



ASHIANA ISPAT LIMITED

12th
Annual Report
2003-2004

ASHIANA
ISPAT
LIMITED

ASHIANA ISPAT LIMITED**BOARD OF DIRECTORS**

- | | |
|---------------------------------|-----------------------|
| 1. Shri Naresh Chand | - Managing Director |
| 2. Shri Sukhbir Singh Jain | - Director |
| 3. Shri Neeraj Jain | - Whole Time Director |
| 4. Shri Sanjay Jain | - Director |
| 5. Shri Puneet Jain | - Whole Time Director |
| 6. Shri Ajay Kumar Sharma | - Director |
| 7. Shri T. C. Kansal | - Director |
| 8. Shri Rajesh Kumar Pal | - Director |
| 9. Shri Rajender Parshad Bansal | - Director |
| 10. Shri Bhagwan Dass Khurana | - Director |

COMPANY SECRETARY

Harun Rashid Ansari

REGD. OFFICE & WORK:

A-1116, Phase-III, RILCO Industrial Area,
Bhiwadi-301 019, Distt. Alwar (Rajasthan)
E-mail : ail.com@indiatimes.com

CORPORATE OFFICE:

C-9/25, Sector-8,
Rohini, Delhi-110 085

AUDITORS :

M/s S. Singhal & Company
Chartered Accountants
E-127, Industrial Area,
Bhiwadi-301 019, Distt. Alwar (Rajasthan)

SECRETARIAL AUDITORS:

M/s C. B. Mishra & Associates

SHARE TRANSFER AGENT :

Intime Spectrum Registry Ltd.
A-31, IIIrd Floor, Naraina Industrial Area,
Phase-I, New Delhi-110028
Ph. : 51410592-94

BANKERS :

State Bank of Bikaner & Jaipur
Kamal Cinema Building
Safderjung Enclave
New Delhi-110029

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NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the members of the Company will be held on Wednesday the 25th day of August, 2004 at 11.00 A.M. at the Registered Office of the Company at A-1116, RIICO Industrial Area, Phase-III, Bhiwadi, 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, 2004 and the Profit & Loss Account as on that date together with the reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Shri Naresh Chand who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Neeraj Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 re-appointment.

SPECIAL BUSINESS :

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecation in addition to the existing mortgages/charges created by the Company in such form and manner as the Board may direct on such assets, both movable and immovable, of the Company wherever situated, both present and future, to or in favour of the Banks/ financial institutions for loans raised or to be raised by the Company in accordance with the relevant statutory provisions and guidelines issued in that behalf, as the case may be, to secure Term Loan/Corporate Loan not exceeding Rs. 500 lac (hereinafter referred to as "the borrowings") together with the interest thereon at the respective agreed rates, payable by the Company in respect of the said borrowings"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise the terms and conditions of the borrowings and the documents for creating the mortgages/charges/ hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things as required in this connection."

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

"RESOLVED THAT in continuation of the earlier resolution passed by the shareholders of the company, the consent of the company be and is hereby accorded in terms of Clause (d) of Sub-section (1) of Section 293 of the Companies Act, 1956, to borrowings from time to time by the Board of Directors of the Company, for the purposes of the Company's business, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves which have not been set apart for any specific purpose, but so that the total amount of monies borrowed and to be so borrowed and outstanding at any one time shall not exceed Rs. 10 Crores"

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

"RESOLVED THAT pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and subject to the provisions of Section 198, 309, 310, 311 of the Companies Act, 1956 and all other applicable Rules and Regulations made there under, and subject to the approval of the Central Government if required, the Company hereby accords its approval to the payment of enhanced remuneration to Mr. Naresh Chand, Managing Director of the Company by way of monthly remuneration with effect from 01.12.2003 in accordance with the revised terms and conditions as set out hereunder until further revised by the Board of Directors.

REMUNERATION PACKAGE

Remuneration : Rs. 35,000.00 P.M.

Perquisites : He will be entitled to the following perks in addition to Salary:-

- a) Company's contribution towards Provident Fund :-
Whenever become applicable as per Rules of the Company subject to a ceiling of 12% Salary as laid in the Income Tax Rules, 1961.
- b) Club Fees :
Fees of Club subject to a maximum of two clubs. This will not include admission and life membership fees.
- c) Car and Telephone Facilities :
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 purpose shall be paid by the Managing Director.
- d) Medical Reimbursement :
Expenses incurred for the appointee and the family, subject to a ceiling of Rs. 15,000/- P. A.
- e) Leave Travel Concession :
For the appointee and family, once in a year in accordance with the Rules as prescribed by the Board of Directors of the Company.

