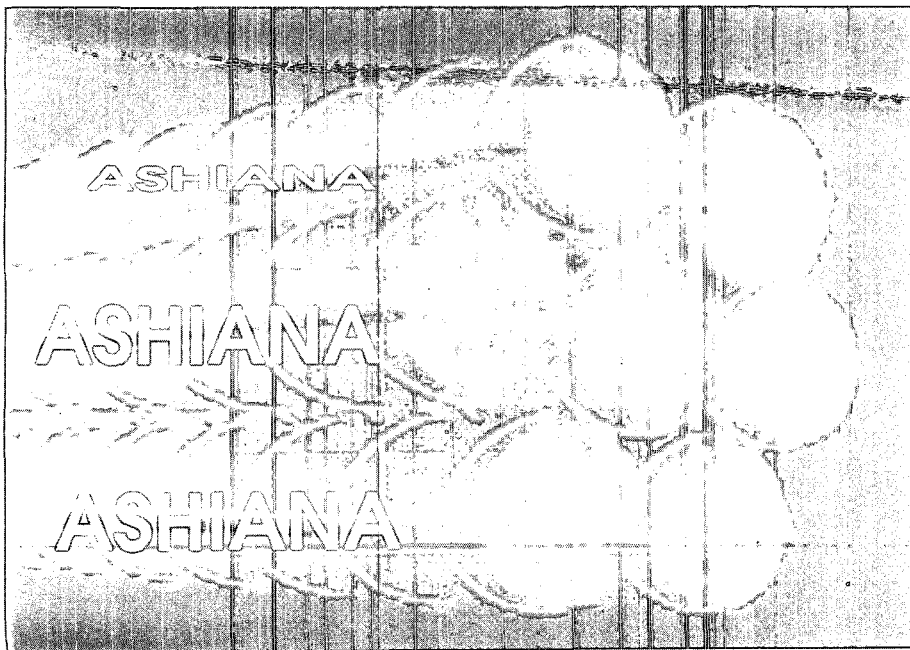


**15TH**  
**ANNUAL REPORT**  
**2006-2007**



**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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**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 marker 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

## 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.50000.00 (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.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. 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

## 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 Austria) 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.

**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

# ASHIANA ISPAT LIMITED



## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Fifteenth Annual Report of your Company along with the Audited Accounts for the year-ended 31st March, 2007.

### Financial results:

Sl.No.	Particulars	2006-07	2005-06
1	Gross Sale	17002.58	11775.48
2	Profit before interest and Depreciation	470.56	294.57
3	Interest	140.40	126.03
4	Depreciation	80.56	80.42
5	Profit/ (Loss) for the year before tax	249.60	88.12
6	Balance (Cr.) brought forward from the previous year	141.99	78.99
7	Balance (Dr.) carried forward to the Balance Sheet	309.11	141.99

### DIVIDEND:

The Board of Directors has not recommended any dividend and transferred all the distributable profit to the general reserve account of the company.

### Performance of the Company:

In fiscal 2006-07, the company's turnover, in line with the general performance of the steel industry, grew from Rs.11775.48 lacs to Rs.17002.58 lacs recording a growth of 44.39% over the previous year. PBDITA achieved for the year Rs. 475.54 LACS (previous year Rs. 298.08 LACS) was higher by 59.53%. This is an all time high since the Company's inception. 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%.

Provision for Taxes stood at Rs.90.53 lacs (previous year: Rs. 19.95 lacs) and Profit After Tax increased by 162.65% to Rs.167.10 lacs (previous year Rs.63.62 lacs). Earning Per Share significantly increased by 62.50%.

Your Company has set new milestones and Turnover volume touched all time high record Rs.17002.58 lacs (previous year Rs.11775.48 lacs). Higher production and Turnover were achieved by de bottlenecking and process changes, without any major capital expenditure during the last years. Higher productivity has been accompanied by better utilization of limited resources and better logistics management, increased market share in addressable markets and turnover incentive to dealers and distributors.

On account of thrust on infrastructure development and promotion of housing sector including participation through foreign direct investments, the demand and prices of restructural bar see better future ahead.

### Production of TMT Grade Fe-415,500,550:

Plant was upgraded 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 bar to the consumers.

### CAPITAL STRUCTURE:

During the year under review, the share capital of your company remained unchanged.

### FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Non- Banking Non- Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposits) Rules, 1975.

### DIRECTORS

Mr. Sanjay Kumar Jain and Mr. Rajesh Kumar Pal, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The proposals regarding their re-appointment as Directors are placed for your approval.

Mr. Ram Kumar Garg and Mr. Sukhbir Singh Jain have been appointed as Additional Director under Section 260 of the Companies Act, 1956. They vacate office on the date of the forthcoming 15th Annual General Meeting and are eligible for reappointment.

Mr. Ajay Kumar Sharma has resigned from the office of the Board of Director. Now therefore, at the conclusion of his tenure, the Board takes the opportunity to express heartfelt thanks for his significant contributions and places on record its sincere appreciation for the services rendered by him towards the success of this company.

### AUDITORS

M/s. S. Singhal & Co., Chartered Accountants, of Bhiwadi, Alwar, Rajasthan, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors' if approved.

### LISTING OF SECURITIES:

Shareholders in their Annual General Meeting held on 30.08.2003 approved the proposal for delisting the shares from the Magadh Stock Exchange Association Limited, Patna, The Delhi Stock Exchange Association Limited, Delhi, and the Jaipur Stock Exchange Limited, Jaipur except the Stock Exchange Mumbai, Mumbai.

### DEPOSITORY SYSTEM:

M/s. Intime Spectrum Registry Limited, A-31, 3rd Floor, Naraina Industrial Area, Phase-I, New Delhi-110028, Ph-011-41410592-94, as per SEBI Guidelines has been working as share transfer agent. All the members are requested to contract them for any kind of share related matter and grievances.



## CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Particulars of Energy Conservation/ Technology Absorption and Foreign Exchange earnings and out go as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given as an Annexure to this report.

## PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975, are not applicable because none of the Directors or employees of the Company getting remuneration exceeding the limit prescribed therein.

## THE CORPORATE GOVERNANCE CODE

Implementation of Corporate governance is a turning point in bringing the transparency in the regulation and administration of corporate matters. We have implemented the corporate governance in spirit having vision to bring the complete discipline between the function and corporate regulation.

As a proactive step your Company has been following the Corporate Governance practices like striking out reasonable balance in the Composition of Board of Directors, setting up Audit Committee and other Business Committees, adequate disclosures and business to be deliberated by the Board etc, even before the code became mandatory applicable.

A Report in line with the requirements of clause 49 of the Listing Agreement on the Corporate Governance practices followed by the Company and the Auditors' Certificate on Compliance of mandatory requirements along with Management Discussion and Analysis, are given as an annexure to this report.

## OBSERVATION OF THE AUDITORS IN THE ANNUAL ACCOUNT

The auditors' report on the accounts of the Company is self-explanatory.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The report as required under the listing agreements with the Stock Exchanges is annexed and forms part of the Directors' Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956 your Directors hereby state and confirm that:

On the basis of the consultation with the finance executive of the company and subject to disclosures in the Annual accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures wherever applicable;
- ii) that the Directors have selected such accounting

policies and applied them consistently and made judgments 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 period;

- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

## CEO CERTIFICATION:

Managing Director and Manager Finance & Accounts have certified to the Board that:

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact contain statements that might be misleading.
  - (b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take rectify these deficiencies.
4. We have brought in notice to the auditors and the Audit Committee all the material transaction, which have substantial effect on the financial health of the company

## ACKNOWLEDGEMENT:

The Company places on record its deep appreciation of the devoted services of the loyal workers, executives and other staff of the Company who have contributed in no small measure to the performance and the Company's inherent strength. Grateful thanks are also due to the our Bankers State Bank of Bikaner & Jaipur and Shareholders' appreciation of the managements' efforts at the General Meetings of the Company and otherwise, is a great fillip to strive for better performance year after year.

For and on behalf of the Board of Directors

Sd/-

(Sukhbir Singh Jain)  
Chairman

Place : Bhiwadi  
Date : 30.06.2007

**INFORMATION ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTFLOW**

	AS AT 31.03.2007 (RS.)	AS AT 31.03.2006 (RS.)
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY</b>		
a) Purchase Unit (KWH)		
CTD Section	11255953	7846306
INGOT Section	10779575	13087550
Total amount Rs.	97804449	9,24,29,566
Consumption(Unit/M.T)		
CTD Section	174.00	168.00
Ingot Section	968.00	847.00
b) Own generation		
i Through Diesel Generation	269638	2,05,740.00
ii Through Steam Turbine	—	—
<b>2 Coal</b>		
Purchased (Unit-M.T)	—	—
Total Amount (Rs)	—	—
Consumption (Unit/M.T.)	—	—
<b>3 Furnace oil</b>		
Quantity (KL)	3577.535	3229.590
Total Amount (Rs.)	5,54,07,323.00	4,45,30,130.83

**B Research and Development**

Continuous efforts are being made on Research and Development to minimize the consumption of power and fuel. However, the expenditure on Research and Development is not substantial.

