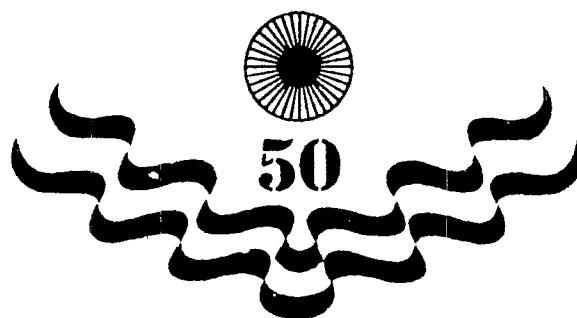


CERTIFIED TRUE COPY
For ASHIANA ISPAT LTD.

[Signature]
Company Secretary



ASHIANA ISPAT LIMITED

5th
Annual Report

1996-97

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<i>NA</i>
RO	<input checked="" type="checkbox"/>		DIV	<i>NA</i>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

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ASHIANA ISPAT LIMITED

BOARD OF DIRECTORS

1. Shri Pearey Lal Gupta - Chairman
2. Shri Naresh Chand - Managing Director
3. Shri Sunil Kumar Agarwal - Whole Time Director
4. Shri Satish Kumar Agarwal - Director
5. Shri Sukhbir Singh Jain - Director
6. Shri Sanjay Jain - Director

COMPANY SECRETARY

Shri Md. Harun Rashid Ansari

REGISTERED OFFICE & WORKS

A-1116, Phase-III, RIICO Industrial Area,
Bhiwadi - 301019, Dist. Alwar (Rajasthan)

CORPORATE OFFICE

633, Pocket C-8, Sector - 8,
Rohini, Delhi - 110 085.

AUDITORS

M/s. S. Singhal & Company
Chartered Accountants
E-127, Industrial Area,
Bhiwadi, Distt. Alwar
(Rajasthan)

BANKERS

State Bank of Bikaner & Jaipur
Kamal Cinema Building
Safdarjung Enclave,
New Delhi - 110 029.

ASHIANA ISPAT LIMITED

NOTICE

Notice is hereby given that the fifth Annual General meeting of the Members of the Company will be held on Tuesday, the 30th September 1997 at 11 AM at RIICO Rest house, Hill Top, Bhiwadi, Distt. Alwar, Rajasthan to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited balance Sheet of the Company as at 31st March 1997 and the Profit & Loss Account for the year ended on that date together with Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Shri Satish Kumar Agarwal who retires by rotation and being eligible offers himself for reappointment.
3. To appoint statutory Auditors of the Company and to fix their remuneration. M/s. S. Singhal & Co., Chartered Accountants, Bhiwadi retire at the Annual General Meeting and being eligible offer themselves for reappointment.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modifications the following resolutions as Special Resolutions:

RESOLVED THAT subject to approval of Central Government, if any, and Shareholders in their General Meeting and pursuant to the provisions of Sections 269, 309, 310 and other applicable provisions of the Companies Act 1956 Sri Naresh Chand be and is hereby appointed as Managing Director of the Company for a period of two years with effect from 25th Jan' 1997 on the following terms and conditions.

Salary Rs. 10000.00

Commission : Not exceeding 1% of net profits of the company subject to a ceiling of 50 % of the salary.

Perquisites will be allowed in addition to salary and commission which shall be restricted to an amount equal to annual salary. For this purpose, perquisites are classified into three categories namely Part - A, Part - B, Part - C. The ceiling shall apply to Part - A only.

Part - 'A'

Accommodation :

1. The managing Director shall have any of the three options :
 - (a) The expenditure incurred by the company on hiring unfurnished accommodation for the Managing Director shall be subject to ceiling of 60 % of salary over and above 10 % payable by the Managing Director.
 - (b) Where the company does not provide accommodation, the Managing Director shall be entitled to house rent allowance subject to ceiling of @ 60% of the salary.
 - (c) Wherein accommodation, the company owned house is provided the Managing Director shall pay to the company by way of rent 10 % of the salary.
2. The expenditure incurred by the Company on gas electricity, water and furnishing will be valued as per Income Tax Rules, 1962. This will however, be subject to ceiling of 10 % of salary of the Managing Director.

Medical Reimbursement

Expenses incurred for self and the family subject to a ceiling of one months salary in a year or three months salary in a period of three years.

