

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

### **BOARD OF DIRECTORS**

Puranmal Agarwal, Chairman  
Dalbir Chhibbar, Managing Director  
Yudhbir Chhibbar, Director  
Suresh Kr. Agarwal, Director  
Ashok Kumar Jaiswal, Director  
Pravin Kumar Chhabra, Director  
Sushma Chhibbar, Director  
Dev Kumar Mishra, Director

### **STATUTORY AUDITORS**

A Pradhan & Associates  
Chartered Accountants,  
28B, Kalidas Patitundi Lane, Kolkata-700 026.

### **BANKERS**

CITIBANK, N.A., Kolkata  
HDFC Bank Ltd., Kolkata  
State Bank of India, Jamshedpur and Nalgonda(A.P.)  
Corporation Bank, Raigarh, Chhattisgarh.

### **REGISTERED & HEAD OFFICE**

6, Waterloo Street,  
5<sup>th</sup> Floor, Suite No.506,  
Kolkata - 700 069, West Bengal  
Phone: 091-033-22430372  
Fax : 091-033-22430376  
E-mail: ashirwadsteels@gmail.com

### **WORKS**

#### **SPONGE IRON PLANTS :**

1. Plot Nos. A1,A3,A5,A7, Phase-V,  
Adityapur Industrial Area, Ghamaria  
Jamshedpur-832108, Jharkhand,  
Telefax : 091-0657-2386283.
2. Peetam Palli Approach Road,  
Vill. & P.O. Veliminedu, Mandal-Chityal,  
Dist. Nalgonda, Pin-508114, Andhra Pradesh.  
Phone:091-08682-274690/ 274691,  
Fax: 091-08682-274691.

#### **LPG BOTTLING PLANTS :**

1. Uluberia Industrial Growth Centre,  
Uluberia, Howrah, West Bengal, Pin-711315.  
Phone : 091-033-26610714
2. Village : Kisanapur  
Near Urdana Check Post  
Raigarh - 496001, Chattisgarh.  
Ph. : 091-07762-232558

### **REGISTRARS & TRANSFER AGENTS**

: Niche Technologies Pvt.Ltd.,  
D-511, Bagree Market, 5<sup>th</sup> Floor,  
71, B.R.B.B. Road, Kolkata-700 001  
Ph.No.091-033-2235 7270-71/2234-3576  
Fax : 091-033-22156823  
E-mail: nichetechpl@nichetechpl

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

### **NOTICE**

Notice is hereby given that the 26th Annual General Meeting of the Company will be held at the Registered Office of the Company at 6, Waterloo Street, 5<sup>th</sup> Floor, Suite No.506, Kolkata-700 069 on Monday, the 24<sup>th</sup> September, 2012 at 10.30 a.m. for the following purposes :-

#### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit & Loss A/c. for the year ended on that date with the Auditors' Report thereon.
2. To appoint Directors in place of Mr. Suresh Kumar Agarwal, Mr. Yudhbir Chhibbar and Mr. Pravin Chhabra who retire by rotation and being eligible offer themselves for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

Place : Kolkata

Dated : 29<sup>th</sup> June, 2012.

Regd. Office : 6, Waterloo Street,  
5<sup>th</sup> floor, Suite No.506,  
Kolkata-700 069.

By Order of the Board  
For **Ashirwad Steels & Industries Ltd.**

**Dalbir Chhibbar**  
Managing Director.

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

### **NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The instrument of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A proxy so appointed shall not have any right to speak at the meeting.
2. The Register of Members of the Company will remain closed from Monday, the 17th September, 2012 to 24th September, 2012 (both days inclusive).
3. Shareholders/Proxy holders are requested to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting place.
4. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
5. Members are requested to notify immediately any change in their address to the Company or to its share transfer Agents/Registrars.
6. Pursuant to the newly enacted provisions of the Companies Act, 1956, members are informed that every holder of shares in a company may at any time nominate in the prescribed manner a person to whom his/her shares in the Company shall vest in the event of his/her death.
7. Members are requested to send in their queries at least a week in advance to the Company at the Registered Office of the Company to facilitate clarifications during the meeting.

Place : Kolkata

Dated : 29<sup>th</sup> June, 2012.

Regd. Office : 6, Waterloo Street,  
5<sup>th</sup> floor, Suite No.506,  
Kolkata-700 069.

By Order of the Board  
For **Ashirwad Steels & Industries Ltd.**

**Dalbir Chhibbar**  
Managing Director.

## ASHIRWAD STEELS & INDUSTRIES LTD.

### DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 26th Annual Report and the Audited Statements of Accounts of your Company together with Auditors' Report for the year ended 31<sup>st</sup> March, 2012.

	<b>Current year</b> (31.03.2012) Rs.	<b>Previous year</b> [31.03.2011] Rs.
<b>FINANCIAL RESULTS :</b>		
Turnover/Income from Operation (Gross)	70,83,24,759	42,96,73,376
Less:Excise Duty	5,79.55,938	3,38,83,759
Profit/(Loss) before exceptional and extra-ordinary items and taxes	( 3,75,71,215 )	1,17,08,818
Profit /(Loss) before Taxation	( 3,75,71,215 )	5,23,076
<b>Tax Expenses :</b>		
Current Income Tax	—	6,87,438
Income Tax for earlier period	—	23,532
Deferred Income Tax (Assets)	11,38,359	(7,71,475)
Profit/(Loss) after Taxation	( 3,64,32,856 )	5,83,581

#### OPERATIONS & FINANCIAL PERFORMANCE :

The Sponge Iron manufacturing operations at Company's Jamshedpur plant continues to be uneconomical due to lower sales realization on account of poor quality of sponge iron produced as suitable grade of iron ore is either not available at all or not available in adequate quantity and also due to higher input and administrative costs. The management, however, continues to run it in the hope of turn around in the future but if the situation persists, the management may decide to close down the plant till the situation improves and operations become profitable. The problem at this plant has been further aggravated as Central Coalfields Limited has increased most indiscriminately the price of "B" grade Coal by unprecedented 130 % with effect from 01.03.2011, making it economically unviable whereas increase in the price of other grades of coal was only 30 %. The company has made several representations at various levels and forums to get lower D/E/F grades of economically viable coal from CCL but the latter has not till date agreed to company's request and hence the company could not lift any coal from CCL since March, 2011 and in order to run it's plant has under compulsion acquired coal from a group company at cost price after having exhausted it's own coal stock. The operations at Nalgonda Sponge Iron Plant are still viable due to lower cost of iron ore from mines located at Andhra Pradesh though the availability is highly restricted and limited and as a result the plant operates below it's capacity. The overall financial performance of your Company during the Financial Year ended on 31.3.2012 has been quite dis-satisfactory as the Company's Sponge Iron Plants have operated below their capacities due to poor or non-availability of iron ore as most iron ore mines in the State of Karnataka were lying closed due to ban imposed by the Hon'ble Supreme Court of India. Similarly, most of the mines in Orissa are also lying closed on account of various issues such as unauthorized mining, expiry of mining lease, non-renewal of lease, non-availability of Environmental and Forest Clearances, etc. The Company's Hydro-carbon Gas Bottling Plant at Raigarh (Chhattisgarh) was closed during the year due to low volumes and uneconomic operations. During the year under review your Company produced 33065 MT. of Sponge Iron (previous year 24018 MT). The gross turnover of the Company/income from operation for the year under review stood at Rs 7083.25 lacs (previous year 4296.74 lacs). The net result for the year is a net loss of Rs 364.32 lacs ( previous year a net post tax profit of Rs.5.83 lacs,).

