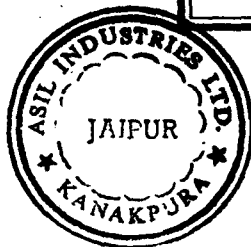


35th

ANNUAL
REPORT
2002-2003



Page No. 11 TO 30.

Certified to be true copy

For ASIL Industries Ltd.

[Signature]
C. P. VAID
Company Secretary

ASIL Industries Ltd.

ASIL Industries Ltd.

DIRECTORS

Shiv Shanker Sharma
Thakur Onkar Singh
V.B.L.Mathur
B.K. Sarkar
Mihir Ganguly

CHAIRMAN-CUM-MANAGING DIRECTOR

Sudhir Khaitan

AUDIT COMMITTEE

Thakur Onkar Singh, Chairman
Shiv Shankar Sharma
V.B.L.Mathur

PRESIDENT

Nand Kumar Kadloor

GENERAL MANAGER (FINANCE)

G.L.Dosi

COMPANY SECRETARY

C.P. VAID

AUDITORS

M/s.G.P.Agrawal & Co., Kolkatta
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.

REGISTRAR

Computech International Ltd.
Sri Venkatesh Bhavan
212-A, Ground Floor,
Shahpur Jat
New Delhi-110 049.

ASIL Industries Ltd.

NOTICE

NOTICE is hereby given that the 35th 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-302012 on Tuesday the 30th day of September, 2003 at 12.00 noon to transact the following business:-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account of the company for the financial year ended 31st March, 2003 and the audited Balance Sheet of the Company as on that date together with the Auditors' Report thereon and the Directors' Report for the financial year ended 31st March, 2003.
2. To appoint a Director in place of Mr. Shiv. Shankar Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Onkar Singh, 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 SPECIAL BUSINESS

5. To consider and if thought fit, with or without modification(s) to pass the following resolution as an Ordinary Resolution.
"Resolved that Mr. Mihir Ganguly, who was appointed as an Additional Director in the Meeting of Board of Directors of the Company held on 31.01.2003 and whose term expires at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office will be liable to determination by retirement by rotation."
6. To consider and if thought fit, with or without modification(s) to pass the following resolution as an Ordinary Resolution.
"Resolved that Mr. B.K. Sarkar, who was appointed as an Additional Director in the Meeting of Board of Directors of the Company held on 28.06.2003 and whose term expires at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office will be liable to determination by retirement by rotation."

Jaipur, 3rd day of September, 2003

By Order of the Board

Regd. Office & Works:
Kanakpura, P.O. Meenawala, Jaipur - 302 012

C.P. VAID
Company Secretary

Notes:

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.

1. The Register of members and share transfer books of the company will remain closed from 26th September, 2003 to 30th September, 2003 (both days inclusive).
2. Members seeking any further information on the accounts and operations of the company at the Annual General Meeting are requested to send their queries to the company at the Registered Office at least seven days before the date of meeting so as to enable the Management to keep the information ready at the meeting.
3. Members who hold shares in dematerialised form are requested to write their client ID and DPID numbers on the attendance slip for easy identification of attendance at the meeting.
4. An explanatory statement pursuant to Section 173(C) of the Companies Act, 1956 setting out the material fact in respect of the business item No. 5 & 6 is annexed hereto.

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement Sets out all material facts relating to the Special Business of item 5 & 6 of the Notice dated 3rd September, 2003, convening the Thirty fifth Annual General Meeting of the Company to be held on 30th September 2003.

Item no-5

Shri Mihir Ganguly was appointed as Additional Director vide Clause 90 of the Articles of Association of the Company on 31.1.2003. Being an Additional Director, he vacates his office as Director on the date of this Annual General Meeting. The Company has received a notice from a member proposing his appointment to the Board, as required under Section 257 of the Companies Act, 1956. Your Directors recommend the passing of this resolution.

None of the Directors of the Company, except Shri Mihir Ganguly, is in any way interested. In this resolution.

Item no-6

Shri B.K. Sarkar was appointed as Additional Director vide Clause 90 of the Articles of Association of the Company on 28.6.2003. Being an Additional Director, he vacates his office as Director on the date of this Annual General Meeting. The Company has received a notice from a member proposing his appointment to the Board, as required under Section 257 of the Companies Act, 1956. Your Directors recommend the passing of this resolution.

None of the Directors of the Company, except Shri B.K. Sarkar, is in any way interested In this resolution.