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

"RESOLVED THAT pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and subject to the provisions of Section 198,309,310,311 of the Companies Act, 1956 and all other applicable Rules and Regulations made there under, and subject to the approval of the Central Government if required, the Company hereby accords its approval to the payment of enhanced remuneration to Mr. Neeraj Jain, Whole-Time Director of the Company by way of monthly remuneration with effect from 01.12.2003 in accordance with the revised terms and conditions as set out hereunder until further revised by the Board of Directors.

REMUNERATION PACKAGE

Remuneration : Rs. 35,000.00 P.M.

Perquisites : He will be entitled to the following perks in addition to Salary:-

- a) Company's contribution towards Provident Fund :-

Whenever become applicable as per Rules of the Company subject to a ceiling of 12% Salary as laid in the Income Tax Rules, 1961.

- b) Club Fees :

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

- c) Car and Telephone Facilities :

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 purpose shall be paid by the Whole Time Director.

- d) Medical Reimbursement :

Expenses incurred for the appointee and the family, subject to a ceiling of Rs. 15,000/- P. A.

- e) Leave Travel Concession :

For the appointee and family, once in a year in accordance with the Rules as prescribed by the Board of Directors of the Company.

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

"RESOLVED THAT pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and subject to the provisions of Section 198,309,310,311 of the Companies Act, 1956 and all other applicable Rules and Regulations made there under, and subject to the approval of the Central Government if required, the Company hereby accords its approval to the payment of enhanced remuneration to

Mr. Puneet Jain, Whole-Time Director of the Company by way of monthly remuneration with effect from 01.12.2003 in accordance with the revised terms and conditions as set out hereunder until further revised by the Board of Directors.

REMUNERATION PACKAGE

Remuneration : Rs. 35,000.00 P.M.

Perquisites : He will be entitled to the following perks in addition to Salary:-

- a) Company's contribution towards Provident Fund :-

Whenever become applicable as per Rules of the Company subject to a ceiling of 12% Salary as laid in the Income Tax Rules, 1961.

- b) Club Fees :

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

- c) Car and Telephone Facilities :

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 purpose shall be paid by the Whole Time Director.

- d) Medical Reimbursement :

Expenses incurred for the appointee and the family, subject to a ceiling of Rs. 15,000/- P. A.

- e) Leave Travel Concession :

For the appointee and family, once in a year in accordance with the Rules as prescribed by the Board of Directors of the Company.

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

"RESOLVED THAT pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and subject to the provisions of Section 198, 269, 309,310,311 of the Companies Act, 1956 and all other applicable Rules and Regulations made there under, and subject to the approval of the Central Government if required, the Company hereby accords its consent and approve the appointment of Sh. Sanjay Kumar Jain as the Whole Time Directors of the Company for a period of 5 years with effect from 01.06.04 on such monthly remuneration as set out hereunder until further revised by the Board of Directors.

REMUNERATION PACKAGE

Remuneration : Rs. 30,000.00 P.M.

Perquisites : He will be entitled to the following perks in addition to Salary:-

- a) Company's contribution towards Provident Fund :-

Whenever become applicable as per Rules of the Company subject to a ceiling of 12% Salary as laid in the Income Tax Rules, 1961.

b) Club Fees :

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

c) Car and Telephone Facilities :

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 purpose shall be paid by the Whole Time Director.

d) Medical Reimbursement :

Expenses incurred for the appointee and the family, subject to a ceiling of Rs. 15,000/- P. A.

e) Leave Travel Concession :

For the appointee and family, once in a year in accordance with the Rules as prescribed by the Board of Directors of the Company.

