



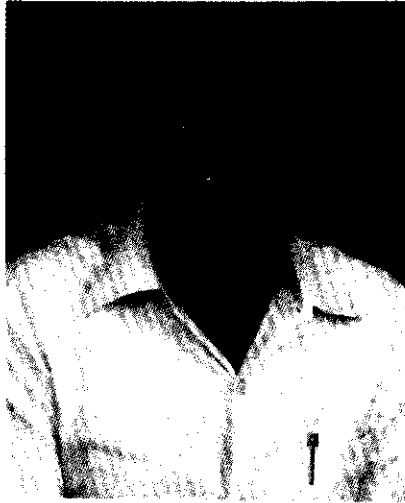
32nd

**A**NUAL  
REPORT  
1999-2000

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**ASIL Industries Ltd.**

NO. .... INSPECTION



**Our beloved Managing Director  
G.S. Khaitan  
(1929 - 2000)**

**Report  junction.com**

- **He continues to guide us towards Excellence through Latest Technology, Customer Satisfaction and Exports.**
- **He lives in the hearts of tomorrow.**

## ASIL Industries Ltd.

### **DIRECTORS**

A.K.Khaitan (*Chairman*)  
P.V. Gandhi  
Shiv Shanker Sharma  
Thakur Onkar Singh  
V.B.L.Mathur  
Vijay Karan  
T.R.Bajalia (*Nominee of IDBI*)

### **MANAGING DIRECTOR**

Suchir Khaitan

### **SR. VICE PRESIDENT**

Nand Kumar Kadloor

### **GENERAL MANAGER (FINANCE)**

G.L.Dosi

### **COMPANY SECRETARY**

C.P. VAID

### **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-302 012.

# ASIL Industries Ltd.

## NOTICE

NOTICE is hereby given that the 32<sup>nd</sup> Annual General Meeting of the members of ASIL Industries Limited will be held at the Registered Office of the Company at Kanakpura, P.O. Meenawala, Jaipur-302 012 on Saturday, the 30<sup>th</sup> day of December, 2000 at 4.00 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 period ended 30<sup>th</sup> September, 2000 and the audited Balance Sheet of the Company as on that date together with the Auditors' Report thereon and the Directors' Report for the period ended 30<sup>th</sup> September, 2000.
2. To appoint a Director in place of Mr.V.B.L. Mathur who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.P.V.Gandhi 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 fix their remuneration.

### AS A SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 269, 309, 311 and other applicable provisions of Section (if any) of the Companies Act, 1956, and subject to approval of the Financial Institutions (wherever it may be required in terms of any agreement made with them) the Company hereby approves the appointment and elevation of Shri Sudhir Khaitan, as Managing Director of the company for a period of five years with effect from 16<sup>th</sup> October, 2000, on the existing terms and conditions as was applicable to him as Joint Managing Director.. The Directors are authorised to alter and vary the terms and conditions of appointment and/or agreement in such manner (not being more advantageous to Shri Sudhir Khaitan)."
6. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as special resolution:  
"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:  
A) Insert the following in Article 3(1) in alphabetical order:
  - "Beneficial Owner" shall mean beneficial owner as defined under Section 2(1)(a) of the Depositories Act, 1996.
  - "Depository" shall mean a Depository as defined under Section 2(1)(e) of the Depositories Act, 1996.
  - "Depositories Act" shall mean: Depositories Act, 1996 and any rules, regulations and bye-laws made thereunder and any statutory modification or re-enactment thereof for the time being in force.
  - "Register" means the Register of Members of the Company required to be kept under Section 150 of the Companies Act, 1956 and includes the Register of Beneficial Owners maintained by the Depository.
  - "Member" means the duly registered holders from time to time, of the shares of the Company including the subscriber to the Memorandum of the Company and shall include every person whose name is entered as a beneficial owner in the records of the depository.
  - "SEBI" means Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).
  - "Security" means such security as may be specified by the Securities & Exchange Board of India from time to time.
- B) After Article 14 (4) of the Articles of Association shall be altered to include a new sub-clause (5) as under:  
Sub Clause 5 - No share certificate shall, however, be issued in respect of shares held in the Depository"
- C) A new Article 36(a) shall be inserted in the Articles of Association after the existing Article 36 as under:  
Article 36(a) In the case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
- D) A new Article 36(b) shall be inserted in the Articles of Association after the existing Article 36(a) as under:

#### Article 36 (b)

##### Dematerialization of shares

- (1) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing shares, debentures and other securities, rematerialize its shares, debentures and other securities held in the Depositories and/or to issue its fresh shares, debentures and other securities, in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

##### Securities in Depositories to be in fungible form

- (2) All securities held by a depository shall be dematerialized and be in fungible form. The provision relating to progressive numbering shall not apply to the shares of the Company, which have been dematerialized.