<b>C Foreign Exchange earnings/ outflow</b>	<b>(Rs. In lacs)</b>
i Total Foreign Exchange earned	Nil
ii Total foreign Exchange utilized	Nil

**CORPORATE GOVERNANCE****1. Company's philosophy on code of corporate governance:**

Corporate Governance emphasizes the principal of self-governance. It is about promoting corporate fairness, transparency and accountability. This principle may be new for the rest of the world but since the time of civilization our glorious past taught us the lesson of self-governance. Your Company has put in place systems of good corporate governance, as recommended by SEBI under the Corporate Governance Committee headed by Mr. Kumarmangalam Birla and now confirms the compliance of Corporate Governance as contained in clause 49 of the Listing Agreement, the details of which are given below:

**2. Board of Directors**

The Board of Directors consists of 9 Directors.

Composition and category of Director is as follows:

Executive Directors:

Shri Naresh Chand  
Shri Neeraj Kumar Jian  
Shri Puneet Jain  
Shri Sanjay Kumar Jain

Non Executive Director

Shri S.S. Jain

Non-executive and Independent Directors

Shri Ram Kumar Garg  
Shri Rajendra Prashad Bansal  
Shri T. C. Kansal  
Shri Rajesh Kumar Pal

Composition, Attendance at the Board Meetings and the last Annual General Meeting, Outside Directorships and other Board Committees

Director	No. of Board meetings attended	Attendance at previous AGM on 25.08.2004	No. of outside Directorship held	No. of membership/Chairmanship in Committees	Executive/Non-executive/Independent
1. Mr. Naresh Chand	7	Present	2	1	Executive
2. Mr. Neeraj Jain	7	Present	2	0	Executive
3. Mr. Puneet Jain	6	Present	2	0	Executive
4. Mr. Sanjay Jain	6	Present	1	0	Executive
5. Mr. Sukhbir Singh Jain	0	Absent	3	0	Non-executive
6. Mr. Ram Kumar Garg	0	Absent	0	0	Non-executive and independent
7. Mr. T. C. Kansal	8	Present	2	3	Non-executive and independent
8. Mr. Rajender Prashad Bansal	8	Present	0	3	Non-executive and independent
9. Mr. Rajesh Kumar Pal	8	Present	0	2	Non-executive and independent

**3. Number of Board meetings held and the date on which held**

Eight Board meeting were held during the year. The dates on which the meetings were held are as follows:

02.04.2006, 30.05.2006, 30.06.2006, 29.07.2006, 20.09.2006, 30.10.2006, 30.01.2007, 01.03.2007

**4. Audit Committee:**

The Audit committee comprises of Mr. T. C. Kansal , Mr. R. P. Bansal and Mr. Rajesh Kumar Pal all being non- executive and independent Directors. Shri Md. Harun Rashid Ansari, Company Secretary acts as the Secretary to the audit committee. The composition, role, functions and power of the audit committee are in tune with the requirements of applicable laws and regulations and guidelines issued/to be issued by the Regulatory Authorities.

During the year, the committee has met Four times. Attendance of each member at the committee meeting were as follows:

Sl. No.	Name of the Members	Status	No. of Meeting attended
1.	Mr. T. C. Kansal	Chairman & Independent Director	4
2.	Mr. R. P. Bansal	Independent Director	3
3.	Mr. Rajesh Kumar Pal	Independent Director	4

**5. Remuneration Committee:**

Remuneration committee consists of Non-executive Independent Directors viz. Sh.T.C Kansal, Sh. R.P. Bansal and Sri Rajesh Kumar Pal. The committee recommend/ review the remuneration package of the Managing Director/ Whole-time Director(s) in accordance with the existing industry practice and also with the provisions of the Companies Act, 1956.

Details of remuneration paid to Managing Director/ Whole time -Director are as follows:

Sh. Naresh Chand	Managing Director	Rs. 50,000/- p.m
Sh. Neeraj Kumar Jain	Whole-time Director	Rs. 50,000/- p.m
Sh. Puneet Jain	Whole-time Director	Rs. 50,000/- p.m
Sh. Sanjay Kumar Jain	Whole-time Director	Rs. 50,000/- p.m

**6. Remuneration paid to non-executive directors:**

No remuneration is paid to Non-executive Directors except sitting fees for attending the meeting of Board of Directors and committee thereof.

The company pays sitting fees to all the non-executive directors attending meeting of the Board of Director or committee thereof.

**7. Shareholders grievances committee:**

Shareholders grievances committee is headed by Sh. Naresh Chand, Managing Director of the Company as chairman and comprises two other Directors Sh. T.C. Kansal and Sh. R.P. Bansal as members. Shri Md. Harun Rashid Ansari, Company secretary has been designated as compliance officer. The committee observes and review the shareholders grievances and ensures to provide prompt and satisfactory services to the shareholders.

As per the latest guidelines M/s. Intime Spectrum Registry Ltd. having office at A-31,3rd Floor, Naraina Industrial Area, Phase-I, New Delhi-110028, Ph-011-41410592-94has been working as common share transfer agent for all the work related to both physical and electronic mode of equity shares.

**General Body Meetings:**

Location and time for last three Annual General meeting:

Year	Location	Date	Day	Time
2003-04	A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist- Alwar-Rajasthan.	25.08.2004	Wednesday	11.00.A.M
2004-05	A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist- Alwar-Rajasthan.	30.09.2005	Friday	11.00A.M
2005-06	A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist- Alwar-Rajasthan.	25.09.2006	Monday	11.00A.M

No resolution was required to be put through postal ballot.

**8. Disclosures**

The related party transactions have been disclosed in Notes of Account forming part of the Statement of Accounts for the financial year ended 31st March, 2007 and since the necessary disclosures were made in respect of the said transactions to the respective Boards of Directors, no transaction is considered to be in potential conflict with the interests of the company at large.

There has not been any non-compliance, penalties or strictures imposed on the company by the Stock Exchange (s), Securities and Exchange Board of India or any other statutory authority, on any matter relating to the capital markets, during the last three years.

**9. Means of communication**

The quarterly, Half-yearly and Annual Results are generally published by the Company in all national daily i.e. Economic Times, The Times of India, Nav Bharat Times ( Hindi Edition), Business Standard (All India Edition), Maharashtra Times and others local news papers. The company does not yet have its web site. Official news releases and notices etc. are sent to the Stock Exchanges at Mumbai, Delhi, Patna and Jaipur where shares of the company are listed.

**10. General shareholders information:****(a) Annual General Meeting:**

Date and time : 10th September 2007 at 11.00A.M.

A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist- Alwar-Rajasthan.

**(b) Financial Calendar (tentative)**

Annual General Meeting	:	10.09.2007
Results for the quarter ending 30.06.2007	:	Last week of July, 07
Results for the quarter ending 30.09.2007	:	Last week of Oct, 07
Results for the quarter ending 31.12.2007	:	Last week of Jan, 08
Results for the quarter ending 31.03.2008	:	Last week of June, 08

**(c) Book Closure Date** : 05.09.2007 to 10.09.2007

**(d) Listing of Equity Shares** : Mumbai, Delhi, Jaipur and Patna

**(e) Stock Market Data** : **Bombay Stock Exchange (BSE)**

Month of the F-Y 2006-07	Month's High Price	Month's Low Price
April	10.44	7.46
May	13.60	9.00
June	9.75	6.00
July	8.77	4.84
August	12.33	6.15
September	9.05	8.05
October	9.85	8.03
November	12.09	9.40
December	10.99	9.15
January	13.71	9.53
February	17.05	12.14
March	15.69	11.01



(f) Registrar & Share Transfer Agent and Communication regarding all kinds of Share related matters

: Intime Spectrum Registry Ltd.  
A-31,3rd Floor, Naraina Industrial Area,  
Phase-I, New Delhi-110028  
Ph-011-41410592-94

(g) Shareholding pattern as on 31.03.2007

Sl.No.	Category	No. of shares	Percentage
01	Promoters	1592500	35.67
02	Indian Financial Institutions, Banks,	500	NIL
03	Mutual Funds Foreign Institutional Investors/ NRIs	82	0.00
04	Others	2871718	64.32
	Total	4464800	100.00

(h) Distribution on shareholding as on 31.03.2007

Share Holding of Nominal value (Rs.)	No. of Shareholders	% of shareholders	No. of Equity shares	% of shareholding
Up to 2500	12429	94.038	1663698	37.263
2501-5000	434	3.284	175056	3.921
5001-10000	193	1.460	160852	3.603
10001-20000	87	0.658	136400	3.055
20001-30000	23	0.174	60418	1.353
30001-40000	8	0.061	28395	0.636
40001-50000	9	0.068	41675	0.933
50001-100000	9	0.068	63759	1.428
100001 & above	25	0.189	2134547	47.808
Total	13217	100.00	4464800	100.00

The above report was adopted by the Board of Directors at their meeting held on 30.06.2007.

### AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS

To the Members of ASHIANA ISPAT LIMITED

We have reviewed the implementation of Corporate Governance by ASHIANA ISPAT LIMITED (the company) during the year ended 31.03.2007, with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions on Corporate is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

We state that no valid investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievances Committee.

On the basis of our review and according to the information and explanations provided to us, the conditions of corporate Governance as stipulated in clause 49 of the Listing Agreement(s) with the stock Exchange have been complied with in all material respect by the Company.

For S. Singal & Company  
Chartered Accountants

Sd/-  
(Rakesh Gupta)  
Partner

Place : Bhiwadi  
Date : 30.06.2007

**MANAGEMENT DISCUSSION AND ANALYSIS****Financial review:**

Performance of the Company for the year ended 31st March, 2007 recorded a steady upward growth with a double digit increase in turnover and more better results in net profit. During the year under review, turnover of the company amounted to Rs. 17002.58 lacs (2006: Rs. 11775.48 lacs) representing an increase of approximately 44.39% as compared to the corresponding period last year.

The net profit of the company has also increased by 162.65% to Rs. 167.10 lacs (Previous year Rs. 63.62 lacs). Earning per share significantly increased by 162.50%. It is a matter of satisfaction for all of us that profitability of the Company has shown improvement during the year under review.

The Company's Financial Management has held it in good stead over the years and has given it the unbeatable reputation of being a reliable and trustworthy organization.

Management of funds is considered very important and vital to the Company's growth. The financial system takes care of the management of the funds. Management of the Company reviews the requirement of funds periodically. Operational and Finance team monitors the manufacturing operations and ensures that budgetary provisions are strictly adhered to.

**Industrial outlook:**

Steel is the backbone of the economy and policy makers have realized that right from infrastructure to industrial projects, steel is the most essential component. Steel Industry has the brightest future in India as well as globally. Huge new opportunities are on the horizon and the Indian steel industry sees enormous prospects of growth in India and abroad. The International Iron and Steel Institute (IISI) has also ranked India as the seventh largest steel producer in the world with an overall production of about 40 million tonne (MT) in 2006.

The interest in investment in steel is based on the projections made recently by various agencies as also by the government. These numbers vary widely, say from about 100 million tonnes to a high of 250 million tonnes for the year 2020. Indian planners, therefore, take all these factors into account while catering to infrastructure requirements of the industry, especially as capacity additions take place in bulk in the steel industry. This is very important for India as insufficient infrastructure can not only slow down investments and make them uncompetitive, but also keep potential investors permanently off.

With the current trends in investments in technology, the industry is all set to attain global standards in product quality and is expected to attain high levels of energy and material efficiency. The industry is expected to lead in information technology applications and achieve global benchmarks in labour productivity.

The Government envisions India becoming a developed nation by 2020 with a per capita GDP of \$1540. This presents a unique opportunity for India as industries like automobile, construction, housing etc are poised to move high on the growth path and huge potential is evident in the export markets.

**Opportunity, Threats, Risk and concern:**

The Indian steel industry is looking forward to a bright future for many reasons. India's GDP growth projection over the medium term is estimated at 7%. There are a number of new pipeline projects and over 7800 km of new pipeline is expected to be laid over the next 5-7 years. There is a demand surge in the automobile sector with production of cars growing by 14.5%, commercial vehicles by 3.8% and two-wheelers by 13.4%. Construction investments are also likely to go up by 9% because of increasing thrust on roads, water supply, sanitation, hydropower projects and irrigation. The domestic consumption of steel in India is still among the lowest and will undoubtedly increase. At the same time, new markets in Africa, Middle East and Pakistan offer opportunities in steel as well as iron ore exports.

India has strong managerial capabilities and improving labour productivity. Historically, too, it has tremendous experience in steel making and has acquired skills in this segment of the industry. Overall, India has a strong globalised industry. Urbanisation and industry driven growth are major factors that can lead to steel demand growth and this scenario is already visible in India.



For a nation that is set to be economically strong and free of the problems of underdevelopment, the groundwork to emerge as a strong global player in the steel industry needs to start now. Some of the impediments that need to be addressed include the additional costs pertaining to capital equipment, raw material like coking coal, power and inefficiencies as these result in the erosion of the edge Indian industry would have otherwise enjoyed due to availability of cheap labour and raw materials.

## **Outlook:**

The outlook for infrastructural improvement looks promising. An investment of about US\$ 320 billion would be required in the infrastructure sector during the Eleventh Plan period (2007-12). While nearly 60 per cent of these resources would come from the public sector, the balance would need to come either from the private sector and/or through public-private partnership (PPP).

Looking the bright future of Indian Iron and Steel industry we have drawn a directional roadmap for the coming year. We have enhanced our competitiveness in the domestic markets through up gradation of plant and introduced sophisticated testing techniques and latest technology for producing TMT Bar of Grade Fe-415, 500, 515 and ensuring a world-class product to our consumers.

The major goals/objectives of the Plan drawn by the company are to continue to be in the business of steel and steel-related activities, increase in market share and grow by focusing on increasing share in growth segments, and to aim at achieving international/national benchmarks on production cost and consumption ratios especially in new units, with due allowance for prevailing conditions, technology faculties, inputs, etc.

## **INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:**

The Company has a proper and adequate system of internal control procedures, commensurate with its size and nature of business, to provide reasonable assurance that all assets and resources are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly. The internal control system provides for well- documented policies, guidelines, authorizations and approval procedures.

## **Industrial Relation and human resource development:**

The industrial relations have been cordial and satisfactory. We recognise the importance of Human resources and give full respect for its development and is committed to the developments of our country.

## **Cautionary Statement:**

Facts and figure in the Management's Discussion and Analysis describe the company's views over iron and steel sector, projection and estimates may be "forward looking prediction" based on the national/ international prediction about the prospect of the iron and steel industry. Actual results could differ materially from those expressed or implied.

**AUDITORS' REPORT**

TO THE MEMBERS

**ASHIANA ISPAT LIMITED**

We have audited the annexed Balance Sheet of M/s ASHIANA ISPAT LTD as at 31st March 2007 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

1. We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used in significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by Companies (Auditor's Report) Amendment Order 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956. We enclose in the annexure a statement on the matters Specified in paragraph 4 & 5 of the said Order.
3. Further to put our comments in the annexure referred to in paragraph 2 above we state that :-
  - (a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - (d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards wherever applicable referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representation received from the Directors as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2007 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
  - (f) We report that in our opinion and to the best of our information and according to the explanation given to us the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2007;
    - (ii) In the case of Profit & Loss Account of the Profit of the Company for the year ended on 31st March, 2007 and
    - (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on 31st March, 2007.

**For S. Singhal & Co.**  
Chartered Accountants

Place : Bhiwadi  
Date : 30th June, 2007

**(R. K. Gupta)**  
Partner  
M.No. 73846

**ANNEXURE TO AUDITORS' REPORT**

Refer to in paragraph 2 of our report of even date of M/s Ashiana Ispat Ltd.

1. (a) The Company has maintained records of Fixed Assets in statement form only.  
(b) All the fixed assets have been physically verified by the management at reasonable intervals. We are informed that the management on such verification noticed no material discrepancies.  
(c) The company has not disposed off any fixed assets except one office flat during the year and the going concern status of the company is not affected.
2. (a) Physical verification of Inventory has been conducted during the year by the management at reasonable intervals.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) The Company is maintaining proper records of Inventory. As explained to us there were no material discrepancies noticed on physical verification.
3. (a) The Company has taken Loans from Twenty Three Parties covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved in loans taken & credited in all account is Rs. 903.31 Lacs. Opening Balance and Closing Balance of all these accounts are Rs. 464.93 Lacs and Rs. 880.79 Lacs respectively. The company has not granted any loan to Companies, Firm or other parties listed in the register maintained under section 301 of the Companies act, 1956.  
(b) The rate of interest and other terms and conditions of loans taken by the company are not prima facie prejudicial to the interest of the Company.  
(c) The payment of the principal amount and interest thereon is on demand.  
(d) There is no overdue amount in respect of loans taken by the Company.
4. In our opinion and according to information and explanation given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of audit, we have not observed any major weakness in internal controls.
5. (a) In our opinion and according to the information and explanation given to us the transactions that need to be entered into a register in pursuance of section 301 of the Companies Act 1956 have been so entered.  
(b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. The Company did not have any formal internal audit system. However as informed by the management in view of other internal check and control maintained by the company a separate audit system is not considered necessary.
8. In our opinion the cost records maintained by the company are general and not in precise manner as prescribed by the Central Government U/s 209(1)(d) of the Companies Act, 1956 for the product of the company. We have however not made a detailed examination of these cost records.
9. In respect of statutory dues:
  - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales tax, Wealth tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities except Rs. 24658/- of HGST (VAT) and Rs. 857525/- of TDS to be deposited on 15.04.2007 and 31.05.2007 respectively has not been deposited till signing the Audit Report . According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2007 for a period of more than six months from the date of becoming payable.