Leave Travel Concession

For self and family once in a year as per rules of the company.

Club Fees

Fees of club subject to maximum of two clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Premium in a year not to exceed Rs. 4000.

Part - 'B'

Company's contribution to provident fund, superannuation fund or annuity fund scheme of the company subject to the extent, these either singly or put together are not taxable under the Income Tax Act 1961.

ASHIANA ISPAT LIMITED

Gratuity payable as per Rules of the Company shall not exceed half a months salary for each completed year of service earned/privilege leave on full pay and allowances as per rules of the company but not more than one month leave for every eleven months of service, however leave accumulated, but not availed of will be allowed to be encashed at the end of term.

Part C

Provision of car for use on company's business and telephone at residence for Company's business only. Personal long distance calls and use of car for personal use shall be paid by the Managing Director.

Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

- (5) To consider and if thought fit to pass with or without modifications the following resolutions as Special Resolutions :

RESOLVED THAT subject to approval of Central Government, if any and Shareholders in their General Meeting and pursuant to the provisions of Sections 269, 309, 310 and other applicable provisions of the Companies Act 1956 Sri Sunil Kumar Agarwal, Director be and is hereby appointed as Whole Time Director of the Company for a period of two years with effect from 25th Jan 1997 on the following terms and conditions.

Salary Rs. 10000.00

Commission : Not exceeding 1% of net profits of the company subject to a ceiling of 50 % of the salary.

Perquisites will be allowed in addition to salary and commission which shall restricted to an amount equal to annual salary. For this purpose, perquisites are classified into three categories namely Part - A, Part - B, Part - C. The ceiling shall apply to Part - A only.

Part - A**Accommodation :**

1. The Whole Time Director shall have any of the three options :

(a) The expenditure incurred by the company on hiring unfurnished accommodation for the Whole Time Director shall be subject to ceiling of 60 % of salary over and above 10 % payable by the Managing Director itself.

(b) Where the company does not provide accommodation, the Whole Time Director shall be entitled to house rent allowance subject to ceiling of @ 60% of the salary.

(c) Where in accommodation, the Company owned house is provided the Whole Time Director shall pay to the company by way of rent 10 % of the salary.

2. The expenditure incurred by the Company on gas electricity, water and furnishing will be valued as per Income Tax Rules, 1962. This will however, be subject to ceiling of 10 % of salary of the Whole Time Director.

Medical Reimbursement

Expenses incurred for self and the family subject to a ceiling of one months salary in a year or three months salary in a period of three years.

Leave Travel Concession

For self and family once in a year as per rules of the company.

Club Fees

Fees of club subject to maximum of two clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Premium in a year not to exceed Rs. 4000.

Part B

Company's contribution to provident fund, superannuation fund or annuity fund scheme of the company subject to the extent, these either singly or put together are not taxable under the Income Tax Act 1961.

Gratuity payable as per Rules of the Company shall not exceed half a months salary for each completed year of service earned/privilege leave on full pay and allowances as per rules of the

ASHIANA ISPAT LIMITED

company but not more than one month leave for every eleven months of service, however leave accumulated, but not availed of will be allowed to be encashed at the end of term.

Part C

Provision of car for use on company's business and telephone at residence for Company's business only. Personal long distance calls and use of car for personal use shall be paid by the Managing Director.

Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

6. **To consider and if thought fit to pass with or without modifications the following resolution as Special Resolutions :**

RESOLVED THAT in supersession of all the earlier resolutions passed by the shareholders in their Annual General Meeting pursuant to section 370 of the Companies Act, 1956 the consent of the Company be and is hereby further accorded to the Board of Directors of the Company to make any loan to any body corporate (whether or not under the same management as the Company) on such terms and conditions as the Board may think fit provided the aggregate of the loans made to all other bodies corporate shall not exceed, 30% of the aggregate of the subscribed Capital of the Company and its free reserves, but subject to prior approval of the Central Government, Board if think fit can grant loan to the all bodies corporate exceeding 30% of its subscribed capital and free reserves.

RESOLVED FURTHER THAT Company can give any guarantee or provide any security in connection with the loan made by any other person to, or to any other person by, any body corporate on such terms and

conditions as the Board may think fit or expedient to be in the best interest of the Company provided that, the aggregate of all such guarantees given or securities provided and remaining outstanding at any time shall not exceed Rs. 50 lakhs.