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

### **DIVIDEND :**

Your Directors do not recommend any dividend for the year under review.

### **STATUTORY AUDITORS :**

M/s. A Pradhan & Associates, Chartered Accountants, were appointed as Statutory Auditors of your Company in the last Annual General Meeting and they being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting.

### **DIRECTORS :**

Mr. Suresh Kumar Agarwal, Mr. Yudhbir Chhibbar and Mr. Pravin Chhabra, Directors retire by rotation from the Board and being eligible offer themselves for re-appointment.

### **EXPANSION PROJECTS :**

Your Company has not been able to initiate any expansion project till now both due to non-receipt of necessary clearances from the Pollution Control Authorities and also because of non-availability of iron ore besides non-availability of Bulk Power for Company's proposed Project at "Plasto-Steel Park", Borjora, West Bengal. The Company is exploring the possibility of putting up a Briquetted Iron Plant at Barjora based on Chinese Technology as this plant requires very nominal quantum of power and the cost of production is comparatively less than the traditional route of making steel out of sponge iron. The Company will soon apply to the West Bengal Pollution Control Board for necessary clearances for the aforesaid new Project.

### **FIXED DEPOSIT :**

The Company has not during the year accepted any deposits from the Public under section 58 of the Companies Act, 1956.

### **CORPORATE GOVERNANCE :**

Corporate Governance Report along with the certificate of the Auditors confirming compliance of conditions of Corporate Governance as required under Clause 49 of the Listing Agreement with the Stock Exchange is annexed hereto.

### **LISTING OF COMPANY'S SHARES & LISTING FEES :**

The Company's shares are listed on Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, 25<sup>th</sup> Floor, Dalal Street, Mumbai-400 023.

The Company has paid the listing fees for the financial year 2011-2012 to the Stock Exchange, Mumbai, on which Company's shares are listed. The Company has also paid custodial fees for the year 2012-2013 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is 338C01012.

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

### **SHARE REGISTRARS & TRANSFER AGENTS :**

Niche Technologies (P) Ltd., D-511, Bagree Market, 71, B.R.B.B. Road, 5<sup>th</sup> Floor, Kolkata - 700 001. Phone : (033) 2235-7270/71, 2234-3576, Fax: (033) 22156823, E-mail nichetechpl@nichetechpl

### **DEPOSITORY DETAILS :**

1. Central Depository Services (India) Ltd., P.J.Towers (17<sup>th</sup> floor), Dalal Street, Mumbai-400023, Phone: (022) 22723333-3224, Fax : (022) 2272-2072/3199.
2. M/s. National Securities Depository Ltd., 4<sup>th</sup> floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. Phone: (022) 2499-4200 Fax: (022) 24972993.

### **DEMATERIALISATION OF SHARES :**

As per SEBI's direction, the Company has signed tripartite agreements with the above Depositories and Registrars and Transfer Agents in November, 2000. Dematerialisation facility for physical share certificates is available. According to SEBI's guidelines trading in Demat form has been made compulsory for all classes of investors. Therefore, it is in the interest of all the shareholders to convert their physical holdings into electronic holdings by dematerialisation of the equity shares.

### **PERSONNEL :**

No employee was in receipt of Salary exceeding the limits prescribed u/s 217(2A) of the Companies Act, 1956 and hence the Statement of particulars of employees as required under that section is not applicable to your Company.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS.**

As regards the information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, your Directors give the following particulars to the extent applicable to your Company.

#### **(A) CONSERVATION OF ENERGY :**

The Power requirement at Company's Gas Bottling Plant is negligible as only bottling of gases is being done. For Sponge Iron Plants, the Capacitor Panels of adequate size and number have been installed and are maintained to save and economise on power consumption.

#### **(B) TECHNOLOGY ABSORPTION :**

The Company is using in-house technology and expertise for its LPG Bottling Plants. The technology to manufacture Sponge Iron was provided by an outside agency. The said technology is fully indigenous and is now well established and has been fully absorbed by the Company. The Company has not so far made use of any imported technology for its products/plants.

**( C ) FOREIGN EXCHANGE EARNINGS AND EXPENSES :** Earnings: Nil(Previous Year: Nil)

Expenses : Nil (Previous Year : 7,53,438)

## ASHIRWAD STEELS & INDUSTRIES LTD.

### DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :-

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2012, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the Company for the year under review.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2012 on a going concern basis.

### ACKNOWLEDGEMENT :

Your Directors would like to convey their sincere appreciation for the assistance and co-operation received from the valued customers, suppliers and shareholders during the year under review. Your Directors also wish to place on record their appreciation for the contribution of the employees at all levels.

Place : Kolkata  
Dated : 29<sup>th</sup> June, 2012.

For and on behalf of the Board

**Dalbir Chhibbar**  
Managing Director.

## ANNEXURE TO DIRECTORS' REPORT

### FORM – A

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### A. POWER AND FUEL CONSUMPTION :

	<b>Figures for Current Reporting Period</b>	<b>Figures for Previous Reporting Period</b>
<b>1. Electricity :</b>		
(a) Purchased		
Units	3489555	2872760
Total amount (Rupees)	16376717	13693013
Rate/Unit (Rupees)	4.69	4.77
(b) Own generation (D.G.Set)		
Units	233810	84992
Cost/Unit	22.43	17.39

**ASHIRWAD STEELS & INDUSTRIES LTD.****B. CONSUMPTION OF ELECTRICITY PER UNIT  
OF PRODUCTION OF SPONGE IRON/  
BOTTLING OF GAS.**

(i)	Units consumed per Metric Ton of L. P. Gas bottle	31.88	14.63
(ii)	Units consumed per Metric Ton of Sponge Iron produced	105.36	119.46

**FORM – B****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION :****1. RESEARCH AND DEVELOPMENT :**

The Company has not so far carried out any major Research & Development work. The Company has not incurred any expenditure on this account so far. The Company, however, has full fledged laboratories at its Sponge Iron Plants for testing the quality of raw materials and also of the finished products.

**2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

Since no technology has been absorbed from outside, the item is not applicable to us. The Company, however, continues the efforts for upgradation of technology in order to improve the quality and reduce cost to the extent possible.

Place : Kolkata  
Dated : 29<sup>th</sup> June, 2012.

For and on behalf of the Board

**Dalbir Chhibbar**  
Managing Director.



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

(For the Financial Year ended 31st March, 2012)

**(a) Industry Structure and Developments :**

The principal product of the Company is Sponge Iron which is manufactured at its Plants located at Jamshedpur and at District Nalgonda, Andhra Pradesh. Sponge Iron is used alongwith steel scraps by secondary steel producers for making steel billets/ingots which in turn are used by the re-rollers for making long products used in the house building and in the infra-structure development. Increase in the cost of raw materials, overheads, manufacturing expenses and lower capacity utilization due to poor or non-availability of iron ore, the basic raw material and depressed market conditions have been adversely affecting the company's profitability. The selling prices of Sponge Iron are market driven and the Company has no control over it. The principal components of cost of Sponge Iron are coal, iron ore and freight and the Company has no control on their rates/prices.

**(b) Opportunities and Threats :****i. Opportunities :**

The Central Government is trying to give a big thrust on infra-structure and housing development in the country and therefore the demands for long steel products which are made out of Sponge Iron is expected to go up in the coming years. However, at present the secondary steel market is in bad shape due to low demand and therefore, your Company's performance is also getting adversely affected.

