	2003-2004 (15 Months)
Sales	21.84	61.58
Other Income	0.51	0.40
Total Income	22.35	61.98
Less : Expenses	24.62	45.31
Operating Profit	(2.27)	16.67
Less : Interest	6.98	11.10
Depreciation	16.96	20.45
Less : Extra Ordinary Items		
Loss on sale of Fixed Assets	1.73	21.70
Factory Shifting Expenses	NIL	2.35
Profit / Loss before Tax	(27.94)	(38.93)
Less : Taxation for the Year	NIL	NIL
Previous year expenses	(2.84)	(1.43)
Net Profit / (Loss) after Tax	(30.78)	(40.36)
Balance Brought Forward	4.29	44.65
Balance Carried to Balance-Sheet	(26.49)	4.29

During the year under review, the Company achieved a sale of Rs. 21.84 Lacs as against annualized sales of Rs. 49.26 Lacs in the previous year. As per the new business model, your Company is increasing its focus on Job-moulding. Though the company has entered into long term job-moulding agreement with the customers, the off take was low, resulting into lower sales for the company. As a result of this, your company has suffered an Operating Loss of Rs. 2.27 Lacs and Net Loss of 30.78 Lacs.

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

OPERATIONS OF THE COMPANY :

During the year, your Company has continued to concentrate on manufacturing of moulds for Disposable Syringes. Your Company is also exploring the new avenues for expansion.

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 :

- 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.
- 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.
- 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.
- 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 given in **Annexure : A**. The Company has not earned foreign exchange.

PARTICULARS OF EMPLOYEES :

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

DIRECTORS :

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

During the year, Mr. Siddharth S. Kinariwala, Mr. Ramesh S. Patel and Mr. Pankaj S. Shah were appointed as Additional Directors of the Company on 28th January, 2005. They hold office up to the ensuing Annual General meeting of the Company. The Company is in receipt of Notice from the members of the Company under Section 257 of the Companies Act, 1956. You are requested to consider the resolution for their appointment as directors of the Company.

The Term of appointment of Mr. Suresh S. Jain as Executive Director of the Company is expiring on 16th November, 2005. You are requested to reappoint him for a further period of 5 years.

AUDITORS :

M/s. Ashit N. Shah & Co., Chartered Accountants, Ahmedabad retires at the ensuing 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 28th May, 2005 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 'B' 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 : MAY 28, 2005

ANNEXURE 'A'**ANNEXURE TO DIRECTORS' REPORT****(A) CONSERVATION OF ENERGY :****Power and Fuel Consumption :****(1) Electricity :**

	31-03-2005 (12 Months)	31-03-2004 (15 Months)
(a) Purchased		
Unit	34216	43199
Total Amount (Rs.)	165950	216862
Rate/Unit (Rs.)	4.85	5.02
(b) Own Generation		
Unit	NIL	767
Total Amount (Rs.)	NIL	6166
Rate/Unit (Rs.)	NIL	8.04
(2) Coal	NIL	NIL
(3) Furnace Oil	NIL	NIL
(4) L. P. G.	NIL	NIL

(a) Energy conservation measures taken :

The Company is using electricity. Generator. However, the Company has arranged for regular maintenance of drive motors and control gear equipment to get optimum efficiency.

(b) Additional investment and 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; and hence no impact will be visible.

(B) TECHNOLOGY ABSORPTION :

Efforts made in Technology Absorption : NIL

Research and 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 result of the above R & D : Optimum use of plastic material with quality product and efficient production****(3) Future plan of action : To develop better design and precision Plastic Injection Moulds****(4) Expenditure on R & D**

(a) Capital	NIL
(b) Recuring	NIL
(c) Total	NIL
(d) Total R & D expenditure as percentage of total	NIL

Technology Absorption, Adaptation and Innovation :**(1) The Company is manufacturing of precision moulds, with advance technology which were previously imported****(2) Imported Technology****(a) Technology imported :**

Manufacturing of precision Plastic Injection Moulds with CAD / CAM facility and CNC machines.

(b) Year of import : 1992**(c) It is a continuous process****(d) The Company's product is an import substitute.****(C) Technology Absorption, Adaptation and Innovation :****(1) 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 and received.

(2) Total Foreign Exchange :

Used on imports
Earned

NIL
NIL

For and on Behalf of the Board of Directors

SAURABH N. KINARIWALA
Chairman

PLACE : AHMEDABAD

DATE : MAY 28, 2005

ANNEXURE 'B'**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 for effective 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 8 Directors including one Executive Director and 4 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 Memberships held	No. of Board meetings attended	Attendance at the last Annual General Meeting
Mr. Saurabh N. Kinariwala	Chairman	Promoter Non-Executive	5	2	5	Yes
Dr. M. N. Vora	Director	Independent Non-Executive	1	1	5	Yes
Mr. Suresh S. Jain	Executive Director	Executive	NIL	2	5	Yes
Mr. Samveg A. Lalbhai	Director	Independent Non-Executive	12	-	NIL	No
Mr. G. S. Davar	Director	Independent Non-Executive	NA	NA	NA	NA
Mrs. Shreya S. Kinariwala	Director Alternate to Mr. G.S.Davar	Non-Executive	5	NIL	5	Yes
Mr. Siddharth S. Kinariwala	Director	Non-Executive	5	1	NA	NA
Mr. Ramesh S. Patel	Director	Independent Non-Executive	NIL	2	NA	NA
Mr. Pankaj S. Shah	Director	Independent Non-Executive	7	2	NA	NA

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.

24-05-2004	26-06-2004	23-07-2004	29-10-2004	28-01-2005
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(3) AUDIT COMMITTEE

The Board of Directors of the Company has re-constituted the Audit Committee at the meeting of the Board of Directors held on 28th May, 2005. 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 (upto 28th January, 2005)	Independent Non-Executive	Chairman
Mr. Saurabh N. Kinariwala	Non-Executive	Member
Mrs. Shreya S. Kinariwala (upto 28th January, 2005)	Non- Executive	Member
Mr. Pankaj S. Shah (w.e.f. 28th January, 2005)	Independent Non-Executive	Member Chairman (w.e.f. 28th January, 2005)
Mr. Ramesh S. Patel (w.e.f. 28th January, 2005)	Independent Non-Executive	Member