##### Rights of depositories and Beneficial Owners

- (3) a) Notwithstanding anything to the contrary contained in the Act or these Articles, depository shall deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.  
b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.  
c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

##### Transfer of securities

- (4) Nothing contained in the Act or these Articles shall apply to transfer of securities effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.

In the case of transfer of securities where the Company has not issued any certificates and where such securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.

##### Register and Index of Beneficial Owners

- (5) The Register and Index of beneficial owners maintained by a depository under the Depository Act, 1996, shall be deemed to be the Register and Index of Members and Security holders, as the case may be, for the purpose of the Act or these Articles".

# ASIL Industries Ltd.

- "RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such act, deeds, matters and things as may be considered necessary, proper or expedient to give effect to the above resolution."
7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:  
 "RESOLVED THAT in accordance with the provisions of the Section 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Authorised Share Capital of the Company be and is hereby restructure from Rs.14,00,00,000 (Rupees Fourteen Crores) divided into 77,00,000 (Seventy Seven Lacs) Equity shares of Rs.10/- (Rs.Ten) each and 6,30,000 (Six Lacs Thirty Thousand) Redeemable Preference Shares of Rs.100/- (Rs.One Hundred) each to Rs.14,00,00,000 (Rupees Fourteen Crores) divided into 1,37,00,000 (One Crore Thirty Seven Lakhs) Equity shares of Rs.10/- (Rs.Ten) each and 30,000 (Thirty thousand) Redeemable Preference Shares of Rs.100/- (Rs.One Hundred) each and consequently the respective capital clause in the Memorandum of Association of the Company do stand altered accordingly".  
 "RESOLVED FURTHER THAT Company's Memorandum of Association be and is hereby altered as follows:  
 In the Clause 5 of the Memorandum of Association the words and figures:-  
 "The Authorised Share Capital of the Company is Rs.14,00,00,000 (Rupees Fourteen Crores) divided into 77,00,000 (Seventy Seven Lacs) Equity Shares of Rs.10/- (Rs.Ten) each and 6,30,000 (Six Lacs Thirty thousand) Redeemable Preference Shares of Rs.100/- (Rs.One Hundred) each" be deleted and substituted by the following words and figures:-  
 "The Authorised Share Capital of the Company is Rs.14,00,00,000 (Rupees Fourteen Crores) divided into 1,37,00,000 (One Crore Thirty Seven Lac) Equity Shares of Rs.10/- (Rs.Ten) each and 30,000 (Thirty Thousand) Redeemable Preference Shares of Rs.100/- (Rs.One Hundred) each".
8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
 "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows:  
 "The Authorised Share Capital of the Company is Rs.14,00,00,000 (Rupees Fourteen Crores) divided into 1,37,00,000 (One Crore Thirty Seven Lac) Equity Shares of Rs.10/- (Rs.Ten) each and 30,000 (Thirty Thousand) Redeemable Preference Shares of Rs.100/- (Rs.One Hundred) each".

By Order of the Board of Directors

Jaipur, 16th day of November, 2000  
 Regd. Office & Works:  
 Kanakpura, P.O. Meenawala, Jaipur-302 012.

**C.P. VAID**  
 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.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item 5 to 8 of the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday the 29<sup>th</sup> day of December, 2000 to Saturday the 30<sup>th</sup> day of December, 2000 (both days inclusive).
4. Members are requested to notify the change of address, if any, to the Company quoting Register Folio number.
5. Members desiring to seek any information on the Accounts are requested to write to the Company atleast 7 days in advance of the meeting so that the information can be made available at the meeting.
6. Shareholders are requested to kindly bring their copy of Annual Report to the Meeting.

## ANNEXURE TO NOTICE EXPLANATORY STATEMENT

(Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business)

### Item No.5.

Due to sudden and sad demise of Mr.G.S.Khaitan, Managing Director of the Company, the post of Managing Director become vacant and the Board of Directors has approved the elevation of Shri Sudhir Khaitan, Joint Managing Director of the Company, in view of his experience and industrial knowledge as Managing Director of the company with effect from 16<sup>th</sup> day of October, 2000 for a period of 5 years on the existing terms and conditions as was applicable to him as Joint Managing Director. As the remuneration and perquisites payable to Shri Sudhir Khaitan on his elevation as Managing Director as well as other conditions as prescribed under the Companies Act, 1956 are within the provisions of Schedule XIII to the Act, no approval of Central Government for elevation of Shri Sudhir Khaitan is required.