- b) The disputed statutory dues aggregating to Rs. 36.74 Lacs their against Rs. 32.00 Lacs has been deposited under protest that have on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statue	Nature of the Dues	Forum where dispute is pending	Amount (Rs. In Lacs)
1)	Central Excise & Service Tax Act.	Excise Duty	CESAT Delhi	Rs. 1.02
2)	Central Sales Tax Act & Sales Tax Act of Various States	Sales Tax	Dy. Comm. (Appeals)	Rs. 30.19
3)	Income Tax Act, 1961	Income Tax	ITAT, Jaipur	Rs. 3.72
4)	Income Tax Act, 1961	Income Tax	CIT (Appeals) Alwar	Rs. 1.81

10. The Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit Fund or a Nidhi/Mutual benefits fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Amendment Order 2004 is not applicable to the Company.
14. The Company has not carried out of any transactions of trading in securities during the year. Only the opening stock of securities being hold by the Company, which are in the Companies own name.
15. The Company has not given guarantees for loans taken by others from banks or financial institutions.
16. No Term Loan has been raised during the year.
17. According to the information and explanations given and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been utilized for long-term investment. However internal accruals and unsecured loans have been considered as long term sources.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Hence the question of creating securities in respect of debentures issued does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to the materially misstated.

**For S. Singhal & Co.**  
Chartered Accountants

Place : Bhiwadi  
Date : 30th June, 2007

**(R. K. Gupta)**  
Partner  
M. No. 73846

**BALANCE SHEET AS AT 31ST MARCH, 2007**

	SCH. No.	AS AT 31.3.2007		AS AT 31.3.2006	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>I SOURCES OF FUNDS:</b>					
<b>[A] SHAREHOLDER'S FUNDS:</b>					
(a) SHARE CAPITAL	1	42,217,500		42,217,500	
(b) RESERVE & SURPLUS	2	30,911,404	73,128,904	14,198,590	56,416,090
<b>[B] LOAN FUNDS:</b>					
(a) SECURED LOANS	3	73,970,708		60,489,254	
(b) UNSECURED LOANS	4	104,139,034	178,109,742	88,344,423	148,833,677
[C] DEFERRED TAX LIABILITIES			4,918,210		5,924,613
			256,156,856		211,174,380
<b>II APPLICATION OF FUNDS:</b>					
<b>[A] FIXED ASSETS</b>	5				
Gross Block		117,001,334		112,482,864	
Less: Depreciation		53,469,462		45,423,847	
Net Block			63,531,873		67,059,017
Capital Work in Progress			30,090,620		1,434,766
<b>[B] INVESTMENT</b>	6		23,145,000		1,095,000
<b>[C] CURRENT ASSETS, LOANS &amp; ADVANCES:</b>					
(a) Inventories	7	45,965,479		58,226,101	
(b) Sundry Debtors	8	147,657,151		103,435,751	
(c) Cash & Bank Balances	9	17,662,245		9,219,125	
(d) Loan & Advances	10	41,357,375		16,719,200	
		252,642,250		187,600,177	
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	11	113,252,886		46,014,580	
<b>NET CURRENT ASSETS</b>			139,389,364		141,585,597
			256,156,856		211,174,380
<b>Significant accounting policies and notes forming part of the Accounts</b>	21				

In term of our report of even date.

**For S. SINGHAL & CO.**  
Chartered Accountants

( R. K. Gupta )  
Partner  
M.No. 73846

( Naresh Chand )  
Managing Director

( Neeraj Kumar Jain )  
Whole Time Director

Place : Bhiwadi.  
Dated : 30th June, 2007

( Puneet Jain )  
Whole-Time Director

( Harun Rashid Ansari )  
Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

	Schedule No.	2006-2007 (Rs.)	2005-2006 (Rs.)
<b>1 INCOME:</b>			
GROSS SALES	12	1,700,258,156	1,177,547,728
LESS: EXCISE DUTY		235,819,389	162,462,293
NET SALES		1,464,438,767	1,015,085,435
OTHER TRADING INCOME	13A	—	25,800,519
OTHER INCOME	13	875,067	2,264,874
INCREASE/(DECREASE) IN STOCK	14	10,261,751	(6,511,928)
		1,475,575,586	1,036,638,900
<b>2 EXPENDITURE:</b>			
COST OF MATERIAL	15	1,182,548,770	798,279,935
GOODS TRADED IN	16	20,710,420	16,201,814
PAYMENT TO AND PROVISIONS FOR EMPLOYEES	17	8,072,599	8,303,306
MANUFACTURING & ADMINISTRATIVE OVERHEAD	18	187,159,185	165,384,021
INTEREST AND FINANCIAL CHARGES	19	14,538,353	12,953,483
DEPRECIATION	5	8,056,046	8,042,258
SELLING & DISTRIBUTION EXPENSES	20	29,530,370	18,662,544
		1,450,615,743	1,027,827,361
<b>3 PROFIT BEFORE TAX</b>		24,959,842	8,811,539
<b>4 Less: Provision for Tax</b>			
a) Current Tax		9,052,887	1,995,438
b) Deffered Tax		(1,006,403)	236,760
c) Fringe benefit Tax		202,850	216,994
<b>Tax Expenses</b>		8,249,334	2,449,192
<b>5 PROFIT AFTER TAX</b>		16,710,508	6,362,347
<b>6 PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR</b>		14,198,590	7,899,242
<b>7 Short(Excess) Provision of Income Tax for Earlier years</b>		(2,306)	62,999
<b>8 PROFIT CARRIED OVER TO BALANCE SHEET</b>		30,911,404	14,198,590
<b>9 Earning Per share</b>		4.20	1.60
Refer Note No. 9 of Schedule "21"			
Significant accounting policies and notes forming part of the Accounts	21		

In term of our report of even date.

**For S. SINGHAL & CO.**  
Chartered Accountants

( R. K. Gupta )  
Partner  
M.No. 73846

( Naresh Chand )  
Managing Director

( Neeraj Kumar Jain )  
Whole Time Director

Place : Bhiwadi.  
Dated : 30th June, 2007

( Puneet Jain )  
Whole-Time Director

( Harun Rashid Ansari )  
Company Secretary



# ASHIANA ISPAT LIMITED



	AS AT 31.3.2007 (Rs.)	AS AT 31.3.2006 (Rs.)
<b>SCHEDULE-1</b>		
<b>SHARE CAPITAL :</b>		
(a) <b>Authorised Share Capital :</b> 5000000 Equity Shares of Rs. 10/- Each.	50,000,000	50,000,000
(b) <b>Issued :</b> 44,64,800 Equity Shares of Rs.10/-each fully paid	44,648,000	44,648,000
(c) <b>Subscribed &amp; Paid Up :</b> 44,64,800 Equity Shares of Rs.10/-each Less : Calls in Arrear - from others	44,648,000 2,430,500 42,217,500	44,648,000 2,430,500 42,217,500
<b>SCHEDULE-2</b>		
<b>RESERVE &amp; SURPLUS :</b>		
Profit & Loss Account	30,911,404 30,911,404	14,198,590 14,198,590
<b>SCHEDULE-3</b>		
<b>SECURED LOANS :</b>		
<b>Cash Credit Facility</b> From State Bank of Bikaner & Jaipur , Delhi secured by first charge on Stock of Raw Material such as Ingots, Billets etc., Semi-Finished & Finished Goods such as Twisted Bars, Rods, Round Wires Rods etc. whether Raw or in process or manufacture and all the manufactured there from which are stored at Company's godown or premises at A-1116, Phase-III, RIICO Industrial Area, Bhiwadi Distt. Alwar ( Rajasthan ) or at any place(s) including those in transit. Additionally secured by the followings:- a) All Movable Machineries, Equipments, Tools , Stores & Spares and or Consumable Articles and Accessories both present and future. b) Equitable Mortgage of Company' s properties situated at A - 1116 Phase III, Bhiwadi, Distt. Alwar (Rajasthan)	68,652,968	42,737,499
<b>Demand Loans</b> Secured against FDR's	—	3,992,567
<b>Term Loan from SBBJ</b> From State Bank of Bikaner & Jaipur, Delhi secured by first charge by way of equitable mortgage of Factory Land & Building at A-1116 Phase-III, RIICO Indl. Area, Bhiwadi (Raj.). Fisrt exclusive charges on the Fixed Assets of the Furnace Unit Excluding Factory Land & Building. Additionally secured by the followings:- a) All Movable Machineries, Equipments, Tools , Stores & Spares and or Consumable Articles and Accessories both present and future. b) Equitable Mortgage of Company' s properties situated at A - 1116 Phase III, Bhiwadi, Distt. Alwar (Rajasthan)	3,930,099	10,479,069
<b>Car Loan Secured against Hypothecation of Car:</b>		
ICICI Bank	789,743	1,673,770
HDFC Bank	597,898	1,606,349
	73,970,708	60,489,254
<b>SCHEDULE-4</b>		
<b>UNSECURED LOANS :</b>		
From Directors, Relatives & Shareholders	25,060,473	33,893,746
From Body Corporates & Bank	79,078,561	54,450,677
	104,139,034	88,344,423

