

ASHIANA ISPAT LTD.

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ASHIANA ISPAT LIMITED

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6th

Annual Report

1997-98

ASHIANA ISPAT LIMITED

BOARD OF DIRECTORS

- | | |
|------------------------------|-----------------------|
| 1. Shri Pearey Lal Gupta | - Chairman |
| 2. Shri Naresh Chand | - Managing Director |
| 3. Shri Sunil Kumar Agarwal | - Whole Time Director |
| 4. Shri Satish Kumar Agarwal | - Director |
| 5. Shri Sukhbir Singh Jain | - Director |
| 6. Shri Sanjay Jain | - Director |
| 7. Shri Pradeep Agarwal | - Director |
| 8. Shri Neeraj Jain | - Director |

COMPANY SECRETARY

Shri Md. Harun Rashid Ansari

REGISTERED OFFICE & WORKS

A-1116, Phase-III, RIICO Industrial Area,
Bhiwadi - 301019, Distt. Alwar (Rajasthan)

CORPORATE OFFICE

633, Pocket C-8, Sector-8
Rohini, Delhi - 110 085

AUDITORS

M/s. S. Singhal & Company
Chartered Accountants
E-127, Industrial Area,
Bhiwadi, Distt. Alwar,
(Rajasthan)

BANKERS

State Bank of Bikaner & Jaipur
Kamal Cinema Building
Safderjung Enclave
New Delhi - 110 029

ASHIANA ISPAT LIMITED**NOTICE**

Notice is hereby given that the Sixth Annual General Meeting of the members of the Company will be held on Monday, the 28th September 1998 at 11.00 A.M. at the RIICO Rest House, Hill Top, Bhiwadi, Dist. Alwar, Rajasthan to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date together with reports of Auditor's and Director's thereon.
2. To appoint a Director in place of Sri Sukhbir Singh Jain Who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors of the Company and to fix their remuneration. M/s S. Singhal & Co., Chartered Accountants, Bhiwadi retire at the Annual General Meeting and being eligible offer themselves for reappointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification the following resolution as ordinary resolution :
"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956 or any amendment or modification thereof this meeting hereby approves the reappointment of and the remuneration being paid to Sri Naresh Chand as a Managing Director of the Company for a further period of two years from the 25th January, 1999 as set out in the explanatory statement attached to the notice convening this Annual General Meeting a copy whereof initialled by the Chairman for the purpose of identification is placed before the meeting."
5. To consider and if thought fit, to pass, with or without modification the following resolution as ordinary resolution:
"RESOLVED THAT in accordance with the applicable provisions of the Companies Act' 1956 or any amendment or modification thereof this meeting hereby approves the reappointment of and the remuneration being paid to Sri Sunil Kumar Agarwal, Whole Time Director of the Company for a further period of two years from 25th January' 1999, as set out in the explanatory statement attached to the notice convening this Annual General Meeting a copy where of initialled by the Chairman for the purpose of identification is placed before the meeting."
6. To consider and if thought fit, to pass, with or without modification the following resolution as special resolution:
"RESOLVED THAT in supersession of all the earlier resolutions passed by the shareholders in their Annual General Meeting pursuant to section 370 of the Companies Act, 1956 the consent of the Company be and is hereby further accorded to the Board of Directors of the Company to make any loan to any body corporate (whether or not under the same management) on such terms and conditions as the Board may think fit provided the aggregate of the loans made to all other bodies corporate shall not exceed, 30% of the aggregate of the subscribed Capital of the Company and its free reserves, but subject to prior approval of the Central Government, Board if think fit can grant loan to all bodies corporate exceeding 30% of its subscribed Capital and free reserves".

"RESOLVED FURTHER THAT Company can give any guarantee or provide any security in connection with the loan made by any other person to, or to any other person by any body corporate on such terms & condition as the Board may think fit or expedient in the best interest of the Company provided that the aggregate of the Guarantee so given or securities so provided shall not at any time exceed 50% of the aggregate of the subscribed Capital and free reserves of the Company".

7. To appoint a Director in place of Sri Pradeep Agarwal who holds office upto the date of forthcoming Annual General Meeting and in respect of whom a notice has been received by Company from a member signifying his intention to propose Sri Pradeep Agarwal as a candidate for the office of Director.
8. To appoint a Director in place of Sri Neeraj Jain who holds office upto the date of forthcoming Annual General Meeting and in respect of whom a notice has been received by Company from a member signifying his intention to propose Sri Neeraj Jain as a candidate for the office of Director.

By order of the Board
for ASHIANA ISPAT LTD.

Place : Bhiwadi
Date : 28th July, 1998

(NARESH CHAND)
MANAGING DIRECTOR

NOTES

1. Relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is appended herebelow.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
3. The Register of Members and Share Transfer books of the Company shall remain closed from 22nd September to 25th September' 1998 (both days inclusive).
4. Member seeking further information about the Accounts are requested to write to the Registered Office of the Company at least one week before the date of the meeting so that it may be convenient to get the information ready at the meeting.
5. Members are requested to bring their copy of Annual Accounts at the meeting. Extra copies will not be provided at the meeting.
6. Shareholders are requested to notify to the Company any change in the address quoting their folio numbers to the Registered Office of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4**

Board of Directors in their Meeting held on 25th January 1997 appointed Sri Naresh Chand as Managing Director of the Company for a period of 2 years which was approved by Shareholders in their

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Annual General Meeting held on 30th September 1997. His present tenure as Managing Director will expire on 24th January 1999.

The Board of Directors of your Company at its Meeting held on 1st April 1998 approved, subject to the approvals of the members of the Company the reappointment of Sri Naresh Chand as a Managing Director for a further period of 2 years from 25th January 1999.

The Board of Directors in the said Meeting revised the remuneration package in pursuance of the Provisions of Schedule XIII and other applicable provisions of the Companies Act, 1956 and any rules and regulations made thereunder with effect from 01.04.98 subject to the condition that revised remuneration package being paid from 01.04.98 must be approved by Shareholders in their Annual General Meeting and he shall continue to draw the revised remuneration until further revised by the Board of Directors.

Remuneration Package

Salary Rs. 15000.00

Commission : Not exceeding 1% of net profits of the company subject to a ceiling of 50 % of the salary.

Perquisites will be allowed in addition to salary and commission which shall be restricted to an amount equal to annual salary. For this purpose, perquisites are classified into three categories namely Part - A, Part - B, Part - C. The ceiling shall apply to Part - A only.

Part - 'A'

Accommodation :

1. The Managing Director shall have any of the three options :
 - (a) The expenditure incurred by the Company on hiring unfurnished accommodation for the Managing Director shall be subject to ceiling of 60 % of salary over and above 10 % payable by the Managing Director itself.
 - (b) Where the Company does not provide accommodation, the Managing Director shall be entitled to house rent allowance subject to ceiling of @ 60% of the salary.
 - (c) Where in accommodation, the company owned house is provided the Managing Director shall pay to the company by way of rent 10 % of the salary.
2. The expenditure incurred by the Company on gas electricity, water and furnishing will be valued as per Income Tax Rules, 1962. This will however, be subject to ceiling of 10 % of salary of the Managing Director.

Medical Reimbursement

Expenses incurred for self and the family subject to a ceiling of one months salary in a year or three months salary in a period of three years.

Leave Travel Concession

For self and family once in a year as per rules of the Company.

Club Fees

Fees of club subject to maximum of two clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Premium in a year not to exceed Rs. 4000.

Part - B

Company's contribution to provident fund, superannuation fund or annuity fund scheme of the Company subject to the extent, these either singly or put together are not taxable under the Income Tax Act 1961.

Gratuity payable as per Rules of the Company shall not exceed half a months salary for each completed year of service earned/privilege leave on full pay and allowances as per rules of the company but not more than one month leave for every eleven months of service, however leave accumulated, but not availed of will be allowed to be encashed at the end of term.

Part - C

Provision of car for use on Company's business and telephone at residence for Company's business only. Personal long distance calls and use of car for personal use shall be paid by the Managing Director.

Reimbursement of entertainment expenses actually and properly incurred in course of legitimate business of the Company.

Sri Sukhbir Singh Jain, Sri Sanjay Jain and Sri Neeraj Jain are related to Sri Naresh Chand may be deemed to be concerned or interested in this item of business and your Board recommends your accord to the proposal in the interest of the Company. The Board of Directors of your Company recommends their resolution for your approval.