ASIL Industries Ltd.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 35 th Annual Report of the Company together with the Audited Profit & Loss Account for year ended 31.03.2003 and the Balance Sheet as on that date.

FINANCIAL RESULTS

	Year ending 31.03.2003 (12months)	(Rs. in lacs) Period ending 31.03.2002 (6 months)
Turnover	5,598	2,179
Gross Profit before Finance		
Cost and depreciation	570	71
Finance Cost	382	622
Profit/(Loss) after Finance Cost	188	(551)
Depreciation/Miscellaneous expenses written off	325	165
Net loss for the period/ year	137	716
Loss as per previous year	3,345	2,629
Loss carried to Balance Sheet	3,482	3,345

OPERATIONAL REVIEW

During the year under review, the Company achieved a turnover of Rs 5,598. lacs as Compared to Rs 2,179 lacs achieved in six months in previous period. The gross profit for the year was Rs. 570 lacs as compared to gross profit of Rs. 71 lacs earned in six months in previous period.

FINANCIAL CONDITION AND RESULTS OF OPERATION

Management discussion and analysis of Financial Condition and Results of operation of the company for the year under review, as stipulated in clause 49 of the listing agreement with the Stock Exchange, is given as a separate statement in the Annual Report.

SETTLEMENT WITH IDBI

As per negotiated settlement done by the company with the Industrial Development Bank of India, the IDBI has crystallised entire amount of outstanding loans including debentures and WCDL for Rs. 4,500 lacs as on 01.01.2003 and waived a sum of Rs. 2871.82 lacs which will be back ended, subject to compliance of certain terms and conditions which interalia include to obtain consent decree in DRT Jaipur in favour of IDBI. As per settlement done with IDBI company need to pay Rs. 1,000 lacs as down payment and balance amount in 46 monthly instalments starting from May 03. Accordingly, company has already paid the upfront Amount of Rs 1,000 lacs.

DIVIDENDS

Due to absence of profit, your Directors regret to recommend payment of any dividend on Equity Shares for the year under review.

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.

PARTICULARS OF EMPLOYEES

As none of the employee of the Company falls within the purview of information required under section 217 (2A) of the Companies Act 1956 read with the companies (Particulars of Employees) Rules 1975 as amended, the same is not furnished.

REGISTRATION WITH B.I.F.R.

The company has filed the reference under section 15 (1) of Sick Industrial Companies Act 1985 with Board for Industrial Financial Reconstruction (BIFR) and proceedings are still pending.

LISTING COMPLIANCES

Your Directors are pleased to inform you that during the year under review all compliances related to listing with the recognized stock exchange within India have been duly complied with by your company including payment of listing fees except to Delhi Stock exchange to whom your company is requesting for delisting. The trading

ASIL Industries Ltd.

volumes on Delhi Stock exchange is Nil in last many years and the computerization of Stock exchange have offered opportunities to the shareholders including those who are located in remote areas to have better accessibility to the stock exchanges on which shares of a company are actively traded. The Shareholders accordingly have already passed a special resolution in this regard. However your company's shares continue to be listed with Jaipur, Bombay and Calcutta stock exchanges.

DIRECTORS

As per one of the condition put up by IDBI in its negotiated settlement Mr. Anil Khaitan, Chairman has resigned from the Board of the Directors of the Company on 28.06.2003.

Mr. Vijay Karan has resigned from the Board of Directors of the Company on 31.01.2003

The Directors placed on record the appreciation of the services rendered by Mr. Anil Khaitan and Mr. Vijay Karan.

Consequent to resignation of Mr. Anil Khaitan from the Board Sh. Sudhir Khaitan has been elevated as Chairman Cum Managing Director of the Company w.e.f. 28.06.2003

Mr. Shiv Shankar Sharma and Thakur Onkar Singh 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.

Mr. Mihir Ganguly and Mr. B.K. Sarkar were appointed as additional director of the company by your Board in the meetings held on 31.01.2003 and 28.06.2003 respectively. Being additional director they retire on the conclusion of this annual general meeting. The company has received notices from the members for reappointment of both Sh. Mihir Ganguly and Sh. B.K. Sarkar as director of the company.

AUDITORS AND AUDITOR'S REPORT

M/s. G.P. Agarwal & Company, Chartered Accountants 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.

DEMATERIALISATION

Your Company's Shares are now being traded in the dematerialized form and over 7,52,720 nos. shares of the company are in dematerialized form.