By order of the Board of Directors

Sd/-

(NARESH CHAND)

Place: Bhiwadi

Date : 30.06.2004

Chairman and Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, IN HIS/ HER STEAD. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective, must be received by the Company at the Registered Office not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Register shall remain closed from 20th August, 2004 to 25th August, 2004 (both days inclusive)
4. The members are requested to notify change in address, if any, to the Registrar & Transfer Agent of the Company.
5. Members are requested to preferably send their queries to the Registered Office 7 days before the date of AGM.
6. Members are requested to bring their copy of Annual Report to the Meeting.
7. Members / Proxies should fill the Attendance Slip for attending the meeting.
8. In case of Joint holders, attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Members who hold shares in Dematerialized Form

are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

10. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a. m. and 2.00 p. m. up to the date of the Annual General Meeting.
11. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Performance of the Steel sector is expected to be bright in the coming year. Your company, in order to maximize the appearance in the market, decided to expand the business activities. A part of the financial requirement will be met out by the Term Loan and to secure the creditor extension of the charges in addition to the existing mortgages/charges required to be created by the Company in such form and manner as the Board may think fit on such assets, both movable and immovable, of the Company in favour of the Banks/ Financial institutions. In term of Section 293(1)(a) of the Companies Act, 1956 it is essential for the members to pass a resolution for the creation of the charges as set out in this resolution.

The Board recommends the passing of this resolution.

None of the Directors of the Company are concerned or interested in this resolution.

Item No.6

Considering the expansion activities undertaken by the Company and its proposal to rationalize its operations the company requires term loan from the Bank/ Financial Institution which may exceed the aggregate of the paid up capital of the Company and its free reserves as stated in the resolution.

Persuant to Section 293(1)(d) of the Companies Act, 1956 permission of the members is being sought to enable the Board to borrow moneys (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) up to an increased limit of Rs.10.00 Crores.

The Board recommends the passing of this resolution.

None of the Directors of the Company are concerned or interested in this resolution.

Item No. 7,8 & 9

Sh. Naresh Chand, a man of the distinctive personality having courage to face the challenge and transform the situation in the frame of his vision and ultimately get the desired result. It is he who brought out the Company from the adverse situation and pushed it to run on the path of success.

He has been working as a Managing Director since the date of its take over from the previous management. Remuneration Committee recommended Board to give increment as per the detail given in the resolution keeping in view of his dedicated attitude and worthy effort to lead the organization from the front side keeping in view the economic and industrial scenario of the country.

Sh. Neeraj Jain a Commerce Graduate has been associated with the Iron and Steel industries since a long time having expertise knowledge of the trade. A collective effort under his expertise knowledge benefited the company in planning the long term strategy and provided a new look to the entire phenomenon of the organization. Keeping in view of valuable services being provided to the company Board of Directors approved the increment of his salary as stated in the resolution at item no. 8 of the Notice.

Sh. Puneet Jain a youngest Director on the Board having dream and doing his best to transform the dream into reality. Expansion work, which is going on, is the first phase of his long term strategy. His presence on the Board and heading the HRD section of the Company motivated the Management and staff to achieve the target within the time frame. Keeping in view of valuable services being provided to the company, the Board of Directors approved the increment of his salary as stated in the resolution at item no. 9 of the notice.

The Board recommends the passing of this resolution.

Shri Sukhbir Singh Jain and Shri Sanjay Jain may be deemed to be interested in the resolution as they are related to Sh. Naresh Chand, Sh. Neeraj Jain and Sh. Puneet Jain.

This may be treated as the abstract of the terms and conditions of the increment of the remuneration of the said Directors under Section 302 of the Companies Act, 1956.

ITEM NO. 10.

The Board of Directors of the Company considering the experience and exposure of Shri Sanjay Kumar Jain appointed him as Whole-Time Director of the Company subject to the approval of Shareholders for a period of 5 years.

The Board recommends the passing of this resolution.

Shri Naresh Chand, Sh. Neeraj Jain, Sh. Puneet Jain and Sh S.S. Jain may be deemed to be interested in the resolution as they are related to Sh. Sanjay Kumar Jain.

This may be treated as the abstract of the terms and conditions of increment of the remuneration of the said Directors under Section 302 of the Companies Act, 1956.

By order of the Board of Directors

Place: Bhiwadi
Date : 30.06.2004

Sd/-
(NARESHCHAND)
Chairman

EXPRESSION



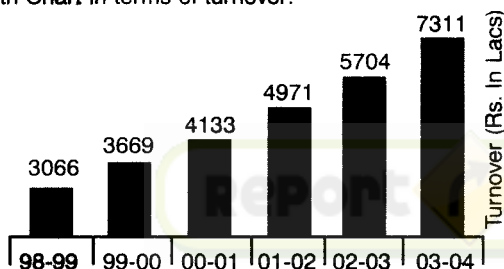
(Naresh Chand Jain)

Dear Shareowners,

It is indeed a great pleasure to share our views with you once again and extend very warm wishes through this column. I would like to paint the vivid pictures of development that took place since the last AGM in the trade and industry, particularly in case of your Company.

PERFORMANCE OF YOUR COMPANY:

Profits after Tax for the year ended March 31, 2004 grew by 94.54% over the previous year. Manufacturing quality products with superior technology, best services, cheerful working environment and healthy support from all level helped the Company to achieve this target.

Growth Chart in terms of turnover:**Business outlook:**

Steel market in terms of volume and prices are likely to increase magnificently on the back of increase in demand and prices in the domestic, Chinese, European and US markets. Housing sector, automobile industry, infrastructure industries (construction of dam, flyover, bridge, airport, highway, metro rail, stadium etc.) are on the track of fastest growth. If the previous century had been in the name of western countries, undoubtedly the current century has knocked the door of Asian continent and particularly at the door of India and China. A lot of opportunity and plenty of potential are available in these two countries.

Our Company is ready to contribute its maximum in the development of country by providing superior quality of structural steel at the best competitive price. We are expanding our business activities by installing new unit. A new Induction furnace plant of 25200 MT within the campus of existing unit is likely to commence commercial production by the end of September 2004.

No wonder we are focusing on streamlining overhead costs, using better and innovative technologies, as they strive hard to cope with the high financial costs and a slow moving profitability rate. Combined with increasing quality consciousness with the opening up of exports markets, producers are expected to change their product mix, go for implementation of stringent quality norms.

Future out look and Growth Strategy:

The year under review has been one of the transition for the Company, in which we have expanded our business offering on greater value delivery and direct relationships. Sustained marketing efforts have enabled the Company to acquire large clients that have the potential to scale up and grow into high value relationships, laying a strong foundation for growth.

Our key objective for 2004-05 include the expansion of our customers base and intensifying the co-operation with our currents, customers as well as improvement in internal efficiency. We have a clear vision and road map of future expansion and going accordingly to achieve the pre-determined target.

Our method of operation include close co-operation with customers in product development and design.

Service to Customers/Shareholders:

It is the firm policy of the Management to provide best services and ensure the close co operation with all constituent of the company and particularly with shareholders. We never compromise on quality either in products and service.

We believe "Coming together is a beginning, keeping together is progress and working together is success."

I wish all of you and pray to ALMIGHTY for your prosperity.

With best regards

(NARESH CHAND)

Chairman and Managing Director

MANAGEMENT AT GLANCE

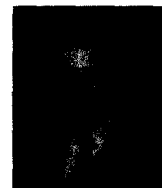
Management of the Company is in the hand of highly qualified, dedicated team of the Board of Directors under the **Dynamic leadership** of Sh. Naresh Chand, Chairman and Managing Director of the Company assisted by a team of qualified professional having brilliant academic record.

[A] Sh. Naresh Chand:

Sh. Naresh Chand was born at Baraut, a small Kasba of Uttar Pradesh (India) on 7th day of July, 1944 in a middle class family. After acquiring Master Degree in Physics left his native place and came to Delhi and started a small trading business and later on associated with of Kamdhenu Ispat Limited.

In the year 1996 a widely held public limited company was taken over and Sh. Naresh Chand was appointed as Managing Director of the Company.

Sh. Naresh Chand is a perfect Manager, Planner, Provider, Protector having a Crystal Clear Vision of what the future should be. He has nothing to do with prediction but everything to do with hope. He focuses for the team's activity, which provides Sustained Long Term Motivation which unites the Team. His vision with values and verve identifies the goal and a systematic approach made it easy to achieve.



[B] Sh. Neeraj Jain:

Sh. Neeraj Jain is Commerce Graduate was born on 12.04.1962 and belonged to a family carrying away steel business since a long time. He was founder member and Director of Kamdhenu Ispat Limited. He has been serving as a Director on the Board of Ashiana Ispat Limited since 1998.

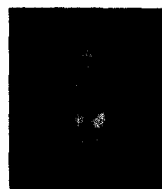
Under the visionary leadership of Sh. Neeraj Jain, Ashiana Ispat Limited is expanding and diversifying at a faster pace, spreading the movement of quality and setting new standard in service.