**ii. Threats :**

The cost of coal and iron ore are the two major input costs in production of Sponge Iron. The prices of both these raw materials are regularly increased by the suppliers which in turn adversely affects the finances of the Industry. Thus rising input costs are big threat to the survival of Sponge Iron and Steel Industry. It is difficult for most of the Sponge Iron Units under medium sector which are unable to get access to their own Iron Ore and Coal Mines to survive, sustain and earn reasonable profits unless there is a corresponding hike in the selling prices of Sponge Iron. The Coal India Ltd. had last year increased the prices of 'B' grade coal by almost 130% making the operations of the Company's Jamshedpur Sponge Iron Plant unviable. The Company had requested Central Coalfields Ltd./Coal India Ltd. to lower the grade of coal for the said plant from B/C grade to D/E/F grade and had also requested the Ministry of Coal for the same. Upon not getting the requisite permission the Company had moved to the Hon'ble High Court at Ranchi, who directed the CCL to do requisite but till date CCL/CIL has done nothing on that account. However, the Company is hopeful to receive their consent in the near future. The bigger threat to the Company is virtual non-availability of iron ore due to closure of iron ore mines in the States of Karnataka and Orissa on various issues and grounds by Supreme Court of India and other Government Departments and entities.

**(c) Segment-wise Product-wise performance :**

Your Company has only two segments namely Sponge Iron and gas taking into account the nature of the product, uses and production system. However, your Company mainly operates under the "Iron & Steel" Segment and hence segment wise result has not been given.

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

**(d) Outlook :**

In view of what has been stated in paragraphs (a) and (b) above your Management perceives that the outlook of the Sponge iron Industry in the current financial year is not expected to be encouraging unless the closed Iron Ore Mines are re-opened at the earliest and leases for the new Iron Ore Mines are granted by Central Government/State Government resulting in regular and easy availability of iron ore at reasonable prices.

**(e) Risks & Concerns :**

Risk is inherent in every business activity and Sponge Iron Industry is no exception. The steel industry displays strong commodity characteristics and is subject to cyclical price movements in business cycles. The Company is exposed to risks from overall market fluctuations, changes in government policy, laws of the land, taxation, man made disaster, political risks and increase in cost of inputs like Iron ore, coal, power, diesel, freight, etc. which affect the financial performance of the Company.

**(f) Internal Control System and its Adequacy :**

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly and applicable statutes are duly complied with. The Company has constituted an Audit Committee to monitor the adequacy and efficacy of internal control system.

The adequacy of these compliances and their effectiveness is subject to statutory audit and the same has been adequately reported by the Auditors in their report as required under the relevant provisions of the Companies Act, 1956. The Company also has an Internal Audit System being carried out by an Independent Firm of Chartered Accountants.

**(g) Discussions on financial performance with reference to operational Performance:**

During the year; Gross turnover/income from operations stood at Rs.70.83 crores as compared to Rs.42.97 crores in the previous year. The operating loss before exceptional and extraordinary items and taxation stands at Rs. 375.71 lacs compared to a profit of Rs.5.23 lacs in the previous year. Your Directors are, however, continuing their efforts for better performance of your Company.

**(h) Material Developments in HRD and industrial Relations Front :**

Your Directors recognize the value of people as one of our most valuable assets and believe that your Company's employees are central to its sustainable success. Developing, motivating, rewarding and retaining talented employees at all levels is a priority and a key responsibility of your Company's management. It is this policy of ours that has enabled us to retain talented employees and maintain harmonious relations with them.

**i) Cautionary Statements :**

Statements in this management discussion and analysis report describing the Company's objectives, projections, estimates and expectations may be termed as forward looking statements within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied. The readers of this report are, therefore, advised to read the same with this caution.

## ASHIRWAD STEELS & INDUSTRIES LTD.

### REPORT ON CORPORATE GOVERNANCE

(For the year ended 31<sup>st</sup> March, 2012)

The Report on compliance of the conditions of corporate governance in accordance with Clause 49 of the Listing Agreement with the Stock Exchange by your Company is given below

#### 1. Company's Philosophy

Your Company's philosophy continues to be to look after customers' welfare and satisfaction and to increase shareholders value, enforce quality control and improve the quality of life of the people around by practicing the principles of good corporate governance.

#### 2. Board of Directors:

##### (a) Composition :

As at 31<sup>st</sup> March, 2012 the Board of Directors consist of a non-executive Chairman, a Managing Director, One Executive Director, 3 non-executive Directors and 2 independent Directors.

##### (b) Category, their Directorship and Committee Membership in other Companies :

The Board of your Company is comprised of the following Directors :

Name of Directors	Category	Member of Boards of other Public Companies (excluding Directorship in private Companies)	Total no. of Committee(s) Membership in other Public Ltd. Companies, Foreign Companies and Companies under Sec.25 of the Companies Act, 1956)		No. of Equity Shares held in the Company
			As Chairman	As Member	
Puranmal Agarwal	Chairman Non-executive	13	Nil	Nil	4750
Dalbir Chhibbar	Managing Director(executive)	3	Nil	Nil	108725
Yudhbir Chhibbar	Non-executive	1	Nil	Nil	3000
Suresh Kr. Agarwal	-do-	10	Nil	Nil	4000
Sushma Chhibbar	-do-	1	Nil	Nil	53000
Dev Kumar Mishra	Executive	Nil	Nil	Nil	Nil
Ashok Kumar Jaiswal	Non-Executive (Independent)	5	Nil	Nil	Nil
Pravin Kumar Chhabra	-do- [Independent]	Nil	Nil	Nil	Nil

## ASHIRWAD STEELS & INDUSTRIES LTD.

### (c) Board Meetings held during the year :

During the year the Board Meetings were held thirteen times e.g. on 1st April, 2011, 17th May, 2011, 31<sup>st</sup> May, 2011, 30th June, 2011, 9th August, 2011, 10<sup>th</sup> August, 2011, 16<sup>th</sup> August, 2011, 29<sup>th</sup> August, 2011, 19th October, 2011, 31<sup>st</sup> October, 2011, 30th January, 2012, 15th February, 2012 and 24<sup>th</sup> February, 2012.

### (d) Attendance of Directors at the Board Meetings held during the year 2010-2011 and at the last Annual General Meeting (AGM)

Name of Directors	No. of Board Meetings Held	Attended	Attended last AGM on 19.9.2011
1. Puranmal Agarwal	13	13	Yes
2. Dalbir Chhibbar	13	13	Yes
3. Yudhbir Chhibbar	13	5	No
4. Suresh Kr. Agarwal	13	13	Yes
5. Ashok Kumar Jaiswal	13	5	Yes
6. Pravin Kumar Chhabra	13	7	Yes
7. Sushma Chhibbar	13	9	Yes
8. Dev Kumar Mishra	13	Nil	No

### (e) Information about Directors seeking re-appointment has been included in this Report.

#### 3. Audit Committee

An Audit Committee has been constituted to meet the requirements of Clause 49 of the Listing Agreement.

#### Brief Description of Terms of Reference :

The terms of reference of the Audit Committee are as contained under clause 49 of the Listing Agreement and as stipulated under Section 292A of the Companies Act, 1956.