## SCHEDULE - 5

## FIXED ASSETS AS ON 31.03.2007

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION		NET BLOCK		
	As at 01.04.2006 (Rs.)	Addition/ Deletion (Rs.)	As at 31.03.2007 (Rs.)	Up to 31.03.2005 (Rs.)	For the Year (Rs.)	Adjus- tment	Up to 31.03.2007 (Rs.)	As At 31.03.2007 (Rs.)	As At 31.03.2006 (Rs.)
Leasehold Land	4,982,220	—	4,982,220	—	—	—	—	4,982,220	4,982,220
Building	20,306,487	(640,000)	19,666,487	3,947,099	641,561	—	4,578,228	15,088,259	16,359,388
Plant & Machinery	60,137,497	4,808,557	64,946,054	34,562,179	5,134,300	—	39,696,478	25,249,576	25,575,318
Electrical Installation	9,995,592	229,082	10,224,674	3,367,052	707,870	—	4,074,922	6,149,753	6,628,541
Laboratory Equipments	221,891	—	221,891	97,077	11,324	—	108,401	113,490	124,814
Office Equipments	808,341	50,760	859,101	172,988	38,970	—	211,958	647,143	635,353
Vehicles	15,371,949	70,072	15,442,021	2,934,444	1,461,608	—	4,396,052	11,045,969	12,437,505
Computers	285,200	—	285,200	123,872	35,192	—	159,063	126,137	161,328
Furniture & Fixtures	229,955	—	229,955	134,451	14,556	—	149,007	80,948	95,505
Tubwell	143,732	—	143,732	84,688	10,665	—	95,353	48,379	59,044
<b>Total</b>	<b>112,482,863</b>	<b>4,518,471</b>	<b>117,001,334</b>	<b>45,423,848</b>	<b>8,056,046</b>	<b>—</b>	<b>53,469,462</b>	<b>63,531,873</b>	<b>67,059,017</b>
Capital Work in Progress	—	30,090,620	30,090,620	—	—	—	—	30,090,620	1,434,766
<b>GrandTotal</b>	<b>112,482,863</b>	<b>34,609,091</b>	<b>147,091,954</b>	<b>45,423,848</b>	<b>8,056,046</b>	<b>—</b>	<b>53,469,462</b>	<b>93,622,492</b>	<b>68,493,782</b>
Previous Year's Figures	104,294,422	8,188,442	112,482,864	37,381,589	8,042,258	—	45,423,847	67,059,017	66,912,833

# ASHIANA ISPAT LIMITED



	AS AT 31.3.2007 (Rs.)	AS AT 31.3.2006 (Rs.)
<b>SCHEDULE-6</b>		
<b>INVESTMENTS:</b>		
<b>Quoted:</b>		
Investment in Mutul Funds ( Market Price Rs. 10.90 Per Unit)	500,000	1,000,000
<b>Unquoted:</b>		
Investment in 9,500 Fully Paid Up Shares of Kamdhenu Imprade Pvt. Ltd. ( Formerly Parichaya Portfolio Pvt Ltd) @ Rs. 10/- Per Share	95,000	95,000
<b>Share Application Money</b>	<b>22,550,000</b>	<b>—</b>
	<b>23,145,000</b>	<b>1,095,000</b>
<b>SCHEDULE-7</b>		
<b>INVENTORIES:</b>		
(As taken, valued and certified by the Management)		
Raw Material	25,166,395	45,209,670
Stores, Spares & Electrical Items	2,707,074	1,387,194
Finished Goods	16,237,541	6,141,809
Stock in Process	983,665	815,904
Waste Scrap & Runner/Riser	363,398	451,379
Misc. Scrap ( Old Rolls )	273,049	186,810
Furnace Oil	234,358	351,461
Goods in Transit	—	3,681,873
	<b>45,965,479</b>	<b>58,226,100</b>
<b>SCHEDULE-8</b>		
<b>SUNDRY DEBTORS:</b>		
(Unsecured but considered good unless otherwise stated)		
Outstanding for a period exceeding six months.	8,906,014	5,180,934
Other Debts	138,751,137	98,254,817
	<b>147,657,151</b>	<b>103,435,751</b>
<b>SCHEDULE-9</b>		
<b>CASH &amp; BANK BALANCES:</b>		
Cash in Hand	9,248,071	4,071,184
<b>Balance With Scheduled Banks:</b>		
In Current Accounts	6,013,220	982,046
In Short Term Deposit	2,400,954	4,165,896
	<b>17,662,245</b>	<b>9,219,126</b>
<b>SCHEDULE-10</b>		
<b>LOANS &amp; ADVANCES:</b>		
(Unsecured but considered good)		
Advances Recoverable in cash or in kind or for value to be received	14,823,698	5,146,613
Share Application Money Paid	—	1,400,000
Advance against Capital Goods	—	500,000
Security Deposits	11,797,560	5,589,245
Balance with Central Excise Service Tax Deptt	8,938,657	1,600,481
Advance Income Tax (A.Y. 03-04)	10,688	10,688
Advance Income Tax (A.Y. 05-06)	109,743	109,743
Advance Income Tax (A.Y. 06-07)	1,400,000	1,400,000
Advance Income Tax (A.Y. 07-08)	2,300,000	—
Advance FBT (A.Y. 06-07)	214,688	214,688
Advance FBT (A.Y. 07-08)	250,000	—
Tax Deducted at Source( A.Y.2003-04)	57,177	57,177
Tax Deducted at Source( A.Y.2006-07)	674,472	—
Tax Deducted at Source( A.Y.2007-08)	93,210	674,472
Tax Collected at Source( A.Y.2006-07)	16,093	16,093
Tax Collected at Source( A.Y.2007-08)	7,172	—
Balance with Sales Tax Deptt	664,217	—
	<b>41,357,375</b>	<b>16,719,200</b>

# ASHIANA ISPAT LIMITED



	AS AT 31.3.2007 (Rs.)	AS AT 31.3.2006 (Rs.)
<b>SCHEDULE-11</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>		
Sundry Creditors for Capital Goods	533,494	242,387
Sundry Creditors for Goods	52,696,562	26,535,493
Expenses Payable & Other Liabilities	50,707,477	8,074,876
Balance With I.D.B.I. Bank (Due to Reconciliation)	—	8,873,380
Provision for Current Income Tax	9,052,887	1,995,438
Provision for Fringe Benefit Tax	202,850	216,994
Provision for Wealth Tax	59616	76,013
	<b>113,252,886</b>	<b>46,014,581</b>
<b>SCHEDULE-12</b>		
<b>SALES :</b>		
Finished Goods	1,660,300,673	1,152,043,808
Waste & Scrap & Runner/Riser	17,752,975	16,177,394
Goods Traded In	22,204,508	9,326,526
	<b>1,700,258,156</b>	<b>1,177,547,728</b>
<b>SCHEDULE-13</b>		
<b>OTHER INCOME :</b>		
Profit on sale of Flat	320,432	—
Interest on Fixed Deposits	40,228	111,949
Profit from investment in Shares/Mutual Funds	182973	1,979,170
Interest on RAV issued during the F.Y. 2005-06	9,829	—
Interest on Security deposit with JVVNL	321,605	173,755
	<b>875,067</b>	<b>2,264,874</b>
<b>SCHEDULE-13A</b>		
<b>OTHER TRADING INCOME:</b>		
Profit from on line trading commodiaties	—	16,551,820
Commission on dealing in Transformer & Furnace Oil	—	9,248,699
	—	<b>25,800,519</b>
<b>SCHEDULE-14</b>		
<b>INCREASE/DECREASE IN STOCK :</b>		
Finished Goods	16,237,541	6,141,809
Waste Scrap & Runner/Riser	363,398	451,379
Misc. Scrap ( Old Rolls )	273,049	186,810
Stock in Process	983,665	815,904
<b>Less: Opening Stock</b>		
Finished Goods	6,141,809	12,543,524
Waste Scrap & Runner/Riser	451,379	429,651
Misc. Scrap ( Old Rolls )	186,810	186,810
Stock in Process	815,904	947,846
	<b>10,261,751</b>	<b>(6,511,928)</b>
<b>SCHEDULE-15</b>		
<b>Raw Material Consumed</b>		
Opening Stock	45,209,670	34,833,209
Add: Purchases	1,162,505,495	808,656,396
	<b>1,207,715,165</b>	<b>843,489,605</b>
Less: Closing Stock	25,166,395	45,209,670
Less: Cost of Captive Consumption	—	—
	<b>1,182,548,770</b>	<b>798,279,935</b>

	AS AT 31.3.2007 (Rs.)	AS AT 31.3.2006 (Rs.)
<b><u>SCHEDULE-16</u></b>		
<b><u>GOODS TRADED IN</u></b>		
CTD-Bar	19,116,370	11,579,911
Ingot	1,432,435	3,933,561
MS Scrap, Sponge & Ferro Alloys	161,615	688,342
	<u>20,710,420</u>	<u>16,201,814</u>
<b><u>SCHEDULE-17</u></b>		
<b><u>PAYMENT TO AND PROVISIONS FOR EMPLOYEES</u></b>		
Salary, Wages & Allowances	5,440,376	6,541,346
Bonus & Ex-gratia	168,222	113,118
Gratuity	59,544	2,611
Food Beverage	4,457	23,231
Director's Remuneration	2,400,000	1,620,000
	<u>8,072,599</u>	<u>8,300,306</u>
<b><u>SCHEDULE-18</u></b>		
<b><u>MANUFACTURING &amp; ADMINISTRATIVE OVERHEAD :</u></b>		
Power & Fuel	153,481,410	137,167,037
Excise Duty on Closing Stock	2,096,136	601,599
Stores & Spares Consumed	14,380,398	12,297,434
Insurance	666,386	532,501
Keymen Insurance	8,230,705	10,168,164
Rent, Rates & Taxes	1,476,030	1,174,641
Fuel, Repair & Maint. of vehicles	594,239	456,073
Donation	262,100	330,630
Miscellaneous Administrative Expenses	4,883,344	2,030,573
<b><u>Auditor's Remuneration :</u></b>		
— Statutory Audit Fee	45,000	40,000
— Tax Audit	22,500	20,000
— Taxation Matter	22,500	20,000
— Service Tax	—	9,792
<b><u>Repair &amp; Maintenance to :-</u></b>		
— Plant & Machinery	680,140	372,304
— Building	318,298	163,273
	<u>187,159,185</u>	<u>165,384,021</u>
<b><u>SCHEDULE-19</u></b>		
<b><u>INTEREST AND FINANCING CHARGES:-</u></b>		
Interest on Working Capital Limit	4,534,265	3,303,219
Interest on Term Loan	715,336	1,267,078
Interest to Others	8,790,631	8,033,135
Bank Charges	498,122	350,051
	<u>14,538,353</u>	<u>12,953,483</u>
<b><u>SCHEDULE-20</u></b>		
<b><u>Selling &amp; Distribution Expenses</u></b>		
Commission on Sales of CTD Bar	11,212,736	3,347,376
Composition Scheme Sales Tax	—	8,965,230
Service Tax Paid on Outward Freight	157,652	210,692
Freight & Other Outward Expenses.	8,021,611	4,416,962
Royalty Paid	1,000	1,000
Sales Promotion Expenses	9,500	29,544
Advertisement Expenses	8,721,769	1,246,066
Rebate & Discount	1,175,600	177,764
Sundry Balances W/Off	230,502	267,910
	<u>29,530,370</u>	<u>18,662,544</u>

**SCHEDULE-21****NOTES ON THE ACCOUNTS:****A Significant Accounting Policies****1. Basis of Accounting**

The financial statements are prepared under historical cost convention on a going concern basis in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

**2. Use of Estimates**

The Preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period.

**3. System of Accounting**

The Company adopts the accrual basis in the preparation of accounts.

**4. Fixed Asset**

(a) Fixed Asset are stated at cost less accumulated depreciation. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost.

(b) Expenditure on renovation/ modernisation relating to existing fixed assets is added to the cost of such assets where it increases its performance / life significantly.

**5. Investment**

Investment are carried at cost. Profit or loss, if any would be accounted for on actual realisation.

**6. Inventories Valuation**

(a) Raw Material, Stock in- Process and stores and spares are valued at cost.

(b) Waste Scrap & Runner / Risers are valued at reliable value.

(c) Finished Goods are valued at cost or market price whichever is less.

**7. Depreciation**

(a) Cost of Lease Hold Land is not amortised since Lease is for a Long Period.

(b) Depreciation on fixed assets is provided on straight line method on prorata & actual shift working basis in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

**8. Sale/ Revenue Recognition**

(a) Sales are net of Sales tax and sales returns. Revenue from sales is recognised when risk and reward of ownership are transferred to the customers.

(b) Interest income is recognised on time proportion basis.

(c) Company has not received any Dividend Income during the year.

**9. Tax on Income**

Provision is made for deferred tax is recognised subject to the consideration of prudence, timing differences, being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent years.

Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**10. Financial figures are rounded off to nearest rupees.****B. 1. Contingent Liabilities not Provided for Disputed liabilities not adjusted as expenses in the Accounts for various years bring in appeals towards:**

Particulars	Current Year	Rs.in Lacs
		Previous Year
Sales Tax	30.19	17.01
Income Tax	5.53	3.72
Excise Duty	1.02	—


**C. NOTES**

1. Balance under the heads Unsecured Loans, Sundry Creditors, Sundry Debtors, Advances etc. as on 31.03.2007 are subject to confirmation. The amount of Sundry Debtors & Sundry Creditors are arrived after netting of advance from debtors Rs. 147657151/- (P.Y. Rs. 12010899/-) & advance to Supplier Rs. 53230056/- ( P.Y.Rs.9480803/-) respectively.
2. So Far as only Seventeen employees have completed qualifying period of service, therefore accruing liability of Rs.191355/- (P.Y. 153272/-) stands due as on 31.03.2007 i.e. Provided for. The estimated accrued amount of gratuity of those employee who have not yet completed qualifying period of service as on 31/03/2007 is worked out of Rs. 153365/- ( Previous Year Rs. 94271/-).
3. The amount due to a SSI Undertakings exceeding Rs 1.00 Lac each Party & outstanding beyond 30 days is Rs 29.46 Lacs (Previous Year Rs 38.61 Lacs) in respect of M/s SPM Auto Pvt. Ltd., Behror Saco Alloys P. Ltd. Bhiwadi, Tarun Alloys Ltd. Bhiwadi, Associated Refractories & Minerals Delhi, Rakesh Techno Pvt. Ltd.Bhiwadi, Vimco Rolls Patiala.
4. ESI Demand of Rs. 120326.00 related with 1999 to 2001 ,raised by the Department during the F.Y. 2006-2007 and deposited by the Company during the F.Y. 2006-2007.
5. During the year company has incurred a sum of Rs 82.30 Lacs on account of Keymen Insurance Policies. Additional Information Pursuant to the provisions of paragraphs (3) to (4D) of Part II of Schedule VI of the Companies Act, 1956.

**1. Particulars in respect of Installed capacities and the actual prodction :**

Class of goods	Installed Capacity		Actual Production	
	Current Year	Previous Year	Current Year	Previous Year
(a) CTD-Bar	60,000	36,000	62187.585	45474.310
(b) M.S.Ingot	25,200	25,200	10620.13	14896.455

**Note :-**

- Installed Capacity (Certified by the Management and not verified by the auditors being a technical matter)
- Licenced Capacity not applicable.