[C] Sh. Puneet Jain:

Sh. Puneet Jain was born on 24.08.1975 is the youngest but energetic Director on the Board having futuristic out look, efficient managerial abilities and dedicated positive attitude. Company under his leadership is well poised to take advantage the opportunities thrown by the upswing in the steel industry by expansion of the plant.

Sh. Puneet Jain is the key person of our Management Team having rich experience of Iron and Steel Industry. He has served as Whole Time Director on the Board of Kamdhenu Ispat Limited and his immense presence on the Board is beneficial for the industry.



[D] Sh. Sanjay Jain:

Sh. Sanjay Jain was born on 04.04.1964, is the Director (Production) and looking after the production of the Unit. He has been efficiently discharging his duties and systemized the process of manufacturing.



DIRECTOR'S REPORT

To

The Members,

The Directors have pleasure in presenting the 12th Annual Report and Audited Accounts for the Financial Year ended 31st March, 2004.

FINANCIAL RESULTS

(Rupees in Lac)

	2003-04	2002-03
1. Total Income	7348.20	5693.17
2. Profit before interest and depreciation	118.84	83.58
3. Interest	33.37	22.62
4. Depreciation	42.42	35.85
5. Profit/(Loss) for the year before tax	43.25	25.11
6. Balance (Cr.) brought forward from the previous year	00.30	29.94
7. Balance (Dr.) carried forward to Balance Sheet	43.09	00.31

DIVIDEND

To further strengthen the financial base of the company it was decided to not declare the dividend on the equity shares for the year 2003-2004.

PERFORMANCE OF THE COMPANY

Ashiana Ispat Limited an ISO 9001-2000 certified company is one of the most reputed private sector company manufacturing international quality of reinforcement bar (saria). The turnover of your company has increased by 28.17 % from Rs.5704.06 lac in the last Financial year 2000-03 to Rs.7311.01 lac in the financial year under consideration.

There is more than 94.54% increase in Profits(after Tax) of the company. The net profit is increased from Rs.14.28 lac to Rs. 27.78 lac during the year under consideration.

BUSINESS OUTLOOK:

For the first time in the last twenty years there is growth in demand of the steel all over the world. A new thought has developed in our country and accordingly more stress is given on infrastructure sector. There is tremendous scope of steel industry in our country. A major infrastructure development project like Metro Rail, Pradhan mantri Chaturbhuj Sadak Pariyojna, Extension of National Highway, interconnection of all rivers, boom in housing industry due to lower rate of interest, growth of auto industry and hosting of Commonwealth Games all these events are healthy sign of the steel industry in our country.

There is huge gap in demand and supply of the steel in our country. India is fast growing developing developing nation. At present there is a relatively low per Capita consumption of steel in our country. It is nearby 27 Kg. as compared to global major like US it is 472 kg., China 128 kg. and European union it is 428 kg.

Over the year, your Company has emerged as thriving, nimble steel enterprises due to its international quality of products, humble but committed behavior delighting its customers, retailers, dealers, distributors with service and products.

Your company has decided to enlarge its share in the steel market. A number of proposal for expansion is under consideration and presently an induction furnace is being installed and commercial production of the Ingot/Billet is likely to be started by the end the month of September 2004.

DIRECTORS:**Appointment:**

Sh. Sanjay Kumar Jain: Board of Directors considering the experience and exposure of Sh. Sanjay Jain taken him on the Board as whole time Director of the Company. He has vast experience of running the iron and steel plant. We hope that his association as Whole Time Director will be beneficial for the company.

Sh. T.C. Kansal: The Board of Directors taken Sh. Kansal on the Board considering his sheer hard work, trustworthiness, experience and ability to face new challenges. Board also noted that Sh. Kansal during his career represented on the Board of various companies as Director, Chief Executive Officer, and Consultant. He has more than 40 years experience of Iron and Steel industry. It is hoped that his presence on the Board will enlighten the Company and it will succeed to go on the path of success.

Sh. Rajender Parshad Bansal: Sh. Bansal has working experience of more than 20 years in a number of companies as Finance Manager. Previously he was associated with Kamdhenu Ispat Limited, as a finance consultant. His presence on the Board will help the company in streamlining the finance discipline.