This should be considered also as an abstract of variation in the items of remuneration of the aforesaid Managing Director and a memorandum as to the nature of the concern or interest of the Directors in the said variation as required under Section 302 of the Companies Act, 1956.

ITEM NO. 5

Board of Directors in their Meeting held on 25th January 1997 appointed Sri Sunil Kumar Agarwal as a Whole Time Director of the Company for a period of 2 years which was approved by Shareholders in their Annual General Meeting held on 30th September 1997. His present tenure as a Whole Time Director will expire on 24th January 1999.

The Board of Directors of your Company at its Meeting held on 1st April 1998 approved, subject to the approvals of the members of the Company the reappointment of Sri Sunil Kumar Agarwal as a Whole Time Director for a further period of 2 years from 25th January 1999.

The Board of Directors in the said Meeting revised the remuneration package in pursuance of the provisions of schedule XIII and other applicable provisions of the Companies Act, 1956 and any rules and regulation made thereunder with effect from 01.04.98 subject to the condition that revised remuneration package being paid from 01.04.98 must be approved by Shareholders in their Annual General Meeting and he shall continue to draw the revised remuneration until further revised by the Board of Directors.

Remuneration package

Salary Rs. 15000.00

Commission : Not exceeding 1% of net profits of the company subject to a ceiling of 50 % of the salary.

Perquisites will be allowed in addition to salary and commission which shall be restricted to an amount equal to annual salary. For this purpose, perquisites are classified into three categories namely Part - A, Part - B, Part - C. The ceiling shall apply to Part - A only.

Part - 'A'

Accommodation :

1. The Whole Time Director shall have any of the three options :
 - (a) The expenditure incurred by the company on hiring unfurnished accommodation for the Whole Time Director shall be subject to ceiling of 60 % of salary over and above 10 % payable by the Whole Time Director itself.

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- (b) Where the company does not provide accommodation, the Whole Time Director shall be entitled to house rent allowance subject to ceiling of @ 60% of the salary.
- (c) Where in accommodation, the company owned house is provided the Whole Time Director shall pay to the Company by way of rent 10 % of the salary.
- 2. The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per Income Tax Rules, 1962. This will however, be subject to ceiling of 10 % of salary of the Whole Time Director.

Medical Reimbursement

Expenses incurred for self and the family subject to a ceiling of one months salary in a year or three months salary in a period of three years.

Leave Travel Concession

For self and family once in a year as per rules of the company.

Club Fees

Fees of club subject to maximum of two clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Premium in a year not to exceed Rs. 4000.

Part - B

Company's contribution to provident fund, superannuation fund or annuity fund scheme of the company subject to the extent, these either singly or put together are not taxable under the Income Tax Act' 1961.

Gratuity payable as per Rules of the Company shall not exceed half a months salary for each completed year of service earned/privilege leave on full pay and allowances as per rules of the Company but not more than one month leave for every eleven months of service, however leave accumulated, but not availed of will be allowed to be encashed at the end of term.

Part - C

Provision of car for use on Company's business and telephone at residence for Company's business only. Personal long distance calls and use of car for personal use shall be paid by the Whole Time Director.

Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

Sri P.L. Gupta, Sri Satish Kumar Agarwal, and Sri Pradeep Kumar Agarwal are related to Sri Sunil Kumar Agarwal may be deemed to be concerned or interested in this item of business and your Board recommends your accord to the proposal in the interest of the Company. The Board of Directors of your Company recommends their resolution for your approval.

This should be considered also as an abstract of variation in the items of remuneration of the aforesaid Whole Time Director and a memorandum as to the nature of the concern or interest of the Directors in the said variation as required under section 302 of the Companies Act, 1956.

ITEM NO. 6

Keeping in view of the changes in economic scenario and all around recession in the Capital and money market it was felt necessary that Board of Directors of the Company should be empowered to make loans to other bodies corporate as specified in Item No. 6 to utilise the surplus funds in the hands of the Company in its interest.

In course of its business your Company also from time to time required to give Guarantees or to provide securities in connection with loans made by any other person or to any other person by bodies corporate under Section 370 of the Companies Act, 1956 requires a special resolution to be passed at General Meeting authorising its Directors to make loans or to give Guarantees or provide securities as aforesaid.