**2. Particulars in respect of Stock of finished goods & sales :**

Current Year

(Rs. In Lacs)

Class of goods	Opening Stock		Production	Sales		Closing Stock	
	Qty in MT	Value (Rs.)		Qty in MT	Value (Rs.)	Qty in MT	Value (Rs.)
CTD Bar & Waste Scrap	261.020	57.25	64666.125	64,254.050	15789.71	673.095	160.69
M.S. Ingot / Runner Risers	0.000	0.00	11161.300	11,128.720	990.83	32.580	5.32
Stock In Process	48.000	8.16	—	—	—	48.000	9.84
<u>Previous Year</u>							
CTD Bar & Waste Scrap	528.675	122.98	46780.350	47,048.005	11146.73	261.020	57.25
M.S. Ingot / Runner Risers	41.380	6.75	15663.610	15,704.990	479.47	0.000	0.00
Stock In Process	48.000	9.48	—	—	0.00	48.000	8.16
Current Year Total	309.020	65.41	75,827.425	75,382.770	16780.54	753.675	175.85
Previous Year Total	618.055	139.21	62443.960	62752.995	11626.20	309.020	65.41

**Note**

- Quantity of turnover of CTD Bars and waste scrap includes capative consumption of CTD Bar and waste & scrap 8.370 MT and 1304.54 MT respectively.
- Quantity of turnover of M.S. Ingot and Runner / Risers includes capative consumption of M.S.Ingot & Runner / Risers 5795.28 MT and 338.57 MT respectively.

**3 Particulars in respect of Goods Traded in :**
Current Year
*(Rs. In Lacs)*

Class of goods	Opening Stock		Purchase		Sales		Closing Stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
CTD Bar	36.54	8.67	766.665	191.16	803.205	204.21		
M.S.Ingot	0	0	91.250	14.32	91.250	15.92	0.000	0.00
M.S. Scrap, Sponge & Ferro Alloys	0	0	9.180	1.62	9.180	1.91	0.000	0.00
<u>Previous Year</u>								
CTD Bar	-	-	503.585	115.80	467.045	107.05	36.54	8.67
M.S.Ingot	-	-	232.270	39.34	232.270	36.01	-	-
M.S. Scrap & Sponge	-	-	43.820	6.88	43.820	6.22	-	-
Current Year	-	-	867.100	207.10	903.640	222.04	0.000	0.00
Previous Year	-	-	779.675	162.02	743.135	149.28	-	-

**4 Analysis of Raw Material Consumed**

Class of Goods	Current Year		Previous Year	
	Qty in M.T	Value (Rs.)	Qty in MT	Value (Rs.)
M.S. Ingot / Billets	66143.480	10531.04	47721.760	5813.80
M.S. Scrap & Sponge	12557.630	1294.45	18779.37	2169.00

**Note:-**

- The consumption of M.S. Ingot includes 5795.280 MT of Captive Consumption from Own production.
- The consumption of M.S. Scrap includes 1643.11 MT of Captive consumption from own production.

**5 Value of imported and indigenous Raw materials, Spares and components consumed and the percentage of each the total consumption.**
*(Rs. In Lacs)*

Particulars	Current Year		Previous Year	
	Amount	Percentage	Amount	Percentage
Raw Material - Imported	109.66	0.93%	1028.28	12.88%
Raw Material - Indigenous	11715.83	99.07%	10797.22	87.12%
Spares & Consumables - Imported	432.96	0.62%	0.00	0
Spares & Consumables - Indigenous	264.92	0.38%	122.97	100%

**6 Segment Reporting**

The Company is manufacturing CTD Bars and Ingots, but M.S. Ingots is used as raw material of CTD Bars i.e. capatively consumed, as both the product are inter related cover in single segment of Iron & Steel. Hence, Accounting Standard-17 "Segment Reporting" issued by ICAI is not applicable on the Company.

**7 The Cash Flow statement has been prepared in accordance with the requirement of Accounting Standard 3 "Cash Flow Statement" issued by the ICAI .**
**8 Related Party disclosures as per Accounting Standard - 18 are as Follow :**
**(a) Related Parties and their relationships**

<b>(i) Related Companies and Other Juristic Entities</b> M/s Kamdhenu Steels & Alloys Ltd. M/s Ashiana Fincap P Ltd M/s Ashiana Commodities & Derivatives P Ltd Sukhbir Singh Jain (HUF) Naresh Chand (HUF) Puneet Jain (HUF) V.K. Jain (HUF)	<b>(ii) Key Manegerial Personnel</b> Naresh Chand (Managing Director) Neeraj Kumar Jain (Whole Time Director) Sanjay Kumar Jain (Whole Time Director) Puneet Jain (Whole Time Director)
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## (iii) Relatives of Key Managerial Personnel

Abhishek Jain	Kiran Mala Jain	Saroj Gupta	Suresh Chand Jain	Uma Jain
Hemant Gupta	Prabha Agarwal	Sudha Jain	Swati Jain	
Hemlata Jain	Renu Jain	Sukhbir Singh Jain	Tripti Agarwal	

**Note :** Related party relationship is as identified by the Company and relied upon the Auditors.

## b) Transactions with related parties

<u>Nature of Transactions</u>	<u>Current Year</u>	<u>Previous Year</u>
Interest on Loans	8207521	4923810
Unsecured Loans	88078895	46493319
Remunerations	2400000	1620000
On Line Trading	0	10777320
Rent	180000	0

**Note :** Details of remuneration to key managerial personnel are give below :

<u>Name of Person</u>	<u>Current Year</u>	<u>Previous Year</u>
Naresh Chand	600000	420000
Neeraj Kumar Jain	600000	420000
Sanjay Kumar Jain	600000	360000
Puneet Jain	600000	420000

**Note :** Mr. Puneet Jain is Son of Mr. Naresh Chand

## Impairment of Assets

There are no indication of overall impairment in assets hence the need to make an estimation of recoverable amount does not arise.

## 10 Earning per share (EPS) as per Accounting Standard - 20

	<u>Current Year</u>	<u>Previous Year</u>
Net Profit / (Loss) after Current Taxes	16710508	6362347
Weighted average number of equity shares of Rs.10 each as on 31.03.07	3978626	3978626
EPS (Rs.) -Basis	4.20	1.60

## 11 Provisions for Taxation

Deferred Tax Assets & Liabilities in accordance with the AS-22 :Accounting for Taxes on Income" issued by the Council of ICAI. The major component of deferred tax assets and deferred tax liabilities as at 31st March,2007 Subject to the consideration of prudence, timing differences are as under :-

<u>Deferred Tax Liabilities</u>	<u>Current Year</u>	<u>Previous Year</u>
Diff. in WDV as per IT Act and as per Companies Act	6278217	5948134
Deferred Tax Assets:-		
1 Gratuity	(12818)	(23521)
2 Other Items	(1347189)	0
Net Deferred Tax Liabilities	4918210	5924613

## 12 CIF Value of Import are as under :-

<u>Class of Goods</u>	<u>Current Year</u>	<u>(Rs. In Lacs)</u> <u>Previous Year</u>
Raw Material	542.62	1067.00

3 Previous years figures have been regrouped / rearranged wherever necessary to confirm to current year figures & in this schedule and the same are appearing in brackets.

14 Expenditure on employees in respect of remuneration in the aggregate of not less than Rs. 24.00 Lacs per annum if employed through out the year or not less than Rs. 2,00,000.00 per month if employed for the part of the year is NIL . (Previous Year NIL )

Signature to Schedule "1" To "21 "

In term of our report of even date.

**For S. SINGHAL & CO.**

Chartered Accountants

( R. K. Gupta )  
Partner  
M.No. 73846

( Naresh Chand )  
Managing Director

( Neeraj Kumar Jain )  
Whole Time Director

Place : Bhiwadi.  
Dated : 30th June, 2007

( Puneet Jain )  
Whole-Time Director

( Harun Rashid Ansari )  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR 2006-2007**

Sl.No.	Particulars	2006-2007 (Rs.)	2005-2006 (Rs.)
[ A ]	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before Tax	24,959,842	8,811,539
	Adjustments For :-		
	Depreciation	8,056,046	8,042,258
	Dividend Received	—	—
	Interest Paid	14,040,232	12,603,432
	Loss on sales of Fixed Assests	—	—
	<b>Operating Profit Before Working Capital Changes</b>	<b>47,056,120</b>	<b>29,457,229</b>
	Increase ( Decrease ) in working Capital		
	Trade & Other Receivables	(68,859,575)	11,789,057
	Inventories	12,260,621	(5,717,054)
	Trade Payables & Other Liabilities	67,238,305	(51,277,367)
	Cash from Operation	57,695,471	(15,748,135)
	Income Tax	(9,052,887)	(1,995,438)
[ B ]	Fringe benefit tax	(202,850)	(216,994)
	Cash Flow Before Extraordinary Items	48,439,733	(17,960,567)
	Prior period adjustment	2,306	(62,999)
	Net Cash From Operating Activities	48,442,039	(18,023,566)
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase Of Fixed Assets	(33,184,753)	(9,623,210)
	Investment	(22,050,000)	(959,500)
[ C ]	Issue of Share Capital	—	5,000
	Sale of Fixed Assets	—	—
	Dividend Received	—	—
	Cash Used in Investing Activities	(55,234,753)	(10,577,710)
	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Interest Paid	(14,040,232)	(12,603,432)
	Proceeds From Long/ Short Term Borrowings	29,276,065	38,983,351
	Cash Used/ Generated in Financing Activities	15,235,834	26,379,919
	Net Increase/ (Decrease) In Cash and Cash Equivalents	8,443,120	(2,221,357)
	Cash and Cash Equivalents (Opening Balances)	9,219,125	11,440,482
	Cash and Cash Equivalents (Closing Balances)	17,662,245	9,219,125
	<b>Note to cash flow statement:</b>		
	Cash and Cash Equivalents consist of cash on hand and balance with banks		
	Cash and Cash Equivalents included in the cash flow statement comprise the following:		
	Balance Sheet Amount		
	Cash on Hand	9,248,071	4,071,184
	balance with banks:		
	-Current Accounts	6,013,220	982,046
	-Others	2,400,954	4,165,896
		<b>17,662,245</b>	<b>9,219,126</b>

