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Certainly Within

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

30th

ANNUAL REPORT 1997-98

INFORMATION 15.9.98 MUMBAI

ASIL Industries Ltd.

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CORPORATE MISSION
OPERATING PRINCIPLES &
EXCELLENCE GOALS

CORPORATE MISSION

To provide our Shareholders with :

* growth oriented investment
* consistent and fair dividends

AND

To recognise and fulfill our special obligation to our:

* Nation
* Customers
* Suppliers
* Employees

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OPERATING PRINCIPLES

To constantly endeavor for Excellence through :

* Higher Export Earnings
* Superior Quality and Service
* Optimum utilization of Financial Resources
* Technological advancement for Import substitution
* Effective development of Human Resources
* Enhancement of Management and Job skill of our employees
* Work climate that places top priority on Honesty, Integrity and fairness and rewards individual Expression and Dynamism.

EXCELLENCE GOALS

* Understanding of Business at all levels
* Development of high Skills of Performance
* Cultivation of a high sense of Accountability
* Commitment of implementation
* Active involvement of all in Business Growth and Change.

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ASIL Industries Ltd.

DIRECTORS

S.N.Khaitan *(Chairman)*
A.K.Khaitan *(Vice Chairman)*
Pravin Chandra V.Gandhi
Shiv Shanker Sharma
Thakur Onkar Singh
V.B.L.Mathur
Vijay Karan
K.N.Mathur *(Nominee Of RIICO)*

MANAGING DIRECTOR

G.S.Khaitan

JOINT MANAGING DIRECTOR

Sudhir Khaitan

GENERAL MANAGER (FINANCE)

G.L.Dosi

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COMPANY SECRETARY

R.K.Singhal

AUDITORS

M/s G.P. Agrawal & Co., Calcutta
M/s S.S. Surana & Co., Jaipur.

BANKERS

Allahabad Bank
Bank of Maharashtra
State Bank of Bikaner & Jaipur

REGISTERED OFFICE & WORKS

Kanakpura, P.O. Meenawala,
Jaipur - 302012.

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ASIL Industries Ltd.

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the members of ASIL Industries Limited willl be held at the Registered Office of the Company at Kanakpura, P.O. Meenawala, Jaipur - 302 012 on Tuesday, the 29th day of September, 1998 at 12.30 PM to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the year ended 31st March, 1998 and the audited Balance Sheet of the Company as on that date together with the Auditors' Report thereon and the Directors' Report for the year ended 31st March, 1998.
2. To appoint a Director in place of Shri A.K. Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Shiv Shankar Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fixe their remuneration.

AS SPECIAL BUSINESS:

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

   "RESOLVED THAT the resolution passed in the 29th Annual General Meeting held on Saturday, the 27th day of September, 1997 declaring dividend @ 15%,subject to approval of financial institution, be and is hereby nullified as the desired consent of financial institution could not be obtained."

   "RESOLVED FURTHER THAT Shri R.K. Singhal, Company Secretary be and is hereby authorised to take all the steps to carry-out this resolution."

By Order of the Board

Jaipur, 29th July, 1998
Regd. Office & Works:
Kanakpura, P.O. Meenawala, Jaipur - 302 012

R.K. SINGHAL
Company Secretary

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.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 1998 to 29th September, 1998 (both days inclusive)
3. Members are requested to notify any change /correction in address immediately.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

(As required by Section 173 (2) of the Companies Act, 1956)

In conformity with the provisions of Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

Item No.5

The Shareholders of the Company in the 29th Annual General Meeting delcared a dividend @ 15% subject to approval of financial institutions. While recommending the dividend for 29th Annual General Meeting, the Board of Directors were of the opinion that the desired approval will be obtained from the financial institutions. Later on Industrial Development Bank of India (the Financial Institution) refused to give its consent by their office letter dated 28th August, 1997 (copy of the same is open for inspection at any time during business hourse of the Company).

In absence of the requisite approval from the financial institutions, there is no way but to nullify the resolution by shareholders themselves. Hence, the matter is placed before the shareholders to pass suitable resolution as per the draft placed before them for nullifying their resolution declaring dividend @ 15% in the 29th Annual General Meeting. None of the Directors are interested in the resolution except to the extent of shares of the Company held by them.

By Order of the Board

Jaipur, 29th July, 1998
Regd. Office & Works:
Kanakpura, P.O. Meenawala, Jaipur - 302 012

R.K. SINGHAL
Company Secretary

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DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 30th Annual Report of the Company together with the audited Profit & Loss Account for the year ended 31st March, 1998 and the Balance Sheet as on that date.

