

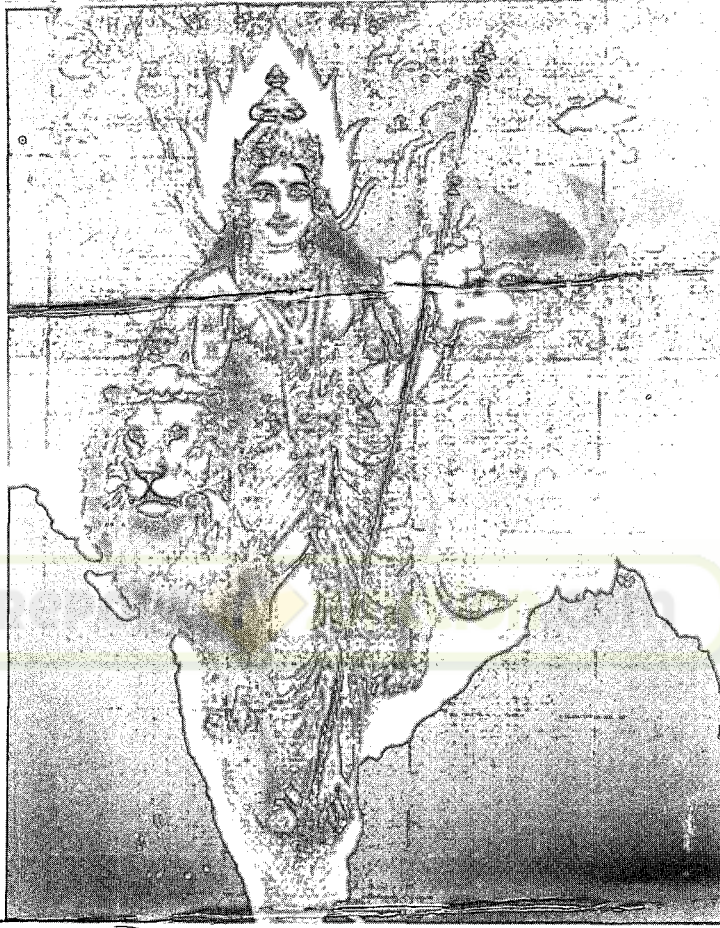
# **15TH ANNUAL REPORT 2006-2007**



## **ASHIANA ISPAT LIMITED**

**(AN ISO 9001-2000 COMPANY)**

# वन्देमातरम्



माँ तुझे सलाम

स्वतंत्रता की 60वीं वर्षगांठ पर  
सभी होयर धारकों को बधाई!



## ASHIANA ISPAT LIMITED

### BOARD OF DIRECTORS

- |                                 |                             |
|---------------------------------|-----------------------------|
| 1. Shri Sukhbir Singh Jain      | - Chairman                  |
| 2. Shri Naresh Chand            | - Managing Director         |
| 3. Shri Neeraj Kumar Jain       | - Managing Director (Works) |
| 4. Shri Sanjay Kumar Jain       | - Whole Time Director       |
| 5. Shri Puneet Jain             | - Whole Time Director       |
| 6. Shri Ram Kumar Garg          | - Director                  |
| 7. Shri T. C. Kansal            | - Director                  |
| 8. Shri Rajesh Kumar Pal        | - Director                  |
| 9. Shri Rajender Parshad Bansal | - Director                  |

### COMPANY SECRETARY

Harun Rashid Ansari

### REGD. OFFICE & WORK:

A-1116, Phase-III, RIICO Industrial Area,  
Bhiwadi-301 019, Distt. Alwar (Rajasthan)  
E-mail : ail.com@indiatimes.com

### CORPORATE OFFICE:

C-9/25, Sector-8,  
Rohini, Delhi-110 085

### AUDITORS :

M/s S. Singhal & Company  
Chartered Accountants  
E-127, Industrial Area,  
Bhiwadi-301 019, Distt. Alwar (Rajasthan)

### SECRETARIAL AUDITORS:

M/s C. B. Mishra & Associates

### SHARE TRANSFER AGENT:

Intime Spectrum Registry Ltd.  
A-31, IIIrd Floor, Naraina Industrial Area,  
Phase-I, New Delhi-110028  
Ph. : 51410592-94

### BANKERS:

State Bank of Bikaner & Jaipur  
A-1/19,  
Safdsderjung Enclave  
New Delhi-110029

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## ASHIANA ISPAT LIMITED



**Naresh Chand Jain, Managing Director**

Dear Shareowners,

I have great pleasure in extending you all a warm welcome. I am sure you will celebrate 60th Independence Day in a mood of exhilaration and joy. It is an occasion to rejoice in freedom and to pay collective homage to all those who sacrificed their lives to the cause. And best way to pay homage is to make our contribution in building such nation where each and every citizen must have basic necessity of life. It is the time to make our business socially responsible in how it impacts the environment, serves the community or helps create better world.

Dear friend I am delighted to inform you that year 2006-07 has been an exciting year for Ashiana Ispat Limited. It has been a year characterized by the process of business evaluation and change implementation. Throughout the year, we continued our shift toward a more focused, more effective, and more productive organization by examining current practices and establishing core initiatives for future which I believe will help us to achieve our key goals: better value for our shareholders, better service for our customers, and better employee relations.

I would now like to apprise you of the financial performance of your Company in the last year. We primarily manufacture Mild Steel Ingot, High Strength Deformed Bar (Saria), TMT Bar (Fe-415, 515,550 grade). The quantity of engineered steel bars manufactured by us represents a very small percentage of annual domestic production. But still we have succeeded to influence the market. The reason behind the continuous growth is due to having unparallel energy, enthusiasm, passion and excitement of the people here, and the sense that they can do anything. In our team everybody competes, not against each other, but against everyone in the marketplace.

Thank to the growth in demand and an unrelenting focus on quality and productivity, we have achieved excellent results.

- ♦ Sales grew by over 44.39 per cent to Rs.17002.58 lacs.
- ♦ PBDITA achieved for the year Rs. 475.54 Lacs (previous year 2005-06 Rs. 298.08 Lacs) was higher by 59.53%.
- ♦ Earnings Before Tax improved consecutively in a row to Rs.249.60 Lacs (previous year Rs.88.12 lacs) recording an increase of 183.25%.
- ♦ This strong performance contributed significantly increased in earning per share by 162.50%.

### **Scenario of iron & Steel Industry:**

Consumption of stainless steel in India is much higher at 14 per cent, compared to the global consumption of 6 per cent in the last 15 years. Domestic consumption of finished (carbon) steel is on the rise, driven by a boom in the automobile sector and a nation-wide thrust on infrastructure and real estate. As per study done by the Credit Suisse Group says that India's steel consumption will continue to grow by 16 per cent annually till 2012, fuelled by demand for construction projects worth US\$ 1 trillion. According to IISI India has become the seventh largest steel producer in the world with an overall production of about 40 mt in the year 2006. The Government of India anticipates a three-fold rise in steel production capacity to 120 million tonne (mt) making India the second-largest steel producer in the world by 2016.

**ASHIANA ISPAT LIMITED**

To attain the revised projection of production of steel some of the impediments that need to be addressed include the additional costs pertaining to capital equipment, power and inefficiencies as this result in the erosion of the edge Indian industry would have otherwise enjoyed due to availability of cheap labour and raw materials.

**The corporate outlook**

We want to further consolidate our position as a world-class manufacturer of structural steel, and leverage this to achieve much greater sales, which ought to result in more substantial sales in domestic market. Our Vision is to make Ashiana a dominant player in the manufacturing structural steel in India. For this, we not only require further improvements in productivity but also need to develop partnerships with customers.

We, to achieve this goal have taken certain steps like up gradation of Plant by installing new Plant and Machinery during the year enabling the company to manufacture TMT Grade Fe-415, 500,550. This would enable the company to increase their market shares by making the availability of international standard of reinforcement TMT bar to the consumers.