### Item No.6

Your Company's shares have been included in the list of shares for compulsory Demate trading by investors with effect from 14<sup>th</sup> November, 2000. Consequent upon the passing of the Depository Act, 1996 and the introduction of the Depository System, some of the provisions of the Articles of Association relating to the issue, transfer/transmission, dealing in shares, etc. are proposed to be amended to conform to the requirements of the Depositories Act, 1996.

A copy of the Articles of Association of the Company is available for inspection by the members during the business hours on any working day, at the registered office of the Company, upto the date of the meeting.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

### Item No.7 & 8

The share holders in their Extra ordinary General Meeting held on 10<sup>th</sup> day of November, 1995. Approve the increase in the authorized share capital from Rs. 8,00,00,000/- (Rupees Eight crores only) to Rs.14,00,00,000/- (Rupees Fourteen crores only) by increasing the Preference Share Capital by 6,00,000/- Redeemable Share of Rs. 100/- to part finance the cold Rolling Mill Project by way of Private placement of preference share capital. Due to adverse condition company could not able to place preference Share Capital. Now company intends to restructuring the authorized share capital. Therefore, the ordinary resolution as set out in Item No.7 of the Notice is intended to alter clause 5 of the memorandum of Association of the Company. The special resolution as set out in item No. 8 of the Notice by amendment of Article 4(1) is intended to reflect the restructuring of the Authorized share capital of the company in the Article of Association. Accordingly the Board recommend the passing of Resolution No. 7 as ordinary resolution and Resolution No. 8 as special resolution.

None of the Director of the company is in any way concerned or interested in these resolution.

By order of the Board

Place : Jaipur  
 16th November, 2000

**C.P. VAID**  
 Company Secretary

# ASIL Industries Ltd.

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 32<sup>nd</sup> Annual Report of the Company together with the audited Profit & Loss Account for the period ended 30.09.2000 (18 months) and the Balance Sheet as on that date.

### 1. FINANCIAL RESULTS

	Period ending 30.09.2000 (18 months)	(Rs.in lacs) Year ending 31.03.1999 (12 months)
Gross Profit before Finance cost and depreciation	1001	541
Finance Cost	1639	886
Loss after Finance Cost	638	345
Depreciation/Miscellaneous expenses written off	477	287
Adjustment of Income tax of earlier years	4	-
Net loss for the period/ year	1119	632
Transferred from General Reserve	301	-
Loss as per previous year	261	371
<b>Loss carried to Balance Sheet</b>	<b>1079</b>	<b>261</b>

### 2. OPERATING RESULTS

The total income during 18 months period ended 30.9.2000 was Rs.8987 lacs as against Rs.4499 lacs in 12 months ended 31.3.99. Thus there is an increase of 33.17% on annualised basis. The gross profit before finance cost and depreciation for the period ended 30.09.2000 is Rs.1001 lacs as against Rs.541 lacs in the last year. Thus there is an increase of 23.35% on annualized basis. However, due to increased interest cost and depreciation arising from capitalisation of fixed assets during the period company has recorded a loss of Rs.638 lacs (Previous year Rs.345 lacs) before depreciation and Rs.1119 lacs (Previous year Rs.632 lacs) after depreciation and tax.

During the period company's production and sales suffered mainly due to shortage of working capital, therefore, unabling the Company to achieve the targeted production. The shortage of working capital was experienced mainly due to mismatch in the inflow and outflow of funds occurred due to change in the credit period available on purchases and credit company required to extend to its customers due to continued tight liquidity position.

### 3. FUTURE OUTLOOK

Company is incurring losses mainly due to high interest cost. In view of these, it has made a proposal to IDBI for financial restructuring requesting to convert part of its loan into share capital and defer the interest liability for future payment. Company is hopeful that once the financial restructuring being carried out by IDBI, it shall again start to make profit. The export of Company's products to different parts of the world has considerably increased. In order to improve the liquidity, Company has taken various steps and now it is concentrating more on those markets where payment are much faster. All possible efforts are being made to improve the overall performance of the Company and effect of same will start to accrue to the Company in the coming months and years.

### 4. Y2K COMPLIANCE

The Company has successfully managed Y2K transition without any disruption in its operations at the year end and thereafter.

### 5. INDUSTRIAL RELATIONS

The Company had harmonious relationship with its work force during the period.

### 6. 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 respect of Board of Directors) Rules, 1988 is given in Annexure-A to this report and forms part of this report.