However necessary special resolution has already been passed by you under this section but some changes has been incorporated in this resolution mentioned in item no. 6 of the notice is proposed to be passed and recommended for your acceptance.

None of the Directors of the Company is any way concerned or interested in this resolution except as a member of the Company.

ITEM NO. 7

Pursuant to Section 260 of the Companies Act, 1956 and Article 77(a) of the Articles of Association of the Company Sri Pradeep Agarwal was appointed as a Additional Director by the Board of Directors of the Company with effect from 20th January, 1998 hold office upto the date of the forthcoming Annual General Meeting but is eligible for re- appointment.

As required under Section 257 of the Companies Act, 1956 a notice has been received from a member signifying his intention to propose Sri Pradeep Agarwal as a candidate for the office of Director, considering his experience Board recommends his re-appointment.

Sri P.L.Gupta, Sri Satish Kumar Agarwal, Sri Sunil Kumar Agarwal are related of Sri P.K. Agarwal may be deemed to be concerned or interested in this item no. 8 of business.

ITEM NO. 8

Pursuant to Section 260 of the Companies Act, 1956 and Article 77(a) of the Articles of Association of the Company Sri Neeraj Jain was appointed as a Additional Director by the Board of Directors of the Company with effect from 20th January, 1998 hold office upto the date of the forthcoming Annual General Meeting but is eligible for reappointment.

As required under Section 257 of the Companies Act, 1956 a notice has been received from a member signifying his intention to propose Sri Neeraj Jain as a candidate for the office of Director, considering his experience Board recommends his reappointment.

Sri Naresh Chand, Sri Sukhbir Singh Jain & Sri Sanjay Jain are related of Sri Neeraj Jain may be deemed to be concerned or interested in this item no. 8 of business.

By order of the Board
for ASHIANA ISPAT LTD.

(NARESH CHAND)
MANAGING DIRECTOR

Place : Bhiwadi
Date : 28th July 1998

ASHIANA ISPAT LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in submitting their 6th Annual General Report on the operations of the Company alongwith the audited Accounts of the Company for the Financial Year ended 31st March, 1998.

Financial Results :-

The summerised financial results for the period ended 31st March' 1998 are as follows :

	(Rupees in Lacs)	
	<u>1997-98</u>	<u>1996-97</u>
Total Income	2295.36	1419.60
Profit before interest and Depreciation	65.52	12.22
Interest	28.02	22.26
Depreciation	24.57	52.59
Profit/(Loss) for the year	12.93	27.40
Balance (Cr) brought forward from the previous year	(59.02)	49.66
Balance (Dr) carries to Balance Sheet	(46.09)	(37.44)
		(21.58)
		(59.02)

Dividend :

Profit earned during Financial Year under review is very thin therefore Board decided to retained the profit and not declared the dividend.

Operation :

In Spite of accute power Shortage in Rajasthan and short supply of Raw Materials in local market turnover of your Company has been increased by Rs. 737.42 Lacs and this year Company earned profit of Rs. 65.52 Lacs before charging depreciation & interest.

Your Directors have been doing endless endeavour to make optimum utilisation of all resources to further improve the performance of the Company and to increase the profitability.

To minimise the effect of Short Supply of Raw Material, an agreement entered with M/s. Steel Authority of India Limited and others for continuous supply of Raw Material and to increase our Share in Steel Market, we are manufacturing "KAMDHENU" Brand IS:1786 Sariya. These steps will certainly enhance/improve the over all performance of the Company and we will spare no effort in putting the Company into a growing chart for the coming years.

Fixed Deposits :

During the Financial Year under Report, the Company did not invite and accept any fixed deposits in terms of Section 58 A of the Companies Act, 1956 and the rules made thereunder.

Auditors :

M/S S. Singal & Company, Chartered Accountant, the statutory auditors of the Company, shall be retiring at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS :

Board of Directors in their meeting held on 1.4.98 reappointed Sri Naresh Chand as a Managing Director and Sri Sunil Kumar Agarwal, Whole Time Director of the Company for the further period of two years, whose present tenure expire on 24th Jan, 1999, subject to the approval of Shareholders in their General Meeting.

