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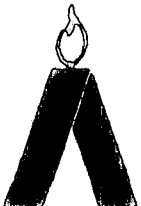
Director

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SRI	✓
YE	✓	✓		

12th annual report

**FOR THE YEAR ENDED
31ST MARCH 1998**

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**ASHIRWAD STEELS
& INDUSTRIES LIMITED**



ASHIRVAD STEELS & INDUSTRIES LTD.

BOARD OF DIRECTORS :

Puranmal Agarwal, *Chairman*
 Dalbir Chhibbar, *Managing Director*
 Suresh Kr. Agarwal
 Ashok Kumar
 Yudhbir Chhibbar

AUDITORS :

M/s. Ashok Pradhan & Associates
Chartered Accountants

BANKERS :

The Federal Bank Ltd.
 Allahabad Bank
 State Bank of India
 Bank of America

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REGISTERED OFFICE :

1, Crooked Lane
 Suite No. 8B, Ground Floor
 Calcutta - 700 069.

WORKS :

1. Uluberia Industrial Growth Centre,
 Uluberia, Howrah, West Bengal.
2. Belumilky, Delhi Road, National Highway,
 Serampore, Dist. Hooghly, West Bengal.
3. Village : Kisnapur
 Near Urdana Check Post
 Raigarh, M.P.

REGISTRARS & TRANSFER AGENTS :

Advance Management Services Private Ltd.
 137, S. P. Mukherjee Road, 1st floor, Calcutta 700 026

ASHIRWAD STEELS & INDUSTRIES LTD.**NOTICE**

Notice is hereby given that the 12th Annual General Meeting of the Company will be held at 1, Crooked Lane, Suite No. 8B, Calcutta-700 069 on Monday, the 7th September 1998, at 10.00 a.m. for the following purposes :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Director's Report and the Audited Balance Sheet as at 31st March, 1998 and Profit & Loss A/c. for the year ended on the date with the Auditors Report thereon.
2. To appoint Directors in place of Mr. Yudhbir Chhibbar and Mr. Puranmal Agarwal, who retire by rotation and being eligible offer themselves for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To pass with or without notification the following resolution as a special resolution :-

"RESOLVED THAT approval, consent and authority be granted to the Board of Directors to undertake manufacturing of Sponge iron by putting up a Sponge Iron Manufacturing Plant on behalf of Company at a suitable site and of a suitable size and capacity."

5. To pass with or without modification the following resolutions as special resolutions :-

- a. "RESOLVED THAT the Board of Directors be and is hereby authorised, pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, to borrow money from time to time at its discretion either from the Company's bank or any other bank, financial institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors upto a limit not exceeding in the aggregate Rs. 600 lacs not withstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."
- b. "RESOLVED THAT the Company do hereby accord its consent to avail of or borrow by way of Working Capital loan assistance upto a limit of Rs. 50 lacs from the Federal Bank Ltd., Bhowanipore Branch, Calcutta, on the security by way of hypothecation of stocks, debtors and other receivables of Company's Tube Mill located at Serampore, Hooghly, West Bengal, and also by way of mortgage and/or creating of first or 2nd charge on the entire landed property, factory building, plant and machinery and other fixed assets whether existing or proposed of the said Tube Mill Unit."
- c. "RESOLVED THAT the consent of the Members of the Company be and is hereby accorded in terms of Section 293(1)(A) and other applicable provision if any of the Companies Act, 1956 to Mortgaging and/or charging by Board of Directors of the Company's all moveable and immoveable properties & assets whether present or future in favour of Banks or Financial/Lending Institutions in connection with Company's obtaining Term Loan and Working Capital Limits and Bank Guarantee Limits from them and authority be and is hereby also accorded to the Board of Directors for agreeing with them in terms of their Loan agreement/Hypothecation agreement/Letter of sanction/Memorandum of Terms and conditions etc. and to finalise with them Terms and conditions for creating Mortgage or charge as above."

Place : Calcutta
Dated : 7th July 1998

By Order of the Board

Regd. Office : 1, Crooked Lane, Ground Floor
Calcutta-700 069.

Dalbir Chhibbar
Managing Director

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The instrument of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
A proxy may be sent in the form attached.
2. The Register of Members of the Company will remain closed from Tuesday, 1st September, 1998 to Monday, the 7th September, 1998 (both days inclusive).
3. Shareholders/Proxyholders are requested to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting place.
4. Members are requested to bring their copy of the Annual Report to the meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956
ANNEXED TO AND FORMING PART OF THE NOTICE CONVENING THE**

12TH ANNUAL GENERAL MEETING OF THE COMPANY.

4. The Shareholders are aware that the Company's Steel Tube Manufacturing Unit and both the L.P.G. Bottling Plants are not operating at the optimum level due to various reasons. Therefore, in order to further broadbase the industrial activities of the Company with a view to earn more profits the Directors after a thorough and detailed study have found that Sponge Iron Manufacturing is quite profitable and has very good future and therefore, the Directors are seeking your approval for putting up a Sponge Iron Plant of a suitable capacity and at a suitable place. Your Directors recommend the said resolution in the interest of the Company.

None of the Directors are personally interested in the subject resolution.

5. (a) The Company has applied to the Federal Bank Ltd. for Working Capital assistance for its Steel Tube Manufacturing Unit and they have already sanctioned various loan limits aggregating to Rs. 50 lacs. The said limit is proposed to be further enhanced to Rs. 100 lacs as per requirements in the future. Moreover, the Directors of the Company have finalised to put up a Sponge Iron Manufacturing Plant for which term loan and working capital fund shall be required from Banks and/or financial institutions. The requirement of loan for the Sponge Iron Project is estimated to be Rs. 500 lacs. Your Directors, therefore, wish to be empowered and authorised to borrow funds for the above purposes for an aggregate limit of Rs. 600 lacs and accordingly recommend the resolution in this respect.
- (b) The resolution is recommended for adoption as the Company needs Working Capital Loan assistance from the Federal Bank Ltd. for running its Steel Tube Manufacturing Unit located at Serampore, Hooghly, West Bengal, so that part of the funds currently engaged and deployed towards this unit are released for putting up Company's proposed Sponge Iron Plant.
- (c) The Company proposes to put up a Sponge Iron Manufacturing Plant of a capacity of 40 Tons per day in Phase 1st and the capacity shall be increased to 80 Tons per day in the 2nd Phase. To execute and complete this project the Company shall be requiring financial assistance in the form of term loan and also working capital finance from Banks and/or financial institutions or from other persons. In order to avail the said financial assistance the Company shall have to mortgage or create charge over the entire present and future fixed assets of the Company wherever located and therefore the Board of Directors wish to be empowered and authorised by the members to execute such mortgage or create charge in favour of the lending banks or institutions and hence recommend the relevant resolution for adoption by the members in the forthcoming Annual General Meeting.

None of the Directors are personally interested in any of the above resolutions.

For and on behalf of the Board

Calcutta
Dated : 7th July, 1998

Dalbir Chhibbar
Managing Director

ASHIRWAD STEELS & INDUSTRIES LTD**DIRECTOR'S REPORT TO THE SHAREHOLDERS**

Your Directors present their 12th Annual Report and Audited Statement of Accounts of your Company together with Auditors Report for the year ended 31st March, 1998 :-

	Current Year (31-3-1998)	Previous Year (31-3-1997)
	Rs.	Rs.
FINANCIAL RESULTS		
Income from operations	5,12,34,515	5,16,97,217
Operating Profit before Interest, Depreciation and Taxation	56,02,719	42,10,803
Depreciation	31,32,579	27,53,695
Financial Charges	90,966	48,498
Profit before Taxation	23,79,174	14,08,610
Provision for Taxation	2,49,850	1,81,710
Profit after Taxation	21,29,324	12,26,900
Income Tax for earlier period	1,984	—
ADD : Profit brought forward from last A/C	47,13,889	34,86,989
Profit available for appropriation	68,41,229	47,13,889
APPROPRIATIONS :		
General Reserve	—	—
Proposed Dividend (subject to tax)	—	—
Balance Carried forward	68,41,229	47,13,889

OPERATIONS :

During the year under review the turnover of the Company was Rs. 512.35 Lacs compared to Rs. 516.97 Lacs in the previous year. The quantity of RLH/LP Gas bottled and sold went up to 703.83 Metric Tonnes during the year compared to previous year's figure of 592 Metric Tonnes. The increase off-take for the year is due to supply of gas to Commercial Users such as Hotels, Restaurants, etc. The Company, however, has not yet started marketing LPG to domestic sector due to high cost of LPG and the continuation of subsidy to this sector by the Government through the Public Sector Oil Companies which makes private bottlers operations economically not very viable for the time being. As regards Steel Tube manufacturing unit at Serampore, Hooghly, the Company sold 1981.63 M/Tonnes of Steel Pipes (Previous year 2117.89 M/Tonnes). The lower production and sales is because of closure of Mill for almost 6 months due to labour unrest. Efforts by your Directors are continuing to improve upon the performance of all the units of the Company with a view to increase the sales and profits. During the current year the net profits of the Company were Rs. 21.29 lacs (previous year Rs. 12.26 lacs) which are being carried forward.

ASHIB WAD STEELS & INDUSTRIES LTD.**DIVERSIFICATION PROJECT :**

Your Directors after a thorough and a detailed survey have decided to diversify the activities of the Company by putting up a Sponge Iron Manufacturing Plant with a capacity of 40 tonnes per day in the first phase and with a proposal to increase the capacity to 80 tonnes per day in the second phase. The proposed site of the project is near Tatanagar which is most suitable due to proximity of Iron Ore and Steam Coal which are the major raw materials for manufacturing of Sponge Iron. Moreover, Tatanagar and its adjoining areas have lot of Mini Steel Plants for whom Sponge Iron is the raw material and, therefore, selling the product will not be a problem at all. Application for financial assistance for the above unit is being processed by a Nationalised Bank and your Directors are hopeful to commence work on the project very shortly. As per your Director's survey the aforesaid project is economically viable and will make good additions to the turnover and profits of your Company. This Project barring unforeseen circumstances is expected to be completed by March, 1999.

DIVIDEND :

With a view to conserve resources for the proposed diversification project, your Directors do not recommend any dividend for the year under review.

PERFORMANCE VS. PROJECTIONS :

In terms of Clause 43 of the listing agreement, the comparison between the actual working results and those projected in the prospectus dated 30-12-94, are given below :-

(Rupees in lacs)

	Actuals for the year ended 31.3.98	Projected In Prospectus dated 30.12.94
i) Total Income	512.35	3431.00
ii) Profit after Taxation	21.29	234.80
iii) Utilisation of Funds	Full	404.34

The lower total income and profits are due to (1) Lower capacity utilisation of Steel Tube Mill due to recession in the trade resulting in lower demand and lower sales realization and also on account of closure of Mill for 6 months due to labour unrest (2) L.P.G. marketing to domestic sector not commenced due to high cost of L.P.G.

FIXED DEPOSIT :

The Company has not accepted any deposits from the Public during the Year.

DIRECTORS :

Mr. Yudhbir Chhibbar and Mr. Puran Mal Agarwal retire by rotation from the Board and being eligible offer themselves for re-appointment.

AUDITORS :

M/s Ashok Pradhan & Associates, Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and they are also eligible for re-appointment.

As regards observations by the Auditors, the same are self-explanatory.