### 7. PARTICULARS OF EMPLOYEES

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

### 8. DIRECTORS

Mr.G.S.Khaitan, Managing Directors of the Company passed away on 2<sup>nd</sup> October, 2000. He was on the Board of the Company from 1.1.1980 to till the time of his demise. Enriched with vast industrial experience he rendered valuable guidance and support to the Company. The Directors placed on record their deep sorrow on his death and offered their heartfelt condolences to the members of his family.

The Directorship as Nominee Director of RIICO Mr.K.N.Mathur and Nominee Director of IDBI Mr.A.K.Goyal have been withdrawn by RIICO and IDBI respectively. The IDBI has nominated Mr.T.R.Bajalia as Nominee Director of IDBI in place of Mr.A.K.Goyal. The Directors placed on record their appreciation for their valuable and mature advises during their tenure of this office as Director of the Company.

Mr.V.B.L.Mathur and Mr.P.V.Gandhi retires 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.

### 9. AUDITORS

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

### 10. DEMATERIALIZATION OF SHARES

The Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) for Electronic Connectivity to enable the investors to exercise the option to trade equity

## ASIL Industries Ltd.

shares of the Company in Demat form through any of the depositories. The SEBI has made it mandatory for all investors to trade in Company's Equity Shares compulsorily in Demat form from 14<sup>th</sup> November, 2000.

### 11. APPRECIATION

Your Directors place on record their appreciation for the help, co-operation and support rendered by the Industrial Development Bank of India, Banks, Suppliers, Customers and Employees.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : 16th November, 2000

A.K. 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

	Period ending 30.09.2000 (18 months)	Year ending 31.03.99 (12 months)
1 ELECTRICITY		
(a) Purchased		
Units(kwh)	1,50,57,624	87,69,600
Amount(Rs)	6,12,33,239	2,95,18,396
Rate/Unit(Rs)	4.07	3.37
(b) Own Generation:		
Through Diesel Generator:		
Units(Kwh)	10,25,801	3,92,290
Units procured per Ltr.of Diesel OIL	3.06	2.34
Cost/Unit(Direct Cost) (Rs)	3.78	3.95
2 Fuel in Oil Fired Annealing Furnaces:		
Quantity(Ltrs.)	11,52,685	6,46,126
Total Cost(Rs.)	1,30,43,315	51,24,215
Rate/Unit(Rs./PMT)	640.70	604.11

#### B CONSUMPTION PER UNIT OF PRODUCTION

1 Cold Rolling Mills:		
Electricity(Kwh/PMT)	370.63	445.22
Fuel(Ltr./PMT)	56.62	76.17
2 Hardened & Tempered Division.		
Electricity(Kwh/PMT)	1185.14	1187.13

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 Innovation

The Company has no technical collaboration agreement for manufacturing of cold Rolled Close Annealed and Hardened & Tempered Steel strips.

#### D FOREIGN EXCHANGE EARNING AND OUTGO:

	Rs./Lacs
Foreign Exchange earned	1443.13
Foreign Exchange used	235.86

### ANNEXURE -B TO THE DIRECTORS' REPORT

(Particulars of employees as Required Under Section 217(2A) of the Companies Act)

Name	Age (Years)	Designation Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Year)	Date of Commencement of employment	Last Employment held
Khaitan G.S.	71	Managing Director	9,68,843	Experience in Trade & Industry	51	01.01.80	Shalimar ind. Pvt.ltd

#### Notes

- The Nature of employment is governed by the rules and regulations of the company in force time to time
- Remuneration includes Salary, Bonus, Company's Contribution to Provident Fund, Medical expenses and taxable value of perquisites.
- MR.G.S.Khaitan was related to some of the Directors of the company.



# ASIL Industries Ltd.

## AUDITORS' REPORT

We have audited the annexed Balance Sheet of M/s. ASIL Industries Limited as at 30th Sept. 2000 together with the relative Profit & Loss Account of the Company for the period 1<sup>st</sup> April 1999 to 30<sup>th</sup> Sept. 2000 and report that:

1. We have obtained all the information 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 of accounts.
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, the Profit and Loss Account and the Balance Sheet except otherwise stated in "Accounting Policies & Notes on Accounts" complied with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account read together with the Schedule 19 annexed thereto and notes to accounts as per Schedules, 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 30th Sept. 2000 and,
  - (b) in so far as it relates to the Profit & Loss Account, of the loss of the Company for the 18 months period ended on that date:
6. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 and on the basis of such check, 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 management has physically verified the same. 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) The Company has revalued its fixed assets- Leasehold Land, Building and Plant & Machinery as on 1st April 1998. The impact of revaluation has been disclosed in Schedule 5 (Fixed Assets) of Balance Sheet and Para No. 4 of Note on Accounts.
  - (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 explanations 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 given to a company listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima