



SHALIMAR  
GROUP

**36th**

**A** **NNUAL**

**REPORT**

**2003-2004**

**ASIL Industries Ltd.**

## ASIL Industries Ltd.

### **DIRECTORS**

Mihir Ganguly  
Shiv Shanker Sharma  
Thakur Onkar Singh  
V.B.L. Mathur  
R.S. Ghaywate (Nominee IDBI)

### **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 & SHARE TRANSFER AGENT**

MCS Limited  
Sri Venkatesh Bhavan  
W-40, Okhla Industrial Area Phase II  
New Delhi-110 020.

# ASIL Industries Ltd.

## NOTICE

NOTICE is hereby given that the 36th 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 Monday the 8<sup>th</sup> day of November-2004 at 10.30 AM 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, 2004 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 31<sup>st</sup> March, 2004.
2. To appoint a Director in place of Mr. Mihir Ganguly who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shiv S. 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 fix their remuneration.

### AS SPECIAL BUSINESS

5. "Resolved that, subject to the provisions of the Companies Act 1956 including any statutory modification(s) or re-enactments thereof for the time being in force. Securities, Contracts (Regulation) Act, 1956 and the Rules framed thereunder, listing agreement and or other applicable laws, rules regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such condition and modification as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board), which term shall be deemed to include any committee thereof for the time being exercising the powers confirmed on the Board by the resolution. The consent of the company be and is hereby accorded to the Board to Delist the equity shares of the company from Jaipur Stock Exchange Ltd., Jaipur, Delhi Stock Exchange,, Delhi and Kolkata Stock Exchange Association Ltd., Kolkata."

Jaipur, 9th day of October, 2004  
Regd. Office & Works:  
Kanakpura, P.O. Meenawala, Jaipur - 302 012  
Jaipur - 302 012

By Order of the Board  
Sd/-  
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 Thursday the 4th November, 2004 to Monday the 8th November, 2004 (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 I.D 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 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 of the Notice dated 9th October, 2004, convening the Thirty Sixth Annual General Meeting of the Company to be held on 8th November 2004

#### Item No. 5

As the members are aware, the company's equity shares are listed on Several Stock Exchanges namely Stock Exchange of Jaipur Mumbai Delhi and Kolkata . The volumes on the Jaipur Kolkata and Delhi Stock Exchange have been nil since past several years and no particular benefit is available to the shareholders of the Company by continuing the listing of the shares at Delhi Jaipur and Kolkata. Computerisation of the Mumbai Stock Exchange have offered opportunities to the Shareholders including those who are located in the remote areas, to have better accessibility to the Mumbai Stock Exchange on which the shares of the Company are actively traded. The company is therefore as a measure of cost saving contemplating the possibility of delisting of its share from Jaipur, Delhi and Kolkata Stock Exchanges.

It is accordingly proposed to give authority to the Board of Directors of the Company to delist the shares of the company from Jaipur Delhi and Kolkata Exchanges after taking into consideration the interest of the shareholder of the particular region, the above resolution is therefore recommended for approval by the shareholders. None of the directors of the company is concerned and / or interested in this resolution.

Jaipur, 9th day of October, 2004  
Regd. Office & Works:  
Kanakpura, P.O. Meenawala, Jaipur - 302 012

By Order of the Board  
Sd/-  
C.P.VAID  
Company Secretary

# ASIL Industries Ltd.

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 36th Annual Report of the Company together with the Audited Profit & Loss Account for year-ended 31.03.2004 and the Balance Sheet as on that date.

### FINANCIAL RESULTS

	(Rs. in lacs)	
	Year ending <u>31.03.2004</u>	Year ending <u>31.03.2003</u>
Turnover	7,284	5,598
Gross Profit before Finance Cost and depreciation	878	570
Finance Cost	444	382
Profit after Finance Cost	434	189
Depreciation/Miscellaneous expenses Written off	326	325
Net Profit/(Loss) for the year	108	(137)

### OPERATIONAL REVIEW

During the year under review, the Company achieved a turnover of Rs. 7,284 lacs as Compared to Rs. 5,598 lacs achieved in previous year. The gross profit for the year was Rs. 878 lacs as compared to gross profit of Rs. 570 lacs earned in previous year.

### 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.

### DIVIDENDS

Due to accumulated losses, 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 made a reference under section 15 (1) of Sick Industrial Companies Act 1985 with Board for Industrial Financial Reconstruction (BIFR) and BIFR has passed an order on 18<sup>th</sup> September, 2003 declaring the Company sick under Section 3 (1) (o) of the Act. The Board has appointed IDBI as operating Agency to examine the viability of the rehabilitation scheme submitted by the company. The company has already submitted the draft rehabilitation scheme and it is under the appraisal by operating agency.

### 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 has already made request for delisting. The trading volumes on Jaipur and Kolkatta Stock exchanges is also 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 of Bombay Stock Exchanges on which shares of your company are actively traded. Therefore company propose to get delist its shares from Jaipur and Kolkatta Stock Exchanges apart from Delhi Stock Exchange. However, your company's shares will continue to be listed with Bombay Stock Exchanges.

## ASIL Industries Ltd.

### DIRECTORS

Mr. R.S. Ghaywate, Nominee Director of IDBI has joined the Board w.e.f. 1st September, 2003.

Mr. B.K. Sarkar resigned from the Board of Directors of the Company on 31<sup>st</sup> July, 2004. The Directors placed on record the appreciation of the services rendered by Mr. B.K. Sarkar. Mr. Mihir Ganguly and Mr. 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.

### AUDITORS AND AUDITOR'S REPORT

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

With reference to Auditors' observation in Para e (i) and (ii) of their report, read with relevant notes to the accounts and paras in italics in the Auditors' Report are self explanatory and therefore do not call for any further comments.

With reference to Auditors' observation in Para e (iii) of their report, read with relevant notes to the accounts and paras in italics in the Auditors' Report our explanation is that there was wide fluctuation in the exchange rate and the gain accrued to the company is temporary in the nature. The outstanding loan amount is required to be paid over a longer period of time and we are in the opinion that due to fluctuation in the exchange rates in coming years this gain may not actually accrue to the company.

### DEMATERIALIZATION

Your Company's Shares are now being traded in the dematerialized form and over 10,60,872 Nos. shares of the company are in dematerialized form.

### THE COPPORATE 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 year and of the Profit or Loss of the Company for that year;
- (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

Sd/-

**SUDHIR KHAITAN**

Chairman cum Managing Director

Place : Jaipur

Date : 09<sup>th</sup> October, 2004

**ASIL Industries Ltd.****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Overall Review, Industry Outlook & Company's Outlook**

During the year under review, Company's gross turnover increased by 30.11% over the previous year. The gross profit for the year was Rs. 878 lacs as compared to gross profit of Rs. 570 lacs earned in previous year. The increase in turnover and profitability was achieved with better-cost control, productivity improvements and efficiency improvement in the plant.

The continuing revival in industrial production together with the upbeat outlook for the global and domestic economy, we are of the opinion that the demand for company's products would also remain good in the current year. Your company is pursuing cost cutting measures and focusing on increased productivity, better product mix and thrust on sales and better price realization.

**OPPORTUNITIES, THREATS AND CHALLENGES**

The export turnover has shown a reasonable growth and the trend is expected to continue. The company has great opportunity to further increase its presence in international market and achieve higher sales. The increased competition in the global and domestic market coupled with the constraint of working capital is the main challenge to the company.

Company is quite competent to handle the competition successfully and gearing up itself to meet the challenge through continuous improvement in quality, reduction in costs, better marketing arrangements for higher value added products.

**INTERNAL CONTROL SYSTEM AND ADEQUACY**

The company has adequate internal control system to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance of laws and regulations. Your company is committed to maintain internal control systems and procedures designed to provide reasonable assurance for orderly and efficient conduct of business and security of its assets.

**HUMAN RESOURCES / INDUSTRIAL RELATIONS**

Training and development of human resources is of paramount importance. A competent, committed and experienced HRD team has made the workforce more efficient through well structured, training programmes. Industrial relations remain cordial during the year.

**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

Energy conservation is an ongoing process in our organization. Continuous monitoring planning development and modifications for energy conservation are done at the plants. The various measures have contributed to maintain energy cost within the desired levels.

	Current year	Previous year
<b>1. Electricity</b>		
(a) Purchased:		
Units (Kw)	1,21,33,500	90,71,660
Amount (Rs.)	5,06,09,349	3,96,33,394
Rate/Unit (Rs.)	4.17	4.37
(b) Own Generation:		
Through Diesel Generator:		
Units (Kwh)	3,78,720	12,31,670
Units produced per Ltr. Of Diesel Oil	3.40	3.13
Cost/Unit (Direct Cost) (Rs.)	4.68	4.92
<b>2. Fuel in Oil Fired annealing Furnaces:</b>		
Quantity (Ltrs.)	8,53,423	5,25,127
Total Cost (Rs.)	1,35,80,035	81,03,232
Rate/Unit (Rs./PMT)	938.12	738.22

### B. CONSUMPTION PER UNIT OF PRODUCTION

<b>1. Cold Rolling Mills:</b>		
- Electricity (Kwh / PMT)	366.29	395.40
- Fuel (Ltr / PMT)	68.07	56.19
<b>2. Hardened &amp; Tempered Division:</b>		
- Electricity (Kwh / PMT)	1,143.53	1,135.76

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)

The company has no specific Research & Development Department. However it has quality assurance department to check the quality of different products manufactured.