#### Composition of committee and attendance of Members :

The Audit Committee comprises of Independent Directors namely, Mr. Pravin Kumar Chhabra and Mr. Ashok Kumar Jaiswal. The Accounts Manager is the permanent invitee to the audit committee. The committee met four times during the year under review and the meetings were attended by all its members. Audit Committee's role inter-alia include overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

## ASHIRWAD STEELS & INDUSTRIES LTD.

### 4. Code of Conduct :

The Company has laid down a Code of Conduct, under Clause 49 of the Listing Agreement, for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest. The declarations with regard to compliance of Code of Conduct have been received for the year 2012 from all Board Members and Senior Management Personnel.

There were no material financial and commercial transactions, in which Board Members and Senior Management Personnel had personal interest, which could lead to potential conflict of interest with the Company during the year.

### 5. Remuneration of Directors

- (a) Remuneration is paid to the Managing Director as per package approved by the Board and the members in the Annual General Meeting.
- (b) Details of remuneration paid to the Directors for the year ended 31<sup>st</sup> March, 2012

Name of the Directors	Salary and other benefits (Rupees)
Dalbir Chhibbar	1,80,000

**Note :** No remuneration was paid to any other Director of the Company.  
No Board-Meeting sitting fees was paid to any of the Directors of the Company.

### 6. Shareholders/Investors Grievance Committee :

- (a) The Company has appointed M/s Niche Technologies Pvt.Ltd., a SEBI registered Registrar as its Share Transfer Agent for both physical as well as electronic modes. The shares of the Company are traded on Bombay Stock Exchange and the complaints from the Shareholders are negligible. Due to this, the Company has not constituted any separate committee. However, the Company will constitute such a Committee separately as and when the need for such a Committee arises.
- (b) Sri Subhash Chandra Rana, General Manager is the Compliance Officer of the Company.
- (c) No complaints from shareholders were pending as on 31.3.2012.

### Secretarial Audit Report :

As stipulated by SEBI a qualified practicing Company Secretary carries out the secretarial audit every quarter and the report thereon is submitted to the Bombay Stock Exchange and is also placed before the Board of Directors. The said audit report, inter-alia confirms that the total listed and paid-up capital of the Company is in agreement with the total number of shares in dematerialized form held with NSDL and CDSL and total number of shares in physical shares.

## ASHIRWAD STEELS & INDUSTRIES LTD.

### 7. General Body Meeting :

(a) Locations, date and time, where last three AGMs held :

AGM	Financial Year	Date	Time	Place
23rd	2008-2009	14.9.09	10.30 AM	6, Waterloo Street, 5 <sup>th</sup> floor, Suite No.506, Kolkata-700 069. (Registered Office)
24th	2009-2010	20.9.10	10.30 AM	6, Waterloo Street, 5 <sup>th</sup> Floor, Suite No.506, Kolkata – 700 069. (Registered Office).
25th	2010-2011	19.9.11	10.30 AM	6, Waterloo Street, 5 <sup>th</sup> floor, Suite No.506, Kolkata-700 069. (Registered Office)

(b) No resolutions were passed through Postal Ballot nor are any proposed at the ensuing Annual General Meeting.

### 8. Disclosures :

(a) There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

**NOTE** of the Annual Accounts contains the details of related party transaction as required by the Accounting Standard – 18 on 'Related Party Disclosure' issued by The Institute of Chartered Accountants of India.

(b) No strictures were imposed on the Company by any regulatory authority on any matters related to capital markets during the last three years.

### 9. Means of communication :

(a) The quarterly results of the Company are regularly published in the following newspapers:

- (i) Financial Express (English)
- (ii) Kalantar (Bengali)

(b) At present, the Company is not having any website.

(c) "Management Discussion and Analysis Report" has been included as part of this Report.

### 10. General Shareholder information

(a) **AGM : Date, time and venue :**

The forthcoming 26th Annual General Meeting of your Company will be held on Monday, the 24<sup>th</sup> September, 2012, at its Registered Office at 6, Waterloo Street, 5<sup>th</sup> floor, Suite No.506, Kolkata-700 069 at 10.30 a.m.



## ASHIRWAD STEELS & INDUSTRIES LTD.

### (h) Registrar and Share Transfer Agents

The details of the Registrar and Share Transfer Agent (R & TA) of the Company are as follows:

M/s. Niche Technologies Private Limited  
D-511, Bagree Market, 71, B.R.B.B.Road, Kolkata-700 001 (West Bengal)  
Phone No. (033) 2235 7270/71 Fax: 2215 6823  
E-mail nichetechpl@nichetechpl

Accordingly, all communications on matters relating to share transfer, non-receipt of share certificate, etc. be sent to Niche Technologies Private Limited. Correspondence on these matters may also be sent to the Company at 6, Waterloo Street, 5<sup>th</sup> floor, Suite No.506, Kolkata-700 069.

### (i) Share Transfer System :

After the request for transfer/transmission of shares is approved by the authorised officials of the Company, the same is sent to the Registrar and Share Transfer Agents for completing the necessary procedural formalities and despatch to the shareholders. Transfer of shares, if found to be in order in all respects, are normally effected within a period of 15 days from the date of receipt of shares.

### (j) Pattern of Shareholding as at 31<sup>st</sup> March, 2012

Category of share holder	No. of Equity Shares held	% of Shares held
(A) Promoter's Holding	4428491	35.43
(B) <b>Non Promoter's Holding</b>		
Institutional Investors	208700	1.67
Private Corporate Bodies	6374193	50.99
Indian Public	1334792	10.68
NRIs/OCBs	145410	1.16
Others	8414	0.07
Total	<u>12500000</u>	<u>100%</u>

**Note :** Promoters have not pledged any of their shares with any Agency/Bank/Financial Institutions.

### (k) Distribution of Shareholding as on 31<sup>st</sup> March, 2012 :-

Share Class/No. of Shares	No. of Shareholders	% of total No. of Shareholder	Value of Shares held at face value of Rs.10/- each	% of total share capital Amount
upto 500	2888	87.2244	3,95,834	3.1667
501- 1,000	146	4.4095	1,19,836	0.9587
1,001- 5,000	168	5.0740	3,93,980	3.1518
5,001- 10,000	27	0.8155	2,19,539	1.7563
10,001- 50,000	40	1.2081	10,32,732	8.2619
50,001- 1,00,000	11	0.3322	8,06,143	6.4491
1,00,001- and Above	31	0.9363	95,31,936	76.2555
Total	<u>3311</u>	<u>100.0000</u>	<u>1,25,00,000</u>	<u>100.0000</u>



## ASHIRWAD STEELS & INDUSTRIES LTD.

**(l) Dematerialisation of shares and liquidity :**

The Company had signed tripartite agreements with NSDL, CDSL and Registrar and Share Transfer Agents in November, 2000. Dematerialization facility is available for shareholders. Out of the total number of shares; 9744162 number of shares ( 77.95 %) have been dematerialized as on 31.03.2012.

**(m)** The Company has not till date issued any GDRs/ADRs/warrants or any convertible instruments pending for conversion.

**(n) Address for correspondence :**

The Shareholders may address their communications, suggestions, grievances and queries to :  
Ashirwad Steels & Industries Limited  
6, Waterloo Street, 5<sup>th</sup> floor, Suite No.506, Kolkata-700 069, West Bengal.  
Phone No. 091-033-22430372  
Fax : 091-033-22430376  
E-mail : ashirwadsteels@gmail.com

**(o)**

**Plant Locations :**

**Sponge Iron Plants**

- 1) Plot No.A1,A3,A5,A7, Phase-V, Adityapur Industrial Area, Ghamaria, Jamshedpur-832 108, (Jharkhand).
- 2) Peetam Palli Approach Road, Vill. & P.O. Veliminedu, Mandal-Chityal, Dist. Nalgonda, Andhra Pradesh – 508 114.

**LPG/RLHG  
Bottling Plants**

- 1) Uluberia Industrial Growth Centre, Uluberia, Howrah, West Bengal, Pin – 711 315
- 2) Village : Kisnapur, Near Urdana Check Post, Raigarh-496001 (Chhattisgarh).

**(p)** Corporate Identification No.: L51909WB1986PLC040201

**STATUS OF COMPLIANCE OF NON-MANDATORY REQUIREMENTS :**

1. The Company does not have a Remuneration Committee.
2. Half-yearly Declaration of results of financial performances including summary of the significant events are not sent to the shareholders of the Company as quarterly results are regularly published in newspapers.
3. No resolution(s) are proposed to be passed by postal ballot.

For and on behalf of the Board

Place : Kolkata  
Dated : 29<sup>th</sup> June, 2012  
Regd. Office : 6, Waterloo Street,  
Room No. 506, 5<sup>th</sup> floor,  
Kolkata – 700 069.

**Dalbir Chhibbar**  
Managing Director

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

To the Members of

### **ASHIRWAD STEELS & INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Ashirwad Steels & Industries Limited for the year ended 31<sup>st</sup> March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As informed to us, the records relating to investor grievances against the Company, if any, is maintained by the Registrars of the Company who have certified that as at 31<sup>st</sup> March, 2012, there were no investor grievances remaining unresolved/pending.

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

**For A Pradhan & Associates**  
Chartered Accountants

Place : Kolkata  
Dated : 29<sup>th</sup> June, 2012.

A. Pradhan  
Partner.  
Membership No. 53543

## ASHIRWAD STEELS & INDUSTRIES LTD.

### AUDITORS' REPORT

To the Members of ASHIRWAD STEELS & INDUSTRIES LTD.

1. We have audited the attached Balance Sheet of **ASHIRWAD STEELS & INDUSTRIES LTD.** as at 31<sup>st</sup> March 2012, the Statement of Profit and Loss and the Cash Flow Statement of the company for the year ended on that date annexed thereto. 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.
2. We 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.
3. As required by the Companies (Auditor's report) Order 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of such books.
  - c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012, and
    - ii. in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date.
    - iii. in the case of Cash Flow statement, of the cash flows of the company for the year ended on that date.

For **A PRADHAN & ASSOCIATES**  
*Chartered Accountants*

Place: 28B, K.P. Lane,  
Kolkata – 700026.  
Date: 29<sup>th</sup> June 2012

A. PRADHAN  
(Proprietor)  
Membership No: 053543

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

### **Annexure to the Auditors' Report.**

Referred to in Paragraph 3 of our report of even date on the accounts of **Ashirwad Steels & Industries Ltd.** for the year ended March 31, 2012:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The fixed assets have been physically verified by the management as per a phased program of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification were not material and have been properly dealt with in the books of accounts.  
  
(c) In our opinion, no substantial part of fixed assets employed by the company had been disposed off during the year.
2. (a) As explained to us the management has conducted physical verification of inventory at reasonable intervals during the year.  
  
(b) In our opinion, the procedures followed by the management for such physical verification of inventory are reasonable and adequate in relation to the size of the Company and nature of its business.  
  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and the book records were not material and have been properly dealt with in the books of accounts.
3. (a) The Company has not given any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
  
(b) In our opinion, the requirement of clause (iii) (b), (iii) (c) & (iii) (d) of the order are not applicable since no loans have been given to companies, firms or parties covered under section 301 of the Companies Act, 1956.  
  
(c) The company has not taken any loan from companies, firms or other parties covered in the register maintained under section 301 of the Act.  
  
(d) In our opinion, the requirement of clause (iii) f and (iii) g of the order is not applicable as the company has not taken any such loan which is covered under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotation, 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 with regard to the sale of goods, services and disposal of fixed assets. During the course of our audit, no major weakness has been observed in the internal controls regarding purchase of inventory and fixed assets and sale of goods and services.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the said register .  
  
(b) During the year the company has purchased raw material from a company under the same management exceeding the value of five lakhs rupees and the price at which such purchases were made are reasonable having regard to the prevailing market prices at the relevant time.

## ASHIRWAD STEELS & INDUSTRIES LTD.

7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
8. The Company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.
9. As informed to us, the company has initiated the process of maintaining cost records as has been prescribed by the Central Government u/s 209(1)(d) of the Companies Act, 1956, in respect of the sponge iron production activities carried on by the Company.
10. (a) The company is generally regular in depositing undisputed statutory dues including Staff Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, VAT, CST, Service Tax, Excise Duty, Cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us the following taxes were not deposited as the same were disputed in appeal at the end of the year:

	Disputed Amount (Rs.)	Deposited Amount (Rs.)	Forum where dispute is pending in appeal As on 31.03.2011
Purchase Tax (Vat) on Coal purchase	30,17,821	15.09	Appellate Dy. Commissioner (CT), Hyderabad Rural Division.
Income Tax	15,79,364	Nil	Commissioner of Income Tax (Appeals)-C-III, Kolkata.
CENVAT (Capital Goods)	24,75,534	12.38	Commissioner of Customs, Central Excise and Service Tax (Appeals III), Hyderabad.
Vat and Penalty	11,06,177	2.21	Appellate Dy. Commissioner (CT), Adityapur Circle, Jamshedpur.

- (c) On the basis of a writ petition filed by the Company against State Government's order withdrawing remission of Sales Tax pursuant to imposition of VAT in the State; the Hon'ble High Court of Jharkhand at Ranchi has allowed the benefit of deferment of tax for VAT and although the Hon'ble High Court order is not specific about deferment of CST, the Company assumes that deferment order is applicable to both VAT and CST in respect of its sales from its Sponge Iron plant at Jamshedpur. The company has accordingly shown deferred tax liability on account of CST Rs. 7,46,627/- and of VAT Rs. 5,57,040/- as at the end of the year. This matter is pending for decision before the Hon'ble Supreme Court.
11. The Company does not have any accumulated past losses at the end of the financial year under review but has incurred cash loss in the current financial year. There was no cash loss incurred in the immediately preceding financial year.

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

12. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to banks or any financial institutions. The company has not accepted any fund on account of issue of debentures.
13. According to the information and explanations given to us and the records examined by us, the company has not granted any loan on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi /mutual benefit fund/ societies.
15. In our opinion, the Company has maintained proper records of the transactions and contracts for dealing in investments in shares and in the share derivatives transactions and timely entries have been made therein. The investments made by the Company are held in its own name.
16. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof could have been prima facie prejudicial to the interest of the Company.
17. As informed to us, the company has not taken any term loans during the year.
18. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanation given to us, we report that the Company has not utilized short term loans taken for any long term investments.
19. During the year the company has not made any preferential allotment of shares.
20. According to the information and explanations given to us, the company has not issued any debentures.
21. The Company has not raised any money by public issue during the year.
22. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year.

For **A PRADHAN & ASSOCIATES,**  
*Chartered Accountants*

Place: 28B, K. P. Lane,  
Kolkata – 700026.  
Date: 29<sup>th</sup> June 2012

A. PRADHAN  
(Proprietor)  
Membership No: 053543

**ASHIRWAD STEELS & INDUSTRIES LTD.****BALANCE SHEET AS AT 31ST MARCH 2012**

<b>PARTICULARS</b>	<b>Note No.</b>	<b>Figures as at the end of current reporting period</b>	<b>Figures as at the end of previous reporting period</b>
<b>I. EQUITY AND LIABILITIES :</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	125,000,000	125,000,000
(b) Reserves and Surplus	2	369,379,889	402,102,280
<b>Sub Total - Shareholders' Funds</b>		<b>494,379,889</b>	<b>527,102,280</b>
<b>(2) Non-current Liabilities</b>			
(a) Long-term borrowings	3	1,303,667	2,607,337
(b) Deferred tax liabilities(Net)	31	26,146,594	27,284,953
(c) Other Long Term liabilities	4	2,205,980	1,998,370
(d) Long Term provisions	5	2,106,280	1,765,329
<b>Sub Total - Non-current Liabilities</b>		<b>31,762,521</b>	<b>33,655,989</b>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	6	54,311,647	-
(b) Trade Payables	7	14,604,059	166,932
(c) Other current liabilities	8	25,642,732	17,013,918
(d) Short-term provisions	9	4,479,673	8,190,138
<b>Sub Total - Current Liabilities</b>		<b>99,038,111</b>	<b>25,370,988</b>
<b>TOTAL :</b>		<b>625,180,521</b>	<b>586,129,257</b>
<b>II. ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	121,416,845	130,340,816
(b) Non-current Investment	11	44,929,020	44,929,020
(c) Long-term loans and advances	12	33,061,919	79,049,272
<b>Sub Total - Non-current Assets</b>		<b>199,407,784</b>	<b>254,319,108</b>
<b>(2) Current Assets</b>			
(a) Current Investments	13	-	4,948,233
(b) Inventories	14	106,656,049	189,837,995
(c) Trade Receivables	15	26,216,818	33,967,236
(d) Cash and Cash Equivalents	16	164,416,829	59,384,695
(e) Short-term loans and advances	17	120,623,949	42,374,128
(f) Other current assets	18	7,859,092	1,297,862
<b>Sub Total - Current Assets</b>		<b>425,772,737</b>	<b>331,810,149</b>
<b>TOTAL :</b>		<b>625,180,521</b>	<b>586,129,257</b>

See accompanying notes forming part of the financial statements.

As per our attached report of even date

PURANMAL AGARWAL : **Chairman**

For **A PRADHAN & ASSOCIATES**  
Chartered Accountants

DALBIR CHHIBBAR : **Managing Director**

Place : Kolkata  
Dated : 29th June 2012

A. Pradhan  
Proprietor  
Membership No. 053543

YUDHBIR CHHIBBAR : **Director**

**ASHIRWAD STEELS & INDUSTRIES LTD.****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012**

	<b>PARTICULARS</b>	<b>Note No.</b>	<b>Figures for the current reporting Period</b>	<b>Figures for the Previous reporting Period</b>
I.	Revenue from Operations	19	<b>632,233,202</b>	373,243,798
II.	Other Income	20	<b>18,135,616</b>	22,545,819
III.	Total Revenue (I+II)		<b>650,368,818</b>	395,789,617
IV.	Expenses :			
(a)	Cost of materials consumed	21	<b>560,325,343</b>	308,923,760
(b)	Purchases of Trading goods	41(i)(e)	<b>10,694,902</b>	10,909,946
(c)	Changes in inventories of finished goods, Work-in-Prigress & Stock-in-Trade	22	<b>(6,298,028)</b>	7,254,934
(d)	Employee Benefits Expense	23	<b>9,712,236</b>	9,001,808
(e)	Finance Costs	24	<b>2,804,498</b>	260,802
(f)	Depreciatioin and amortization expense	25	<b>11,163,846</b>	10,924,940
(g)	Other Expenses	26	<b>99,537,236</b>	47,894,558
			<b>687,940,033</b>	395,170,748
V.	Profit before exceptional and extra-ordinary items and tax		<b>(37,571,215)</b>	618,869
VI.	Exceptional items	27	-	95,794
VII.	Profit before extra ordinary items and tax (V-VI)		<b>(37,571,215)</b>	523,075
VIII.	Extra ordinary items		-	-
IX.	Profit before tax (VII-VIII)		<b>(37,571,215)</b>	523,075
X.	Tax Expense :			
1.	Current Tax		-	687,438
2.	Deferred Tax Asset		<b>1,138,359</b>	(771,475)
3.	Income Tax for earlier year		-	23,532
XI.	Profit(Loss)for the period after tax (XI+XIV)		<b>(36,432,856)</b>	583,580
XII.	Earnings/(Loss) per Equity Shares (1) Basic & Diluted		<b>(2.91)</b>	0.05

See accompanying notes forming part of the financial statements.

As per our attached report of even date

PURANMAL AGARWAL : **Chairman**

For **A PRADHAN & ASSOCIATES**  
*Chartered Accountants*

DALBIR CHHIBBAR : **Managing Director**

Place : Kolkata  
Dated : 29th June 2012

A. Pradhan  
Proprietor  
Membership No. 053543

YUDHBIR CHHIBBAR : **Director**



**SIGNIFICANT ACCOUNTING POLICIES****(i) Basis of accounting :**

- (a) The Company prepares its accounts under historical cost convention and on accrual basis except otherwise stated, in accordance with the normally accepted accounting principles.
- (b) Revenue from sale of goods is recognized on passage of title to the customers, which generally coincides with delivery. Revenue from services rendered is recognized on rendering of services to the customers.
- (c) Bonus including ex-gratia payable and leave salary payable to the employees, as per consistent practice, are accounted for on cash basis.
- (d) Dividend on Investments in shares and refunds of excise and other levies/taxes are accounted for on acceptance/actual receipt basis.

**(ii) Fixed Assets:**

Fixed Assets are stated at cost of acquisition net of cenvat and inclusive of freight, duties, and cost of finance during construction period and expenses related to acquisition, installation, erection and commissioning.

**(iii) Investments:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Investments are carried and valued at cost. Profit or loss if any on the same are accounted for upon their disposal/Sale.

**(iv) Depreciation:**

- (a) Depreciation on fixed assets has been provided for on the straight-line method at the rates and in the manner prescribed under schedule XIV of the Companies Act, 1956.
- (b) Depreciation on fixed assets added during the year is provided on Pro-rata with reference to the month of addition/deletion, except for assets costing Rs. 5,000/- or less on which 100% depreciation is provided.
- (c) Depreciation includes amount written off in respect of leasehold properties over the respective lease period.

**(v) Valuation of Inventories:**

Inventories are valued as under:

Raw Materials	At lower of cost or net realizable value.
Finished goods	At lower of cost (including Excise Duty) or net realizable value.
Work-in-Progress	At lower of cost or net realizable value. Cost includes direct materials, labour cost and manufacturing overheads based on normal operating capacity
Stores & Spares	At lower of cost or net realizable value.
Wastes & Others	At net realizable value.

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

The cost of inventories comprises of all costs of purchase, Freight, Taxes & Duties costs of conversion and other cost directly attributable to the acquisition thereof. For arriving at the cost of inventories, the FIFO cost formula along with the retail method for measurement of cost has been adopted.

**(vi) Retirement Benefits and other Employee Benefits:**

- a. Company's contributions to Provident Fund and Employees State Insurance Fund are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- b. Provision has been made for the liability on account of Gratuity payable to employees, which is at present the unfunded plan of the company.