THE CORPORATE GOVERNANCE REPORT

A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, form part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your Directors State:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) That your Directors have selected such accounting Policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial and of the Profit or Loss of the Company for that Period;
- (iii) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- (iv) That your Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation and express their sincere thanks to the concerned Government Authorities, IDBI, Banks and shareholders for their help, co-operation and support to the company.

Your directors sincerely appreciate the commitment and dedication of employees at all levels and look forward for their continued support in the future as well.

For and on behalf of the Board of Directors

Place : Jaipur
Date : 28th June, 2003

SUDHIR KHAITAN
Chairman cum Managing Director

ASIL Industries Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERALL REVIEW, INDUSTRIAL OUTLOOK & COMPANY'S OUTLOOK

During the year under review, on annualized basis the Company's gross turnover increased by 28.45 % of the previous period. The gross profit for the year was Rs. 570 lacs as compared to gross profit of Rs. 71 lacs earned in six months in previous period. The increase in profitability was achieved with better-cost control, productivity improvements and efficiency improvement in the plant.

During the year under review the FOB value of the company's export was Rs. 1,872 lacs as compared to export of Rs. 288 lacs achieved in six months of previous period. During the year a certificate has been awarded to the company by the Central Government, giving the company status of Recognized Export House.

During the year under review the demand for the steel products has improved both in domestic and international market. Consequently there was a significant increase in the prices. With most of end user segments showing improved growth, demand for company's products has picked up during the year.

Company expects that with the further improvement in the demand of steel products, both in domestic and international market with firming of the prices the working of the company would further improve. In order to meet the increase demand of H & T Steel Strips the company is taking necessary steps to achieve the production of 6000 MT in next year.

Meantime Company is taking all steps to increase the profitability by concentrating more on cost reduction so as to have sufficient cash generation enabling the smooth running of the factory.

OPPORTUNITIES

Company's products are well known for its quality and with the acceptance of company's products by various international users it has great opportunity to increase its presence in export market and achieve higher sales.

CHALLENGES

Competition in the global market from the manufacturer from China and Japan and also competition from unorganized sector in domestic market is the main challenge to the company. However, the company is quite competent to handle the competition successfully.

RISKS AND CONCERNS

The continuous appreciation of Rupee against US Dollar is the matter of concern as it affects the export realization. Your company during the year also perceives a tight cash flow and therefore, achieving its entire target would be a major concern.

INTERNAL CONTROL SYSTEM AND ADEQUACY

Your company has adequate internal control systems, commensurate with its size of operations and works in a highly automated environment.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

In today's competent world where creativity and innovation are increasingly becoming important, development of Human Resources is the call of the day. The company is taking various steps to develop the skills and enhance the knowledge of the human resources, which include the following: -

- a) Comprehensive and user friendly Performance Management System has been evolved to create a result oriented culture.
- b) Development needs have been identified through Performance Management system. These needs are being fulfilled through various training programmes and lectures by internal as well as external faculty.
- c) Special training is provided on (TPAM) activities at all levels in the company.

Your company has during the previous year continued to have good industrial relations with its employees. Your company has entered into an Agreement with the Union for a wage settlement for three years commencing from April 2003.

QUALITY INITIATIVE

Your company's Quality Policy is

"We are committed to emerge as market leader excel in customer satisfaction, go global by continual improvement and involvement of people."

We at ASIL, proclaim our commitment to continual improvement in quality of products, services and operations with enhancement in productivity.

INFORMATION TECHNOLOGY

We are using latest available technology for automating the routine administration tasks and creating various knowledge management databases.

CAUTIONARY STATEMENT

Statement in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either.

ASIL Industries Ltd.

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 (12 months)	Previous period (6 months)
1 Electricity		
(a) Purchased		
Units (Kwh)	90,71,660	40,47,020
Amount (Rs.)	3,96,33,394	1,79,40,480
Rate/Unit (Rs.)	4.37	4.43
(b) Own Generation:		
Through Diesel Generator:		
Units (Kwh)	12,31,670	1,97,250
Units produced per Ltr. of Diesel Oil	3.13	3.17
Cost/Unit (Direct Cost) (Rs.)	4.92	4.83
2 Fuel in Oil Fired Annealing Furnaces:		
Quantity (Ltrs.)	5,25,127	1,92,931
Total Cost (Rs.)	81,03,232	26,66,983
Rate/Unit (Rs./PMT)	738.22	588.19

B CONSUMPTION PER UNIT OF PRODUCTION

1 Cold Rolling Mills:		
Electricity (Kwh/PMT)	395.40	376.96
Fuel (Ltr./PMT)	56.19	50.85
2 Hardened & Tempered Division.		
Electricity (Kwh/PMT)	1135.76	1003.63

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 period 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, Adoption 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	1,872.30
Foreign Exchange used	238.39

ASIL Industries Ltd.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2002-2003

1. Company's Philosophy on Corporate Governance.

The Company's Philosophy on Corporate Governance is to ensure transparency in all dealings and maintain highest standards of professionalism, integrity, accountability social responsibility, fairness and business ethics. We consider ourselves as Trustees of our Shareholders and relentlessly attempt to maximise long term shareholder value.