For S. SINGHAL & CO.  
Chartered Accountants

( R. K. Gupta )  
Partner  
M.No. 73846

( Naresh Chand )  
Managing Director

( Neeraj Kumar Jain )  
Whole Time Director

Place : Bhiwadi.  
Dated : 30th June, 2007

( Puneet Jain )  
Whole-Time Director

( Harun Rashid Ansari )  
Company Secretary

**AUDITOR'S CERTIFICATE**

The above Cash Flow Statement has been compiled from and is based on the audited accounts of ASHIANA ISPAT LIMITED for the year ended 31st March, 2007 reported upon by us on 30th June, 2007. According to the informations and explanations given, the aforesaid Cash Flow Statement has been prepared in accordance with Clause 32 of the Listing Agreement and reallocations required for the purpose are as made by the Company.

**For S. Singhal & Co.**  
Chartered Accountants

**(R. K. Gupta)**  
Partener  
M.No. 73846

**Place :** Bhiwadi  
**Date :** 30th June, 2007

**BALANCE SHEET AND COMPANY'S GENERAL BUSINESS PROFILE**

( In term of amendment VI Part IV )

**{ i ) Registration Details**

CIN No.

L27107RJ1992PLC006611

State Code

17

Balance Sheet

31

03

2007

Date

Month

Year

**{ ii ) Capital Raised During the Year**

Public Issue

NIL

Right Issue

NIL

**{ iii ) Position of Mobilisation and Deployment of Funds ( Amount in Rs.Thousands )**

Total Liabilities

256157

Total Assets

256157

**Sources of Funds**

Paid - Up Capital

42218

Reserve &amp; Surplus

30911

Secured Loans

73971

Unsecured Loans

104139

Net Deferred Tax Liability

4918

**Application of Funds**

Net Fixed Assets

93623

Investment

23145

Net Current Assets

139389

Misc. Expenditure

NIL

Accumulated Losses

NIL

**{ iv ) Performance of the Company ( Amount in ' 000 )**

Total Turnover

1475576

Total Expenditure

1450616

+ - Profit / Loss before Tax

+ 24960

+ - Profit / Loss after Tax

+ 16711

Earning Per Share in Rs.

4.20

Dividend Rates %

NIL

Item Code No. ( ITC Code )

-721410-09

Product Description

CTD BARS/RODS

For S. SINGHAL &amp; CO.

Chartered Accountants

( R. K. Gupta )

Partner

M.No. 73846

( Naresh Chand )

Managing Director

( Neeraj Kumar Jain )

Whole Time Director

Place : Bhiwadi.

Dated : 30th June, 2007

 ( Puneet Jain )  
Whole-Time Director

 ( Harun Rashid Ansari )  
Company Secretary

# ASHIANA ISPAT LIMITED

Regd Office : A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301 019, Distt. Alwar (Rajasthan)

## FORM OF PROXY

I/We.....of.....in the district of.....being a member/members of the ASHIANA ISPAT LIMITED, hereby appoint Mr/Mrs/ Miss.....of.....in the district of.....or, failing him/her Mr/Mrs/ Miss.....of.....in the district of.....as my/our Proxy to vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held on 10th September, 2007 at 11.00 A.M.

Signed this.....day of.....2007.

Signature.....

Folio No.....

DP ID .....

Client ID.....

No. of Shares held.....

Afix Re  
1.00  
Revenue  
Stamp

**Note :** If a member is unable to attend the meeting, he/she may fill this form and send it to the Registered Office of the Company so as to reach atleast 48 hours before the time for holding the meeting.

# ASHIANA ISPAT LIMITED

Regd Office : A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301 019, Distt. Alwar (Rajasthan)

## ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the Entrance of the Hall. Only Members or their Proxies are entitled to be present at the meeting.

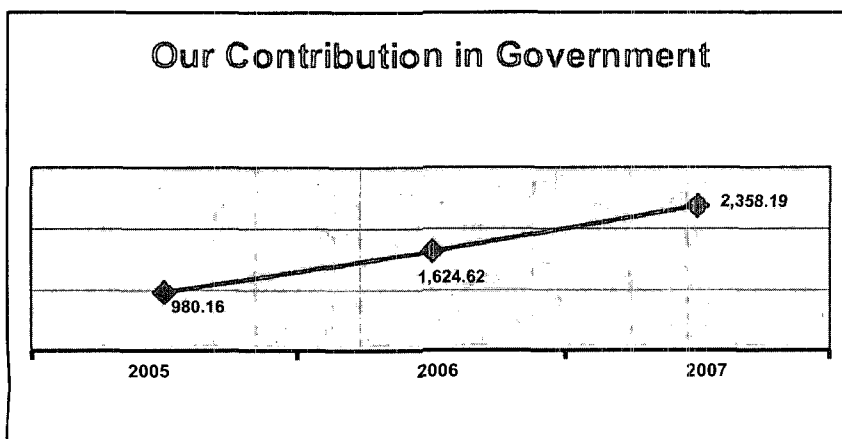
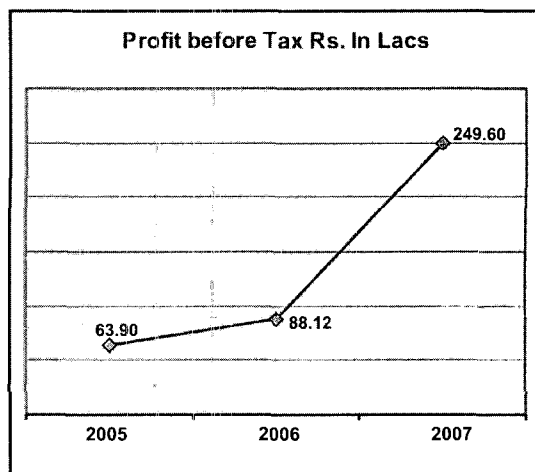
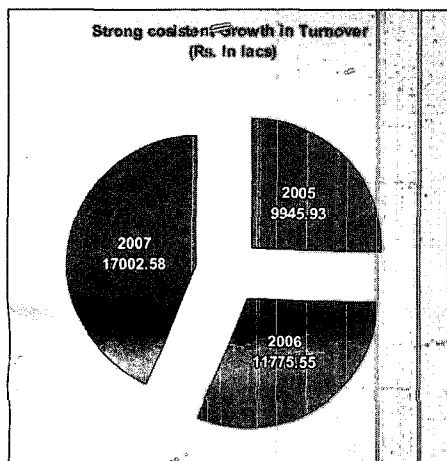
Name and Address of the Member	Folio No.
	Client ID No.
	DP ID No.
	No. of Shares Held

I hereby record my presence at the 15th Annual General Meeting of the Company at the Registered Office of the Company, on 10th September, 2007 at 11.00 A.M.

Signature of the Shareholder	Signature of the Proxy

- Note :**
1. The copy of Annual Report may please be brought to the Meeting Hall.
  2. Briefcases, Hand Bags etc. are not allowed inside the Meeting Hall.
  3. Please note that no gifts will be distributed at the meeting.

## YEAR AT A GLANCE:



	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.03.2007
Sale	4971.86	5704.06	7311.01	9945.93	11775.55	17002.58
Contribution in Govt.						
Revenue( Excise Duty)	689.47	784.26	920.33	980.16	1624.62	2358.19
PBT	23.17	25.10	43.25	63.90	88.12	249.60

**BOOK POST**

**ASHIANA ISPAT LIMITED**

A-1116 Phase-III,  
RIICO Industrial Area  
Bhiwadi-301 019, Distt. Alwar (Raj)