**(vii) Sales:**

Sales are inclusive of VAT and excise duty and shown net of sales returns.

**(viii) Other Income:**

Interest income on Fixed Deposits is accounted for on accrual basis. Dividend and other interest income are accounted for as and when received.

**(ix) Excise Duty:**

Excise Duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factory as on the Balance Sheet date.

**(x) Contingent Liabilities:**

Contingent Liabilities that are not provided for have been disclosed by way of Notes to the Accounts.

**(xi) Income tax:**

Provision for Tax comprises of both current and deferred taxes. Deferred tax is accounted for by computing the tax effect of timing differences which arise during the year and reversal of timing differences of earlier years, subject to consideration of prudence. Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted on the Balance Sheet date.

**(xii) Borrowing costs:**

The borrowing costs other than relating to the acquisition / construction of assets are recognised as an expense in the financial accounts.

## ASHIRWAD STEELS & INDUSTRIES LTD.

1. Share Capital :	Figures for current reporting Period		Figures for previous reporting period	
	Number	Rs.	Number	Rs.
(a) Authorised : Equity Shares of Rs.10/- each	12500000	<b>125,000,000</b>	12500000	125,000,000
(b) Issued, subscribed and fully paid : Equity Shares of Rs.10/- each at par.	12500000	<b>125,000,000</b>	12500000	125,000,000
(c) Par value per Equity Share Rs.10/- each				
(d) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting paid :				
outstanding as at the beginning of the year	12500000	<b>12,500,000</b>	12500000	12,500,000
outstanding as at the end of the year	12500000	<b>12,500,000</b>	12500000	12,500,000
(e) The entire Share Capital comprises of Equity Shares, and the shareholders have equal rights in respect of distribution of dividends and the repayment of capital.				
(f) The company is neither a holding company nor a subsidiary company.				
(g) Shares in the company held by each shareholders holding more than 5 per cent shares :				
Names of Shareholder	Number of Shares held		Number of Shares held	
Meghdoot Vyapar (P) Ltd.	1350000		1350000	
Chhibbar Business & Fiscals Pvt. Ltd.	1071045		455145	
(h) There are no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.				
(i) For the period of 5 years immediately preceding the date as at which the Balance Sheet is prepared.				
- Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.		NIL		NIL
- Aggregate number and class of shares allotted as fully paid up by way of bonus shares.		NIL		NIL
- Aggregate number and class of shares bought back.		NIL		NIL
(j) There were no securities issued having a term for conversion into equity/preference shares.				
(k) There are no calls unpaid in respect of Equity Shares issued by the company.				
(l) There are no forfeited shares by the company.				
(m) Terms/Rights attached to Equity Shares				
The Company has only one class of equity shares having a per value of Rs.10 per share. Each holder of equity share is entitled to one vote per share and ranks pari pasu.				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after settlement of all outside liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.				

## ASHIRWAD STEELS & INDUSTRIES LTD.

NOTES ON FINANCIAL STATEMENTS		Figures for current reporting period	Figures for previous reporting period
<b>2. Reserves &amp; Surplus :</b>			
i) Securities Premium Account :			
- Premium on issue of Equity Shares		<b>292,344,000</b>	292,344,000
ii) General Reserve		<b>75,000,000</b>	75,000,000
iii) Profit and Loss Account:			
Balance b/f	34,758,280		34,174,700
Add : Profit/(Loss) after Tax	(36,432,856)		583,580
Add : Excess Income tax			
Provision written Back	3,710,465	<b>2,035,889</b>	—
		<b>369,379,889</b>	<b>402,102,280</b>
<b>3. Long Term Borrowings :</b>			
Deferred Payment Liabilities :			
Deferred CST Liability	746,627		1,493,257
Deferred VAT Liability	557,040	<b>1,303,667</b>	2,607,337
<b>4. Other Long-Term Liabilities :</b>			
Others :			
Security and other Deposits		<b>2,205,980</b>	1,998,370
		<b>2,205,980</b>	1,998,370
<b>5. Long Term Provisions :</b>			
Provision for Staff Gratuity			
Balance b/d	1,765,329		1,546,793
Add : For the year	340,951		229,236
Less: Paid during the year	—	<b>2,106,280</b>	10,700
			1,765,329
<b>6. Short Term Borrowings :</b>			
Other loans and advances :			
Bank Overdraft(Against Fixed Deposit)		<b>54,311,647</b>	—
		<b>54,311,647</b>	—
<b>7. Trade Payables - Current Liability :</b>			
Creditors for Raw Materials		<b>14,604,059</b>	166,932
<b>8. Other Current Liabilities :</b>			
Other Payables			
ESI Employer's contribution		<b>11,429</b>	10,947
Provident Fund, Adm. Charges etc.		<b>52,972</b>	45,068
Tax Deducted at Sources		<b>38,740</b>	20,706
VAT payable		<b>556,075</b>	2,249,667
Creditors for Expenses		<b>17,289,269</b>	9,760,389
Creditors for Capital Goods		<b>1,677,917</b>	—
Advance from Customers		<b>5,390,420</b>	4,909,478
Sales Tax(CST) Payable		<b>621,572</b>	7,766
Profession Tax Payable		—	2,500
Welfare Cess Payable		<b>4,338</b>	7,397
		<b>25,642,732</b>	<b>17,013,918</b>
<b>9. Short Term Provisions :</b>			
Provision for Income Tax		<b>4,479,673</b>	8,190,138

## ASHIRWAD STEELS & INDUSTRIES LTD.

<b>Notes No. 10 : FIXED ASSETS</b>		<b>(Amount in Rupees)</b>									
		<b>GROSS BLOCK</b>			<b>DEPRECIATION / AMORTISATION</b>				<b>NET BLOCK</b>		
NAME OF THE FIXED ASSETS	OPENING AS ON 01.04.11	ADDITION DURING THE YEAR	ADJUSTMENT/ DEDUCTION	BALANCE AS ON 31.03.12	UPTO 31.03.11	DURING ADJUSTMENT/ THE YEAR DEDUCTION	UPTO 31.03.12	AS ON 31.03.12	AS ON 31.03.11		
<b><u>TANGIBLE ASSETS</u></b>											
LAND (Free Hold)	1328675	—	—	1328675	—	—	—	1328675	1328675		
LAND (Lease Hold)	5253803	—	—	5253803	444601	49953	494554	4759249	4809202		
BUILDINGS	18731740	—	—	18731740	5803214	618544	6421758	12309982	12928526		
PLANT & EQUIPMENT	183312101	687961	—	184000062	77547898	9496172	87044070	96955992	105764203		
OFFICE EQUIPMENT	1947204	93150	—	2040354	1013406	141831	1155237	885117	933798		
FURNITURE & FIXTURES	330855	—	—	330855	136919	19166	156085	174770	193936		
MOTOR VEHICLES	8414862	1458764	—	9873626	4032386	838180	4870566	5003060	4382476		
<b>TOTAL</b>	<b>219319240</b>	<b>2239875</b>		<b>221559115</b>	<b>88978424</b>	<b>11163846</b>	<b>100142270</b>	<b>121416845</b>	<b>130340816</b>		
<b>PREVIOUS YEAR</b>	<b>214276480</b>	<b>5567810</b>	<b>525050</b>	<b>219319240</b>	<b>78362740</b>	<b>10924940</b>	<b>88978424</b>	<b>130340816</b>	<b>135913740</b>		