Sh. Rajesh Kumar Pal: Sh. Pal is the youngest Director on the Board having rich experience of Management and Information System. His expertise in software helps the company in developing the unique system of communication. Execution of work at time with the availability of proper information is the achievement of his presence on the Board.

Sh. Bhagwan Dass Khurana: Sh. Khurana is highly qualified having rich experience of the trade of Iron Steel Industry. He is soft spoken having high degree of human sense motivating the team of the company to achieve the target within prescribed time period. He has been working as motivator and hope his efforts will bring a positive change in the HRD Section of the Company and Company will be able to take more work from the present work force.

Revision of Salary of Whole Time Directors:

The Remuneration Committee Members were of the unanimous opinion that the senior management personnel like Sh. Naresh Chand, Sh. Neeraj Jain and Sh. Puneet Jain of the Company must be adequately compensated to keep them motivated for the effective execution of their duties and responsibilities to keep the momentum of progress. The Remuneration Committee recommended to the increase in fixed Salary of Rs. 10,000/- per month to each of them.

The following Directors retire by rotation and are eligible for re-appointment.

As per Article 64(b) of the Articles of Association of the Company Sh. Naresh Chand and Sh. Neeraj Jain are Directors liable to retire by rotation and being eligible offer themselves for re-appointment.

Resignation of Directors:

Shri Raj Kumar Jain resigned from Directorship of the Company. Board of Directors appreciated and took on record his valuable contributions made in uplifting the Company during his tenure.

AUDITORS

The Auditors of the Company M/s S. Singhal & Co., Chartered Accountants, Bhiwadi hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors and Audit Committee recommend their re-appointment. The requisite certificate pursuant to Section 224(1B) of the Companies Act, 1956, has been received from the Auditors of the Company.

FIXED DEPOSIT:

The company did not accept any deposits covered under section 58A of the Companies Act, 1956 during the year under review.

LISTING OF SECURITIES

Shareholders in their Annual General Meeting held on 30.08.2003 approved the proposal for delisting the shares from The Magadh Stock Exchange Association Limited, Patna, The Delhi Stock Exchange Association Limited, Delhi and The Jaipur Stock Exchange Limited, Jaipur except The Stock Exchange Mumbai.

DEPOSITORY SYSTEM:

As per the SEBI Guidelines to have a common share transfer agent for all of the works related to physical and Demat form of shares, M/s. Intime Spectrum Registry Limited of A-31/III Floor, Naraina Industrial Area, Phase-I, New Delhi has been working as share transfer agent. All the members are requested to contact them for any kind of shares related matter.

DIRECTORS' RESPONSIBILITY STATEMENT:

While preparing the annual financial statements the Company has adhered to the following:

- i) In the preparation of the said financial statements the Company has followed the applicable accounting standards, referred to in Section 211(3-C) of the Companies Act, 1956.
- ii) The company has followed the said accounting standards and has been applying them consistently and has made judgements and estimates that are reasonable, prudent and are in the interest of the Company's business, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2004 and of the profit/loss of the Company, for the said period.
- iii) The Directors 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.
- iv) The Directors have prepared the financial statements on a going concern basis.

OBSERVATION OF THE AUDITORS IN THE ANNUAL ACCOUNTS

Auditors Report on the account of the company is self explanatory and requires no comment.

INDUSTRIAL RELATIONS

The relations with labour remained cordial during the year.

ENERGY CONSERVATION/ TECHNOLOGY ABSORPTION/ FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of Energy Conservation / Technology Absorption and Foreign Exchanges earnings and out go as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of the particulars in the Report of Board of Directors) Rules 1988, are given annexure "I" and form part of this report.

PARTICULARS OF EMPLOYEES

Particulars of employees under Section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of employees) Rules 1975, are not applicable because non of the Directors or employees of the company getting remuneration exceeding the limit prescribed therein.

ACKNOWLEDGEMENT:

Yours Director take the opportunity to offer thanks to the State Bank of Bikaner & Jaipur for their valuable assistance.

Yours Directors also wish to place on record their deep scence of appreciation for the devoted services of the executives, staff and workers of the company for smooth operations of the Company.

By order of the Board of Director

Place : Bhiwadi
Date : 30.06.2004

Sd/-
(Naresh Chand)
Chairman and Managing Director