7. **To consider and if thought fit to pass with or without modifications the following resolution as Special Resolutions :**

RESOLVED FURTHER THAT in supersession of all the earlier resolutions passed by the shareholders in their Annual General Meeting pursuant to section 372 and other applicable provisions of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to make investment in the shares of other bodies corporate whether under the same management or not, provided that the aggregate of the investments made in all bodies corporate shall not exceed 30% of the aggregate of the subscribed capital and free reserves of the Company and with the prior approval of the Central Government, if board think fit can make investment more than 30% of its subscribed capital and free reserve.

8. To appoint a Director in place of Shri Sanjay Jain who holds office upto the date of this Annual General Meeting and in respect of whom a notice has been received by the Company from a member signifying his intention to propose Shri Sanjay Jain as a candidate for the office of Director.

By Order of the Board
For ASHIANA ISPAT LIMITED

PLACE: Bhiwadi
DATE: 1st Sep, 1997

(NARESH CHAND)
MANAGING DIRECTOR

ASHIANA ISPAT LIMITED**NOTES**

1. Relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is appended herebelow.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
3. The Register of Members and Share Transfer books of the Company shall remain closed from 23rd September to 26th September 1997 (both days inclusive).
4. Member seeking further information about the Accounts are requested to write to the Registered Office of the Company at least one week before the date of the meeting so that it may be convenient to get the information ready at the meeting.
5. Members are requested to bring their copy of Annual Accounts at the meeting. Extra copies will not be provided at the meeting.
6. Shareholders are requested to notify to the Company and change in the address quoting their folio numbers to the Registered Office of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4**

Shri Naresh Chand has been providing his valuable services/advices since 12th June 1996 as

a Director of the Company and within very short period he occupied an important position in the setup of the company and brought discipline in the manufacturing process maintaining complete equilibrium between production and distribution. Considering his undivided dedication the Board of Directors appointed him as a Managing Director of the Company subject to the approval of the Shareholders in the General Meeting for a period of two years on such terms and conditions and remuneration as mentioned in the resolution.

Sri P.L. Gupta, Sri Satish Kumar Aggarwal and Sri Sunil Kumar Aggarwal are related to Mr. Naresh Chand may be deemed to be concerned or interested in this item of business and your Board recommends your accord to the proposal in the interest of the Company.

The resolution read with explanatory statement may be regarded as extract of the terms and memorandum of interest under section 302 of the Companies Act 1956.

ITEM NO. 5

Board of Directors felt that there should be some person on Board on whole time basis, Sh. Sunil Kumar Agarwal who is an engineering graduate and having rich experience in the field of steel industries of 12 years could look after and manage the day to day activities to the company. Having regard to the overall valuable advices/services rendered to the company by him the Board of Directors in their meeting held on 25th January 1997 appointed him whole time Director subject to the approval of the Share holders in the General Meeting for a period of two years on such terms and conditions and remuneration as mentioned in the resolution.

Sri P.L. Gupta, Sri Satish Kumar Aggarwal and Sri Naresh Chand are related to Mr. Sunil Kumar Aggarwal may be deemed to be concerned or interested in this item of business and your Board recommends your accord to the proposal in the interest of the Company.

ASHIANA ISPAT LIMITED

The resolution read with explanatory statement may be regarded as extract of the terms and memorandum of interest under section 302 of the Companies Act 1956.

ITEM NO. 6

Keeping in view of the changes economic scenario it was felt necessary that Board of Directors of the Company should be empowered to make loans to other Bodies Corporate as specified in item no. 6 to utilise the surplus funds in the hands of the Company in its interest.

In course of its business your Company may also from time to time be required to give guarantees or provide securities in connection with loans made by any other person, or to any other person by, bodies corporate under section 370 of the Companies Act, 1956 requires a special resolution to be passed at General Meeting authorising its Director to make loans or to give guarantees or provide securities as aforesaid.

However necessary special resolution has already been passed by you under this section but some changes has been incorporated in this section therefore in this circumstances the resolution mentioned in this item of the notice is proposed to be passed and recommend for your acceptance.

None of the Directors of the Company is in any way concerned or interested in this resolution except as a member of the Company.

