

22ND

ANNUAL REPORT

2005-06

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GTL

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 & Co.
Chartered Accountants
Ahmedabad

BANKERS

Union Bank of India
Ahmedabad

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REGISTERED OFFICE & WORKS

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

22nd ANNUAL GENERAL MEETING

Date : 19th August, 2006

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 22nd Annual General Meeting of the Members of Gujarat Toolroom Limited will be held on Saturday, the 19th August, 2006 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, 2006 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. Samveg A. Lalbhai, 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 re-appoint Auditors and fix their remuneration.

PLACE : AHMEDABAD
DATE : MAY 31, 2006

By order of the Board of Directors
SAURABH N. KINARIWALA
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 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, 2006 to 19th August, 2006 (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 22nd Annual Report for the year ended 31st March, 2006.

FINANCIAL PERFORMANCE :

| | (Rs. in Lacs) | |
|--|---------------|-----------|
| | 2005-2006 | 2004-2005 |
| Sales | 24.09 | 21.84 |
| Other Income | 0.01 | 0.51 |
| Total Income | 24.10 | 22.35 |
| Less : Expenses | 36.04 | 26.35 |
| Operating Profit | (11.94) | (4.00) |
| Less : Interest | 6.99 | 6.98 |
| Depreciation | 16.41 | 16.96 |
| Profit / Loss before Tax | (35.34) | (27.94) |
| Less : Taxation for the Year (Fringe Benefit Tax) | (0.05) | NIL |
| Previous year expenses | (0.14) | (2.84) |
| Net Profit / (Loss) after Tax | (35.53) | (30.78) |
| Balance Brought Forward | 26.49 | 4.29 |
| Balance Carried to Balance-Sheet | (62.04) | 26.49 |

OPERATIONS OF THE COMPANY :

During the year under review, the Company achieved sales of Rs. 24.09 Lacs as against sales of Rs. 21.84 Lacs in the previous year.

During the year, your Company has continued to concentrate on manufacturing of moulds for Disposable Syringes and Job Moulding. Your Company is exploring new avenues for expansion. During the year your company was suffered an operating loss of Rs. 11.94 Lacs and net-loss of Rs. 35.53 Lacs.

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

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. Samveg A. Lalbhai and Dr. M. N. Vora, Director of the Company retires by rotation and being eligible offer themselves for re-appointment. You are requested to re-appoint them.

AUDITORS :

M/s. Ashit N. Shah & 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 31st May, 2006 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 : MAY 31, 2006

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

| | <u>31-03-2006</u> | <u>31-03-2005</u> |
|--------------------|-------------------|-------------------|
| (a) Purchased | | |
| Unit | 20038 | 34216 |
| Total Amount (Rs.) | 129659 | 165950 |
| Rate/Unit (Rs.) | 6.47 | 4.85 |
| (b) Own Generation | | |
| Unit | NIL | NIL |
| Total Amount (Rs.) | NIL | NIL |
| Rate/Unit (Rs.) | NIL | NIL |
| (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. However, the Company has arranged for regular maintenance of drive motors and control gear equipment to get optimum efficiency.

(3) Additional investment and proposal, if any, being implemented for reduction of conservation 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) 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 :

For and on Behalf of the Board of Directors

SAURABH N. KINARIWALA
Chairman

PLACE : AHMEDABAD
DATE : MAY 31, 2006

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 | 4 | 2 | 4 | Yes |
| Dr. M. N. Vora | Director | Independent Non-Executive | 1 | 1 | 4 | Yes |
| Mr. Suresh S. Jain | Executive Director | Executive | NIL | 1 | 4 | Yes |
| Mr. Samveg A. Lalbhai | Director | Independent Non-Executive | 12 | - | 0 | 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 | 4 | NIL | 4 | Yes |
| Mr. Siddharth S. Kinariwala | Director | Non-Executive | 4 | 1 | 4 | Yes |
| Mr. Ramesh S. Patel | Director | Independent Non-Executive | NIL | 2 | 2 | Yes |
| Mr. Pankaj S. Shah | Director | Independent Non-Executive | 7 | 2 | 2 | Yes |

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

During the year 4 Board meeting were held on the following dates which were attended by all the directors.

| | | | |
|------------|------------|------------|------------|
| 28-05-2005 | 30-07-2005 | 29-10-2005 | 30-01-2006 |
|------------|------------|------------|------------|

(3) AUDIT COMMITTEE

The said committee comprises 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 |
|---------------------------|---------------------------|----------|
| Mr. Saurabh N. Kinariwala | Non-Executive | Member |
| Mr. Pankaj S. Shah | Independent Non-Executive | Chairman |
| Mr. Ramesh S. Patel | Independent 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 28th May 2005, 29th October, 2005 and 30th January, 2006 which were attended by majority of the members of the committee.

(4) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee 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 |
|-----------------------------|---------------|----------|
| Mr. Saurabh N. Kinariwala | Non-Executive | Chairman |
| Mr. Suresh S. Jain | Executive | Member |
| Mr. Siddharth S. Kinariwala | Non-Executive | Member |

During the year, three meetings of the committee were held on 28th May, 2005, 29th October, 2005 and 30th January, 2006 which were attended by majority of the members 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 |

(5) REMUNERATION COMMITTEE

The Remuneration Committee comprising of the following directors decides on the remuneration payable to Mr. Suresh S. Jain as Executive Director:

| Name of the Director | Category | Remarks |
|----------------------|---------------------------|----------|
| Dr. M. N. Vora | Independent Non-Executive | Chairman |
| Mr. Pankaj S. Shah | Independent Non-Executive | Member |
| Mr. Ramesh S. Patel | Independent Non-Executive | Member |

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 | 1,62,000 | - | - | - | 1,62,500 |

(b) Non-Executive Directors

| Name of the Director | Sitting Fees (Rs.) |
|---------------------------|--------------------|
| Dr. M. N. Vora | 3250 |
| Mr. Saurabh N. Kinariwala | 2250 |
| Smt. Shreya S. Kinariwala | 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, 2005 and the appointment was approved by the members at the 21st Annual General meeting of the Company held on 20th August, 2005.

Share Transfer Committee

The composition of Share Transfer Committee is

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

During the year, nine meetings of the committee were held on 28th May, 2005, 30th July, 2005, 19th August, 2005, 17th September, 2005, 29th October, 2005, 28th November, 2005, 26th December, 2005, 30th January, 2006 and 31st March, 2006 which were attended by majority of the members of the committee.

(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 |
|------|------------|------------|--|-------------------------------------|
| 19th | 24/05/2003 | 9.30 a.m. | 37-B, Phase-1, G. I. D. C. Vatva Ahmedabad - 382 445 | - |
| 20th | 21/08/2004 | 10.00 a.m. | 86/4, Phase-1, G. I. D. C. Vatva Ahmedabad - 382 445 | - |
| 21st | 20/08/2005 | 10.00 a.m. | 86/4, Phase-1, G. I. D. C. Vatva Ahmedabad - 382 445 | - |

(7) DISCLOSURES

- There was no transaction of material nature with the Management or with the Directors of the Company during the year.
- 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.