Your Directors confirm the practice of good corporate Governance codes by the Company in true spirit and are pleased to present below the Report on Corporate Governance.

2. Board of Directors

The Present Strength of the Board is six, comprises of one Executive Chairman Cum Managing Director, and 5 Non-Executive Directors (out of which 3 are independent) During the year, 5 (Five) - Board Meetings were held on—29.06.2002, 31.07.2002, 22.10.2002, 31.01.2003, 07.03.2003.

Composition of Directors and the attendance at the Board Meeting during the year and the last AGM as also other directorships and Committee Memberships are given below:-

Name of Director	Category of director ship	No of Board meetings Attended	Whether Attendance at last AGM	Other Boards		
				Direc-torship	Chairman-ship	Com-mittee
Mr.Anil Khaitan Chairman*	Promoter Non,Executive,	1	No	5	—	—
Mr.Sudhir Khaitan Chairman- cum- Managing Director **	Promotor, Executive	5	Yes	2	—	1
Mr Vijay Karan ***	Non-Executive & Independent	—	No	6	—	—
Mr Shiv S Sharma	Non-Executive & Independent	2	No	2	—	—
Th.Onkar Singh	Non-Executive & Independent	4	No	—	—	—
Mr.Mihir Ganguly ****	Non-Executive	1	No	—	—	—
Mr.V.B.L Mathur	Non-Executive & Independent	3	No	—	—	—
Mr.B.K. Sarkar *****	Non-Executive	—	No	—	—	—

* Ceased to be a Director w.e.f. 28th June, 2003.

** Elevated as CMD w.e.f. 28th June, 2003

*** Ceased to be a Director w.e.f. 07.03:2003

**** Joined the Board on 31.01.2003

***** Joined the Board on 28th June, 2003

- The Company Places before the Board, all the relevant and necessary information for seeking the necessary consents and suggestions on the operation and plans of the Company.
- The Information as required under Annexure 1 OF Clause 49 of the Listing agreement is being made available to the Board.
- The details of pecuniary relationship / transactions with Non-executive Directors during the year is given in Annual Report.

Board Committee's

Your Company's Board has three Committees

- Audit Committee
- Remuneration Committee
- Shares Transfer Cum-Investors Grievance Committee

ASIL Industries Ltd.

A. Audit Committee:

The Board of the company has constituted an Audit Committee on 29th June 2002.

The Committee met on 21st March 2003 during the year.

The constitution of the Audit Committee and the details of the attendance are as under.

Name of the Director	Category	No. of Meetings Held	No. of Meetings Attended	Whether Last AGM attended
Thakur Shri Onkar Singh	Non—Executive & Independent.	1	1	No
Mr. Shiv. S. Sharma	-Do-	—	—	No
Mr. V.B.L. Mathur	-Do-	1	1	No
Mr. Vijay Karan**	-Do-	—	—	No

** Ceased to be a member of the Committee from—8th March, 2003.

The Quorum is two Members present in person.

The secretary of the Company acts as the Secretary of the Committee.

The General Manager (Finance) and the Chief Internal Auditor are permanent invitees.

Terms of Reference:

The role of the audit committee shall include the following:-

- a) Oversight of the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transaction i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc.
 - that may have potential conflict with the interests of company at large.
- d) Reviewing the adequacy of internal control systems with the management, external and internal auditors.
- e) Reviewing the adequacy of internal audit function, including the structure of the internal control systems.
- f) Discussion with internal auditors on any significant findings and follow up there on.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h) Discussion with external auditors before the audit commences. nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i) Reviewing the company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders.(in case of non payment of declared dividends)and creditors.

B. Remuneration Committee

Terms of Reference:

The Remuneration Committee of the Company was constituted in accordance with Schedule XIII of the Companies Act, 1956 to carry out functions as envisaged under the said Schedule . The committee was constituted on 29th June 2002. The Company does not have any employees' stock option scheme.