Now your Board recommended your accord to the proposal in the interest of the Company.

Sri Pradeep Kr. Agarwal and Sri Neeraj Jain were appointed Additional Directors by the Board of Directors w.e.f. 20.1.98 to hold the office upto the forthcoming Annual General Meeting. Company has received notice from member under section 257 of the Companies Act, 1956 proposing the candidature of the aforesaid Directors for the Directorship of the Company.

Sri Sukhbir Singh Jain in terms of Section 255 of the Companies Act, 1956 will be retiring by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

Particulars of employees :

There are no employees whose particulars are to be furnished pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975.

Conservation of Energy Technology absorption and Foreign Exchange earning and outgo :

The Plant & Machinery installed by the Company have the unique features of achieving the optimum level of production with lesser consumption of energy. Your company shall also strive to install energy saving equipments wherever necessary in future. The Particulars required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given Annexure "A". The Company has neither earned nor utilised any Foreign Exchange during the year under review.

Industrial Relation :

The industrial relations remained cordial through out the year and the excellent results were achieved with whole hearted co-operation of employees at all levels.

Acknowledgment :

Your Directors are grateful to the Central Government, State Government, Banks, Shareholders and all other business constituents for the valued co-operation and support extended to the Company during the year under review.

Yours Director wish to place on record that your Company could achieve satisfactory performance due to the continuous and unstinted co-operation from its loyal, dynamic, dedicated and highly motivated executives, staff and workers.

for and on behalf of Board

Place : Bhiwadi

Date : 28/07/98

(Naresh Chand)
Managing Director

ASHIANA ISPAT LIMITED

AUDITORS REPORT

S. SINGHAL & CO
CHARTERED ACCOUNTANTS
E-127, INDUSTRIAL AREA
BHIWADI-301019

To the Members of
ASHIANA ISPAT LIMITED

We have audited the annexed Balance sheet of M/s ASHIANA ISPAT LTD as at 31st March, 1998 and profit and loss A/c for the year ended on that date, both annexed here to and report that:-

1. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the Company so far it appears from our examination of the books.
3. The Balance sheet and Profit and loss Account referred to in this report are in agreement with the books of accounts.
4. In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet & Profit & loss Account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
 - (i) In so far it relates to Balance Sheet of the state of affairs of the Company as at 31st March, 1998.
 - (ii) In so far it relates to the Profit and Loss Account the profit of the Company for the year ending 31st March, 1998.
5. As required by manufacturing and other Companies (Auditor's Report) order 1988 issued by the Company Law in terms of section 227(A) of the Companies Act, 1956, and on the basis of such examination of books and records of the company as we considered appropriate and information and explanation given to us during the course of audit, we further report that,
 - i. Records showing full particulars including quantitative details and the situation of fixed asset are still in the process of completion. As informed to us the assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification. However fire insurance policies against insurance of fixed assets has not been obtained.

- ii) None of the fixed assets have been revalued during the year.
- iii) The stock of finished goods, consumable and raw material have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- iv) In our opinion the procedure of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and nature of its business
- v) The discrepancies noticed on verification between the physical stock and the book records have been properly dealt with in the books of accounts.
- vi) On the basis of our examination of the stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles except valuation of finished goods has been made on net realisable value instead of market price or cost whichever is less and is on the same basis as were in the previous year.
- vii) The terms and condition on which loans have been obtained from companies, firms or other parties listed in the register maintained under Section 301 & 307 (I-C) of the Companies Act, 1956 wherever applicable are not prima-facie prejudicial to the interest of the Company.
- viii) According to the information and explanation given to us the terms and conditions on which loans have been granted in companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and to Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the company.
- ix) The company has not given any advances in the nature of loans except some interest free loan to certain employees who are generally repaying the amount as stipulated.
- x) In our opinion and according to the information and explanation given to us there is an adequate internal control procedure commensurate with the size of the the Company and the nature of its business regarding purchase of stores, raw material including components, plant and machinery, equipments and other assets and for the sales of goods.
- xi) In our opinion and according to the information and explanation given to us, the transaction of purchase of goods and materials and sale of goods, material and services made in pursuance of contract or arrangement entered in the register maintained under Section 301