The company has been continuously improving the quality of the existing products and also been able to reduce the cost of production.

Management is committed to strengthen quality assurance department, further to improve its competitiveness in times to come.

#### b) Expenditure on R & D

The company from time to time incurs expenditure, exposes itself to better technology and keeps abreast of technological improvements.

#### c) Technology Absorption, Adoption and Innovation

Modifications of process and products are carried out from time to time to suit market requirements and to improve operational efficiency.

The Company has no technical collaboration arrangement for manufacturing of Cold Rolled Close Annealed Steel Strips, Hardened & Tempered Steel Strips and circular Saws.

### D. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs./Lacs)
Foreign Exchange earned	2545.92
Foreign Exchange used	179.78

# ASIL Industries Ltd.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2003-2004

### 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 4 are independent)

During the year, 5 (Five) - Board Meetings were held on—26.05.2003, 28.06.2003, 31.07.2003, 31.10.2003, 31.01.2004.

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 Directorship	No of Board meetings Attended	Whether attendance At last AGM	Other Boards		
				Director-ship	Chairman-ship	Commit-tee
Mr. Sudhir Khaitan Chairman-cum- Managing Director	Promoter, Executive	5	Yes	2	-	1
Mr Shiv S. Sharma	Non-Executive & Independent	4	No	2	-	-
Th.Onkar Singh	Non-Executive & Independent	3	Yes	2	-	-
Mr.Mihir Ganguly	Non-Executive		No	-	-	-
Mr.V.B.L Mathur	Non-Executive & Independent	1	No	2	-	1
Mr. B.K. Sarkar*	Non-Executive	1	No	1	-	-
Mr.R.S. Ghaywate**	Nominee Director	5	No	2	-	-

\* ceased to be Director w.e.f. 31<sup>st</sup> July 2004 \*\* Joined Board w.e.f. 1st September, 2003.

- The Company Places before the Board, all the relevant and necessary information for seeking the necessary consents and suggestions on the operations 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 the Annual Report.

#### Board Committee's

Your Company's Board has three Committees

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

#### A. Audit Committee:

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

The Committee met on 27.06.2003, 16.01.2004 & 31.3.2004 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	3	2	Yes
Mr. Shiv. S. Sharma	-Do-	3	2	No
Mr. V.B.L. Mathur	-Do-	3	3	No

The Quorum is two Members present in person.

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



## ASIL Industries Ltd.

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:-**

- Oversee the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- 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.
- Reviewing the adequacy of internal control systems with the management, external and internal auditors.
- Reviewing the adequacy of internal audit function, including the structure of the internal control systems.
- Discussion with internal auditors on any significant findings and follow up there on.
- 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
- 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.
- Reviewing the company's financial and risk management policies.
- 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 29<sup>th</sup> June 2002. The Company does not have any employees' stock option scheme.

### Composition of the Committee

The company has formed a Remuneration Committee consisting of the following Directors

Name	Designation
(i) Shri Onkar Singh (Chairman)	non executive Directors
(ii) Shri V.B.L Mathur	-Do-
(iii) Shri Shiv S. Sharma	-Do-

During the year No meeting of the committee was held.

Details of remunerations paid to Directors for the year.

The salary perquisites and commission paid for the year ended 31.3.2004. to Managing Personal is as follows:

S.No	Name	Title	Salary	Perquisites*	Commission
1	Shri Sudhir Khaitan	CMD	4,47,000	2,77,641	—

\* Perquisites include Exgratia, Medical reimbursement, LTA, Gas, Electricity and Water Charges, Use of Vehicles and contribution to Provident Funds. No stock options were issued.

The Sitting Fees paid to the non-executive Directors during the year is as follows.

S.No.	Name of the Director	Amount Paid Rs.
1	Mr. Shiv S. Sharma	6,000
2	Mr. B.K. Sarkar	1,000
3	Thakur Shri Onkar Singh	18,000
4	Mr. V.B.L. Mathur	4,000
5	Mr. R.S. Ghaywate (Nominee IDBI)	2,000

### C) Share Transfer Committee Investors Grievances Committee

a) Terms of Reference:-

The terms of reference of the Investor Grievance Committee are as follows:-

Ensure redressal of Shareholders and Investors complaints relating to transfer of shares.

Redressal of Investors complaints in respect of demat / remat and all other complaints whatever their nature.