1. FINANCIAL RESULTS

(Rs. in lacs)

	Year ending 31st March 1998	1997
(Loss)/Profit before depreciation	(51.72)	257.39
Less:Depreciation/misc.expenses written off	218.20	206.37
(Loss)/Profit before Tax	(269.92)	51.02
Less: Provision for tax earlier years	—	3.50
Adjustment of income tax of earlier years	15.13	12.19
(Loss)/Profit after Tax	(285.05)	35.33
Add: Dividend of last year written back	57.89	—
Add: Balance of the previous year	597.79	642.60
Distributable profit	370.63	677.93
APPROPRIATION		
Transfer to General Reserve	—	8.00
Transfer to Debenture Redemption Reserve	—	14.25
Dividend on Equity Shares (proposed for the current year and including dividend tax)	—	57.89
Balance carried to Balance Sheet	370.63	597.79

2. OPERATING RESULTS

The turnover of the Company for the year is Rs. 3,883.04 lacs (previous year Rs.4134.62 lacs), a decrease of 6.09% compared to previous year. The loss before depreciation is Rs.51.72 lacs (previous year there was a profit of Rs.257.39 lacs).

During the year both production and sales of the Company suffered due to recession in economy, unprecedented currency crisis in the South East Asian countries and competition from both cheaper imports and un-organised sector. The Company's profitability was severally affected due to lower production, lowering of sales prices, high input cost and delay in commencement of commercial production from new Rolling Mill. Further the finance cost has increased due to borrowing of more funds at higher interest rate. However, Company's production and sales may be affected in view of sluggish market conditions.

3. FUTURE OUTLOOK

After commencement of commercial operations from new Rolling Mill, Company expects to increase its production of CRCA Steel Strips and so as to reduce cost of production and improve the margin. Company is giving more thrust on export market particularly to Asian and African countries . The domestic marketing strategy lays emphasise on value added products and catering to the niche markets to increase the net sales realisation.

4. EXPANSION PLAN

Company has commenced the commercial production from new Rolling Mill from April, 1998. After installation of new Rolling Mill the installed capacity of Rolling Mill division has increased from existing 10,000 MT to 40,000 MT per annum.

There is delay in commencement of commercial production from new Rolling Mill as the production had to be stabilised inspite of commissioning of the Mill during the month of May, 1997.

5. DIVIDEND FOR THE YEAR 1996-97

In order to conserve the resources, in light of tight liquidity position being faced by the Company due to sluggish market condition, the IDBI has denied permission to distribute the 15% dividend for

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the year 1996-97 which was subject to approval of financial institution. In view of this, the provision of dividend for the year 1996-97 has been reversed.

6. **INDUSTRIAL RELATIONS**
The Company had harmonious relationship with its work force during the year. The Company also finalised the agreement with its Labour Union during the period. This agreement is applicable for the next three years.

7. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**
Information pursuant to Section 217(1)(e) of the Companies Act, 1956, with Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988 is given in Annexure-A to this report and forms part of this report.

8. **STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT**
A statement containing particulars required under Clause 43 of the Listing Agreement is annexed hereto and marked as Annexure-B to the report.

9. **PARTICULARS OF EMPLOYEES**
The particulars of employees required to be disclosed under Section 217 (2A) to the Companies Act, 1956 is given in Annexure-C to this report and forms part of this report.

10. **DIRECTORS**
Shri Anil Khaitan and Shri Shiv S. Sharma, retire from the Board pursuant to Section 255 of the Companies Act, 1956 read with Article 103 of Articles of Association of the Company and being eligible offers themselves for re-appointment.

11. **AUDITORS**
M/s. G.P. Agarwal & Company, Chartered Accountants, Calcutta and M/s. S.S. Surana & Company, Chartered Accountants, Jaipur, Joint Auditors of the Company retire at this Annual General Meeting. They are eligible for re-appointment.

12. **APPRECIATION**
Your Directors place on record their appreciation for the help and co-operation rendered by the Financial Institutuions, Banks, Suppliers, Customers and Employees who have contributed to the growth and consolidation of the Company.

For and on behalf of the Board of Directors

Place : Calcutta
Date : 29th July, 1998

S.N. KHAITAN
Chairman

ANNEXURE - A TO THE DIRECTORS' REPORT

A) CONSERVATION OF ENERGY

Various steps have been taken to ensure judicious consumption of energy and these measures have contributed to maintain energy cost within the desired levels.

	Current Year	Previous Year
1. **Electricity**		
(a) Purchased:		
Units (Kwh)	72,35,785	63,90,572
Amount (Rs.)	2,59,71,674	1,92,30,317
Rate/Unit (Rs.)	3.59	3.01
(b) Own Generation:		
Through Diesel Generator:		
Units (kwh)	18,41,919	19,16,652
Units produced per Ltr.of Diesel Oil	3.20	3.26
Cost/Unit(Direct Cost)(Rs.)	2.81	2.37
2. **Diesel in Oil Fired Annealing Furnaces:**		
Quantity (Ltrs.)	4,46,265	5,87,281
Total Cost (Rs.)	40,01,456	45,22,496
Rate/Unit (Rs./PMT)	571.47	594.28

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B) CONSUMPTION PER UNIT OF PRODUCTION

1. Cold Rolling Mills:		
- Electricity (Kwh/PMT)	479.08	344
- Fuel (Ltr/PMT)	63.73	77.17
2. Hardened & Tempering Division:		
- Electricity (Kwh/PMT)	1,368.44	1210

Consumption figures are not strictly comparable as Company produces wide varieties of strips and consumption norms change according to thickness/width of strips as well as grade of material produced.

C) TECHNOLOGY ABSORPTION

(a) Research and Development (R & D)

During the year under consideration, continuous efforts were made to improve the quality of the products of your Company, reduce the cost and improve the yield and raw material efficiency.

(b) Technology Absorption, Adaptation and Innvocation

The Company has no technical collaboration arrangement for manufacturing of Cold Rolled Close Annealled and Hardened & Tempered Steel Strips. Company has successfully absorbed the technology imported for the manufacturing of Circular Saws during the year 1995.

D) FOREIGN EXCHANGE EARNING AND OUTGO:

The total foreign exchange outgo during the year was Rs.8,64,70,816 (9,60,39,095) towards import of raw material, stores and spares, capital goods and other expenditure total foreign exchange earned during the year is Rs.2,67,66,212 (1,37,74,,571)

ANNEXURE - B TO THE DIRECTORS' REPORT

(Statement under Clause 43 of the Listing Agreement)

PROJECTION VS. PERFORMANCE (Rs. in Lacs)

Particulars	Projected for the year 1997-98	Actual for the year 1997-98
Total Income	3,569	3,883
Profit before depreciation, interest and tax	924	4.46
Profit after tax	295	(269.92)
E.P.S. (Rs.)	8.42	NIL

ANNEXURE - C TO THE DIRECTORS' REPORT

(Particular of Employees as Required Under Section 217(2A) of the Companies Act, 1956)

Name	Age (Years)	Designation/ Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Year)	Date of Commencement of employment	Last Employment held
Khaitan G.S.	69	Managing Director	6,30,689	Experience in Trade & Industry	49	01.01.80	Shalimar Ind. Pvt. Ltd.
Khaitan Sudhir	36	Joint Managing Director	5,16,388	B. Com.	14	01.01.85	Shalimar Ind. Pvt. Ltd.
Jain K.C.*	47	President	4,04,825	B.E. Mech.,P.G. Dip. in Ind. Engg., Dip. in Bus. Admn.	24	02.04.90	India Extrusion (A unit of Bhagya Nagar Metals Ltd.

Notes :-

1. The Nature of employment is governed by the rules and regulations of the Company in force from time to time.
2. None of the above employee except Shri G.S. Khaitan and Shri Sudhir Khaitan is related to any Director of the Company.
3. Remuneration includes Salary, Bonus, Leave Salary, Gratuity, Company's contribution to Providend Fund, Medical Expenses, Leave Travel, House Rent paid/House Rent Allowance, other allowances and taxable value of perquisites.

* Employment in part of the year.

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ASIL Industries Ltd.

AUDITORS' REPORT

We have audited the annexed Balance Sheet of M/s. ASIL Industries Limited as at 31st March, 1998 together with the related Profit & Loss Account of the Company for the year ended on that date and report that :

1. We have obtained all the informations and explanations which, to the best of our knowledge and belief,were necessary for the purpose of our audit.

2. In our opinion proper books of account as required by the law have been kept by the company so far as it appears from our examination of the books.

3. The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.

4. In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit & Loss Account read together with the Schedules annexed thereto and notes to accounts as per Schedule 19 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

   (a) in so far as it relates to the Balance Sheet, of the State of affairs of the Company as at 31st March, 1998 and,

   (b) in so far as it relates to the Profit & Loss Account, of the loss of the Company for the year ended on that date :

5. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 and on the basis of such checks as we considered appropriate, we state that :

   (i) The Company has maintained proper records to show full particulars including quantitative details and situations of its Fixed Assets and the same have been physically verified by the management. In our opinion, the frequency of verification of Fixed Assets by the Management is reasonable having regard to the Size of the Company and the nature of the Assets. No discrepancies between book records and the physical inventory have been noticed.

   (ii) There has been no revaluation of Fixed Assets during the year.

   (iii) The stocks of finished goods, Work in Process, stores, spare parts and raw material have been physically verified by the management during the year except materials in transit. In our opinion, the frequency of verification is reasonable.

   (iv) In our opinion and according to the information and explanation given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.

   (v) The discrepancies noticed on verification of stocks as compared to book records, which were not significant, have been properly dealt with in the books of account.

   (vi) In our opinion the valuation of the above mentioned stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.

   (vii) The Company has not taken any loans from firms, Companies or other parties listed in the register maintained under section 301 and 370(1)(c) of Companies Act, 1956.

   (viii) In our opinion,the rates of interest and other terms and conditions of Unsecured Loans granted

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