ITEM NO. 7

The Company could arrange funds in future for its expansion or modernisation of the existing plant which will be utilised in stage as and when required and there may be some occasions when surplus funds will be available in the hands of the Company for temporary investment. Therefore it was felt necessary that the Board of Directors of the Company should be empowered

to make investment to bodies corporate as specified in Item No. 7 of the notice.

However necessary special resolution has already been passed by you under this section but some changes has been incorporated in this section therefore in this circumstances the resolution mentioned in this item of the notice is proposed to be passed and recommend for your acceptance.

None of the Directors of the Company is in any way concerned or interested in this resolution except as a member of the Company.

ITEM NO. 8

Pursuant to Section 260 of the Companies Act, 1956 and Article 77(a) of the Articles of Association of the Company Shri Sanjay Jain was appointed as an Additional Director by the Board of Directors of the Company with effect from 14th May 1997 accordingly, to hold office upto the date of the forthcoming Annual General Meeting, but is eligible for reappointment.

As required under Section 257 of the Companies Act, 1956, a notice has been received from a Member signifying his intention to propose Shri Sanjay Jain as a candidate for the office of Director. Considering his experience, the Board recommends his reappointment.

Shri Sukhbir Singh Jain who is relative of Shri Sanjay Jain may be deemed to be concerned or interested in this item of business.

By Order of the Board
For ASHIANA ISPAT LIMITED

PLACE: Bhiwadi
DATE: 1st Sep, 1997

(NARESH CHAND)
MANAGING DIRECTOR

ASHIANA ISPAT LIMITED**DIRECTORS' REPORT**

To the Members

Your Directors take pleasure in presenting the 5th Annual Report and Audited Accounts of the Company for the year ended 31st March 1997.

FINANCIAL HIGHLIGHTS

The summarised financial results for the period ended 31st March 1997 are as follows:-

	(Rupees in Lacs)	
	1995-96	1996-97
Total Income	1469.88	1421.19
Profit before interest and Depreciation	2.64	12.22
Interest	31.13	27.40
Depreciation	22.01	53.14
	22.26	49.66
Profit/(Loss) for the year	(50.50)	(37.44)
Balance (Cr) brought forward from the previous year	28.92	(21.58)
Balance (Dr) carries to Balance Sheet	(21.58)	(59.02)

The relevant notes on the accounts of the Company referred to in the Auditor's Report are self-explanatory and do not call for any comments.

DIVIDEND

Keeping in view the Loss suffered by the Company, the Directors are unable to recommend payment of any Dividend for the year under review.

OPERATIONS

The performance of the Company during the year under present Management, who has taken over the Company by way of acquiring substantial portion of Shares under SEBI (Substantial acquisition of Shares and Takeovers) Regulations 1994 from the previous Management and from the Shareholders by giving them an open offer under the said Regulation, to sell their stake to the acquirers, has been slightly improved in comparison to the last financial year by way of

reducing loss by Rs. 13.05 lacs and increasing the turnover by Rs. 82.41 lacs.

Performance of the Company would have been better if the Company had not face certain constraint like high raw material cost, poor and erratic supply of power etc.

New Management having Technocrat and persons having rich experience in the field of steel industries on the Board, striving hard to turn around the Company and are hopeful of achieving better growth in future.

The Management will spare no effort in putting the Company into a growth chart for coming year.

FIXED DEPOSITS

Your Company has not accepted or invited any Fixed Deposits during the period under review.

AUDITORS

M/s. S. Singhal & Co., Chartered Accountants, Bhiwadi, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS

Having regard to the valuable services/advice provided by Shri Naresh Chand and Shri Sunil Kumar Agarwal during the term of their Directorship, Board of Directors in their meeting held on 25th Jan 1997 appointed, subject to the approval of Shareholders in General Meeting, them as Managing Director and Whole Time Director respectively for a period of two years. Now your Board recommend your accord to the proposal in the interest of the Company.

Sri Sanjay Jain was appointed as Additional Director of the Company by the Board of Director w.e.f 14th May, 1997 to hold office upto the forth coming Annual General Meeting. The Company has received notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of the aforesaid Director for the Directorship of the Company.

Shri Satish Kumar Agarwal retires by rotation and are eligible for re-election.

PARTICULARS OF EMPLOYEES

There are no Employees whose particulars are to be furnished pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rule, 1975.