With a robust economic growth, Indian Iron & Steel Industry has grown at a rapid pace in the last 3-4 years. Infrastructure sector has registered a significantly higher growth. This augurs well for the structural steel industry. I am accordingly optimistic about your Company's future. In India Share of secondary producer accounted for 67 per cent of the total production of finished steel, therefore, the growth momentum should continue. We can maintain double-digit growth. We can continue to increase our market share. And we will continue making the investments needed to upgrade the plant and expansion of the capacity.

**Acknowledgement**

I wish to place on record our sincere thanks to our all customers, dealers and distributors. My deep gratitude to the members of Ashiana Parivar, for their dedication in making Ashiana a strong enterprise, and to our Vendors, Bankers and Financial Institutions for their support.

Finally, my sincere thanks to my colleagues on the Board for their valuable advice and to you, our esteemed shareholders for your confidence in the management of the Company.

With regards

**(Naresh Chand)**  
Managing Director





## ASHIANA ISPAT LIMITED

### NOTICE

NOTICE is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of the Shareholders of ASHIANA ISPAT LIMITED will be held on Monday, the 10th day of September, 2007 at 11.00 A.M. at the Registered Office of the Company at A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist. Alwar- Rajasthan, to transact the following business :

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date, together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay Kumar Jain who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Rajesh Kumar Pal who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and fix their remuneration. M/s. S. Singhal & Company, Chartered Accountants, Bhiwadi retire at the Annual General Meeting and being eligible offer themselves for re appointment.

#### SPECIAL BUSINESS:

5. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution.**

"RESOLVED THAT Mr. Ram Kumar Garg who was appointed as an additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature to the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation.

6. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution.**

"RESOLVED THAT Mr. Sukhbir Singh Jain who was appointed as an additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies

Act, 1956, in writing proposing his candidature to the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation.

7. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 314 read with schedule XIII of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendment thereto) and subject to such approvals of the Central Government, if any, the consent of the company be and is hereby accorded to the increment in the remuneration of Mr. Naresh Chand, Managing Director from Rs. 50,000.00 (Rs. Fifty thousand only) per month to Rs. 1,25,000.00 (Rs. One Lac Twenty Five Thousand only) per month w.e.f. 1st April 2007.

"RESOLVED FURTHER THAT THE Board be and is hereby authorized to alter and vary any of the terms and conditions relating to the remuneration being paid/ to be paid to Mr. Naresh Chand, Managing Director within the limits specified under the schedule XIII and provisions of the Companies Act, 1956"

8. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 314 read with schedule XIII of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendment thereto) and subject to such approvals of the Central Government, if any, the consent of the company be and is hereby accorded to the increment in the remuneration of Mr. Puneet Jain, Whole Time Director from Rs. 50,000.00 (Rs. Fifty thousand only) per month to Rs. 1,00,000.00 (Rs. One Lac only) per month w.e.f. 1st April 2007.



## ASHIANA ISPAT LIMITED

"RESOLVED FURTHER THAT THE Board be and is hereby authorized to alter and vary any of the terms and conditions relating to the remuneration being paid/ to be paid to Mr. Puneet Jain, Whole Time Director within the limits specified under the schedule XIII and provisions of the Companies Act, 1956"

**9. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT in accordance with the provisions of Sections 198,269,309,310,314 read with schedule XIII of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendment thereto) and subject to such approvals of the Central Government, if any, the consent of the company be and is hereby accorded to the increment in the remuneration of Mr. Sanjay Kumar Jain, Whole Time Director from Rs.50000.00 (Rs. Fifty thousand only) per month to Rs. 75,000.00 (Rs. Seventy Five Thousand only) per month w.e.f. 1st April 2007.

"RESOLVED FURTHER THAT THE Board be and is hereby authorized to alter and vary any of the terms and conditions relating to the remuneration being paid/ to be paid to Mr. Sanjay Kumar Jain, Whole Time Director within the limits specified under the schedule XIII and provisions of the Companies Act, 1956"

**10. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT in super session of earlier resolution passed at the previous Annual General Meeting of the Shareholders of the company with regard to the appointment of Mr. Neeraj Kumar Jain as Whole Time Director of the Company, in accordance with the provisions of Section 198,269,309,310,314 read with schedule XIII of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendment thereto) and subject to such approvals of the Central Government, if any, the consent of the company be and is hereby accorded to the reappointment of Mr. Neeraj Kumar Jain as Managing Director (Works) of the Company, from

30th June 2007 up to 19.01.2008 with such duties relating to works, as may from time to time require him to exercise subject to superintendence of Managing Director of the company.

"RESOLVED THAT in accordance with the provisions of Sections 198,269,309,310,314 read with schedule XIII of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendment thereto) and subject to such approvals of the Central Government, if any, the consent of the company be and is hereby accorded to the increment in the remuneration of Mr. Neeraj Kumar Jain, Managing Director (Works) of the Company from Rs.50000.00 (Rs. Fifty thousand only) per month to Rs. 1,00,000.00 (Rs. One Lac only) per month w.e.f. 1st April 2007.

"RESOLVED FURTHER THAT THE Board be and is hereby authorized to alter and vary any of the terms and conditions relating to the remuneration being paid/ to be paid to Mr. Neeraj Kumar Jain, Managing Director (Works) within the limits specified under the schedule XIII and provisions of the Companies Act, 1956".

**11. To consider and if thought fit to pass with or without modification(s) the following resolutions as special resolution :**

"RESOLVED THAT in continuation of the earlier resolution passed by the shareholders of the company, the consent of the company be and is hereby accorded, subject to the approval of the shareholders, in terms of Clause (d) of Sub-section (1) of Section 293 of the Companies Act, 1956, to borrowings from time to time by the Board of Directors of the Company, for the purposes of the Company's business, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves which have not been set apart for any specific purpose, but so that the total amount of monies borrowed and to be so borrowed and outstanding at any one time shall not exceed Rs. 20.00 Crore."

By Order of the Board  
**For ASHIANA ISPAT LIMITED**

Place : Bhiwadi  
Date : 30th June, 2007

(Naresh Chand)  
Managing Director



## ASHIANA ISPAT LIMITED

### NOTES:

- [a] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- [b] The instrument(s) appointing the proxy, if any, shall be delivered at the Regd. Office of the Company at A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist. Alwar- Rajasthan, not less than forty eight (48) hours before the commencement of the Meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
- [c] The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the businesses under items 5 to 10 set out above is annexed hereto.
- [d] The Register of Members and Share Transfer Books of the Company will remain closed from 05th September 2007 to 10th September 2007 (both days inclusive).
- [e] Members are requested to intimate the Registrars and Share Transfer Agents of the Company - M/s. Intime Spectrum Registry Limited, A-31, III Floor, Naraina Industrial Area, Phase-I, New Delhi-110028, immediately of any change in their address in respect of equity shares held in physical mode and to their Depository Participants (DPs) in respect of equity shares held in dematerialized form.
- [f] Members desirous of having any information regarding Accounts are requested to address their queries to the Manager (Finance & Accounts) at the Registered Office of the Company at least seven days before the date of the meeting, so that the requisite information is made available at the meeting.
- [g] Members holding Share certificates under different folio numbers but in the same order of name are requested to apply for consolidation of such folios and send relevant Share certificates to the Registrars and Share Transfer Agents of the Company.
- [h] Members/Proxies are requested to bring the attendance slip duly filled in.
- [i] As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

### EXPLANATORY STATEMENT:

The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 for item numbers 5 to 11 of the accompanying notice is as under:

#### ITEM NO. 5:

Mr. Ram Kumar Garg is an engineer by profession and obtained Bachelor of Engineering Degree and Post Graduate Diploma in Industrial Administration from Allahabad University. He, after completion of his education, joined in Triveni Structurals Limited (a Joint Enterprises of Government of India and Voest Austrial) and worked there in various departments and thereafter posted in Planning & System Division in 1969 where he worked up to 1977. He also served Engineers India Limited and Telecommunication of India Limited. In course of his long career he worked on various national and international projects. He has been associated with Ministry of Communication, Government of Yemen Arab Republic and also presented research papers in the International Talk Communication Exhibition in Bagota, South America in the year 2003.

The Board commends the resolution set out at item No. 5 of the Notice for your approval.

He is not holding any shares of the company.

None of the directors is concerned or interested in the resolution.

#### ITEM NO. 6.

Mr. Sukhbir Singh Jain, a very senior person having more than 50 years experience of Management and Administration, has served the corporate sector in various capacities. He is directly associated with various Commodity trading activities and presently on the Board of M/s. Adati Spinning Mills. He has also vast knowledge of Steel Trading. He has been instrumental in the planning the corporate strategy of the Company.

The Board commends the resolution set out at item No. 6 of the Notice for your approval.

He holds shares of the company.

Mr. Sukhbir Singh Jain is interested in this resolution. Further, Mr. Naresh Chand, Managing Director, Mr. Neeraj Kumar Jain, Managing Director (Works), Mr. Sanjay Kumar Jain and Mr. Puneet Jain may also deemed to be interested in this resolution as they are related to Mr. Sukhbir Singh Jain.

#### ITEM NO. 7, 8, 9 and 10

Perquisites and allowances:

- a. The perquisites and allowance, if payable, to the Managing Director, Managing Director (Work) and Whole time Directors, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses of expenses and/or allowance for utilization of gas, electricity, water, furnishing and





## ASHIANA ISPAT LIMITED

repairs, medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance and such other perquisites and allowance subject to an overall ceiling of remuneration stipulated in Section 198,309 and other applicable provision of the Companies Act, 1956.

- b. For the purpose of calculating the above ceiling, perquisites and allowance shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost, Provision for use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

c. Company's contribution to provident fund and Superannuation and pension Fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity Payable as per Rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

- d. The Managing Director, Whole Time Directors shall, subject to the supervision and control of the Board of Directors, be entrusted with such powers and perform such duties, as may, from time to time, be delegated/ entrusted to them.

i) The Managing Director shall be vested with substantial powers of the Management of the day-to-day affairs of the company subject to the supervision and direction of the board of Directors of the Company.

ii) The Whole time Directors shall be vested with substantial powers of the Management of the day-to-day affairs of the company subject to the supervision and direction of the board of Directors and Managing Director of the Company.

iii) The Managing Director will devote his time and efforts for the business of the company.

iv) The following disclosures are being made in this Explanatory Statements in compliance with Paragraph 1 (C) of Section II in Part II of Schedule XIII to the Companies Act 1956.

(a) **General information:**

The Company was incorporated in the year 1992 with the main object of carrying the business of iron and steels and other products.

- (b) Operational performance of the company for the financial year 2005-06 and 2006-07 is as follows:

Particulars	2006-07	2005-06
Gross Sales and other Income	17002.58	12056.11
Profit Before tax	249.60	88.12
Profit after tax	167.11	63.62
Paid up equity Capital	422.18	422.17
Reserve and surplus	309.11	141.99
Basic Earning per share (Rs.)	4.20	1.60

- (c) The company has not earned any foreign exchange during the financial year 2005-06 and 2006-07

Information about appointee:

**Mr. Naresh Chand** is the Managing Director of Ashiana Ispat Limited. He possesses a wealth of knowledge and experience concerning steel industry. He is a flamboyant Indian entrepreneur with a seemingly insatiable appetite for starting new businesses. Mr. Jain is continuously seeking new business opportunities and loves a good challenge.

He looks after the management and administration of the company under the overall supervision, control and the direction of the Board of Directors. There has been a tremendous growth in the operations of the company during his tenure due to his competence and experience.

**Mr. Neeraj Kumar Jain** has more than 21 years experience concerning steel industry. He is young and dedicated entrepreneur with a seemingly insatiable appetite for doing distinguished work. He looks after the purchasing of raw materials and maintains excellent level of inventory as per the need and market situation. There has been a tremendous improvement in maintaining the inventory level during his tenure due to his competence and experience.

Looking after his experience and dedication towards the promotion of the objective of the company the Board of Director elevated his heirchy and appointed him as a Managing Director (Works) in their meeting held on 30.06.2007.

**ASHIANA ISPAT LIMITED**

**Mr. Puneet Kumar Jain:** He has been involved with iron and steel industry since the beginning of his career. For the past 16 years, he has been instrumental in the development and production of high quality of steel, their processing, improvement in their properties, and preparation of specifications for their usage. He has also assisted in marketing and brand building of the products. He has also substantial expertise and training in organizational psychology, management of organizations, and recruitment, training and retention of staff. His enthusiastic manner and knowledge have won him respect from his staff and colleagues. He sees dreams of development, takes action to translate the dream into reality and keeps the wheel of development moving ahead beyond imagination.

**Mr. Sanjay Kumar Jain:** He has specialized in operations process improvement, cost and spend rationalization, and enhanced resource utilization. During his career he has been associated with iron and steel industry in different capacities. Presently he is looking after the production and ensuring the production of high quality of HSD Bar.

Taking into account financial position of the company, trend in the industry, their qualifications and experiences, remuneration as set out in the resolution are considered to be just, fair and reasonable.

Details of remuneration Paid to them are give below:

Name of Person	2006-07	2005-06
Naresh Chand	6,00,000	4,20,000
Neeraj Kumar Jain	6,00,000	4,20,000
Sanjay Jain	6,00,000	3,60,000
Puneet Jain	6,00,000	4,20,000

Besides their remuneration, they do not have any other pecuniary relationship with company.

**Other Information:**

- (a) Currently, the company is performing well. However, in the event of unforeseen circumstances and conditions beyond the control of the company, the profitability of the company may be affected.

- (b) The Company is looking at new business opportunities and markets to grow.
- (c) The company is expected to perform well in future.

**Disclosures:**

- [a] The shareholders are being informed of the remuneration package by way of explanatory statement as given above.
- [b] The details of remuneration etc. are also included in the Corporate Governance Report forming part of the Annual Report of the Company.
- [c] Mr. Naresh Chand, Mr. Puneet Jain and Mr. Neeraj Kumar Jain and Mr. Sanjay Kumar Jain are relatives. They may be concerned or interested in passing of the resolution.
- [d] The terms and conditions of remuneration as set out above may also be treated as an abstract of the agreement between the Company and Mr. Naresh Chand, Managing Director, Mr. Neeraj Kumar Jain, Managing Director (Works), Mr. Puneet Jain and Mr. Sanjay Jain Whole Time Directors pursuant to Section 302 of the Companies Act, 1956.
- [e] The Resolution regarding the remuneration of Mr. Naresh Chand, as the Managing Director and Mr. Neeraj Kumar Jain, Managing director (Works), Mr. Puneet Jain and Mr. Sanjay Jain as the Whole Time Directors of the company is concerned for acceptance by the members.

**Item No. 11**

Considering the expansion activities undertaking by the company and its proposal to rationalize its operations the company requires term loan from the Bank/ Financial institution which may exceed the aggregate of the paid up capital and free reserve as stated in resolution.

Pursuant to Section 293(1)(d) of the Companies Act, 1956 permission of the members is being sought to enable the Board to borrow moneys (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) up to an increased limit of Rs. 20.00 crore.

The Board recommends the passing of this resolution. None of the Directors of the Company are considered or interested in this resolution.

By Order of the Board  
**For ASHIANA ISPAT LIMITED**

Place : Bhiwadi  
Date : 30th June, 2007

(Naresh Chand )  
Managing Director