## ASHIRWAD STEELS & INDUSTRIES LTD.

### NOTES ON FINANCIAL STATEMENTS

	Figures for current reporting period	Figures for previous reporting period
<b>11. Non-current Investments (At cost) :</b>		
<b>Trade Investments:</b>		
(a) Investments in Equity Instruments fully paid up(Quoted)		
<u>Names of bodies corporate</u>	Amount	Amount
3500 Equity shares of Navketan Merchants Ltd.	13,020	13,020
20000 Equity shares of Goutam Resources Ltd.	196,400	196,400
20000 Equity shares of Herald Commerce Ltd.	379,600	379,600
	<b>589,020</b>	<b>589,020</b>
None of the above companies are subsidiaries or associates or joint ventures or controlled special purpose entities.		
(b) Investment in Equity Instruments fully paid up (Unquoted) in associated company		
<b>Names of bodies corporate</b>		
870000 Equity Shares of Rs.10/- each of Chandil Industries Ltd.	4,340,000	4,340,000
(c) Investments in Preference Shares (unquoted, fully paid up) In associated company 400000 Preference Shares of Rs.100/- each of Chandil Industries Ltd.	40,000,000	40,000,000
	<b>44,929,020</b>	<b>44,929,020</b>
<b>12. Long Term Loans and Advances :</b>		
(a) Capital Advances	2,500,000	2,500,000
(b) Security Deposits with Govt. Departments	2,933,469	4,097,085
(c) Security Deposits with Others	4,145,200	26,615,200
(d) Loans and Advances to related parties	—	—
(e) Other Loans and Advances :		
Loans(Doubtful)	—	550,000
Advance Income Tax	2,171,008	2,171,008
Advance to Employees	—	100,000
Advance to Suppliers	11,430,107	33,935,045
VAT Advance against disputed tax	1,508,911	1,508,911
CENVAT Advance against disputed tax	1,260,872	1,237,767
Income Tax Deducted at Source	6,643,637	5,865,541
Income Tax Refundable	468,715	468,715
	<b>23,483,250</b>	<b>45,836,987</b>
	<b>33,061,919</b>	<b>79,049,272</b>

## ASHIRWAD STEELS & INDUSTRIES LTD.

### NOTES ON FINANCIAL STATEMENTS

	Figures for current reporting period	Figures for previous reporting period
<b>13. Current Investments (At cost) :</b>		
Trade: (Quoted & fully paid up)		Amount
(a) Investments in Equity Instruments -		Market Value per share(Rs.)
<u>Names of bodies corporate</u>		
5000 Equity Shares of Rs.10/- each of Karutory Global Ltd.	—	10.60
This company is not a subsidiary or associate or joint venture or controlled special purpose entity.		99,600
(b) Investments in Debentures -	—	4,848,633
Benchmonk AMC Series-32 NCD(Unquoted) of Harsil Projects Pvt. Ltd. - a subsidiary of Unitech Ltd.	—	4,948,233
	<u>—</u>	<u>4,948,233</u>
<b>14. Inventories :</b>		
(a) Raw Materials	<b>77,048,376</b>	175,097,724
(b) Goods in transit(Raw Material)	<b>8,956,544</b>	1,527,662
(c) Work-in-Progress(Sponge Iron)	<b>302,644</b>	393,825
(d) Finished goods	<b>16,599,211</b>	10,104,962
(e) Stock-in-Trade	—	105,040
(f) Stores and Spares	<b>2,335,857</b>	1,269,648
(g) Loose Tools	—	—
(h) Others:		
Fuel(Diesel Oil)	<b>190,213</b>	115,930
Iron Ore Fines(unusable/scrap)	<b>1,223,204</b>	1,223,204
	<u><b>106,656,049</b></u>	<u>189,837,995</u>
<b>15. Trade Receivables :</b>		
(i) Outstanding for a period exceeding six months from the due date for payment	<b>1,110,638</b>	17,716
(ii) Outstanding for a period less than six month from the due date for payment	<b>25,106,180</b>	33,949,520
	<u><b>26,216,818</b></u>	<u>33,967,236</u>

## ASHIRWAD STEELS & INDUSTRIES LTD.

### NOTES ON FINANCIAL STATEMENTS

	Figures for current reporting period	Figures for previous reporting period
(ii) <u>Trade Receivables classification :</u>		
Secured, considered good	—	—
Unsecured, considered good	26,216,818	33,967,236
Doubtful	—	—
	<u>26,216,818</u>	<u>33,967,236</u>
(iii) Allowance to be made for doubtful debt is not necessary.		
(iv) There are no debts due by directors or other officers of the company either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.		
<b>16. Cash and Bank Balances :</b>		
<b>Cash and Cash Equivalents</b>		
Cash in hand	1,973,557	2,324,765
Balances with Banks :		
- In Current Accounts	7,027,186	22,029,291
- In Fixed Deposit Accounts (with less than 3 months maturity)	—	—
<b>Others</b>		
Balances with Banks :	155,416,086	35,030,639
- In Deposit Accounts [ see note (a), (b) & © ]	—	—
	<u>164,416,829</u>	<u>59,384,695</u>
(a) Balances with banks includes deposits under lien of Rs. 113,38,862 (Previous Year Rs. 110,30,639) against bank guarantees.		
(b) Balances with banks in deposit accounts include deposits under lien of Rs.850,00,000 (previous year Rs. Nil )to the HDFC Bank for security against overdraft facility provided by the said bank.		
(c) Balances with banks include deposits of Rs 15,54,16,086 (previous year Rs 3,50,30,639/- ) having original maturity of 12 months or more.		
<b>17. Short-Term Loans and Advances :</b>		
(a) Security Deposits with Others	—	—
(b) Others :		
Loans to a Body Corporate	60,000,000	30,464,917
Capital Advance	150,000	27,902
Advance to Employees	107,000	67,249
Advance to Suppliers	55,561,794	8,561,897
Advance for Expenses	3,722,017	3,016,183
Balances with Central Excise & VAT Authorities	1,083,138	235,980
	<u>120,623,949</u>	<u>42,374,128</u>
	<u>120,623,949</u>	<u>42,374,128</u>
<b>18. Other Current Assets :</b>		
Interest accrued on Bank Fixed Deposits	7,676,702	1,089,803
Interest accrued on Security Deposit for Electricity	182,390	208,059
	<u>7,859,092</u>	<u>1,297,862</u>



## ASHIRWAD STEELS & INDUSTRIES LTD.

### NOTES ON FINANCIAL STATEMENTS

		Figures for current reporting period	Figures for previous reporting period
<b>19. Revenue from operation consist of the following :</b>			
(a) Sale of products		657,568,779	392,899,483
(b) Sale of Services		279,459	148,130
(c) Other operating revenues			
- Sale of iron ore fines, coal fines, Kiln dust & char coal		26,040,902	8,079,944
Lease Rent		6,300,000	6,000,000
		<u>690,189,140</u>	<u>407,127,557</u>
Less :			
(d) Excise Duty		57,955,938	33,883,759
		<u><u>632,233,202</u></u>	<u><u>373,243,798</u></u>
<b>20. Other Income is classified as under :</b>			
(a) Interest Income			
(i) Interest on Bank Fixed Deposit	9,990,318		3,670,181
(ii) Interest on Security Deposit	207,040		460,515
(iii) Interest on Loans given	7,288,643		1,546,712
(iv) Interest on Debenture	<u>142,439</u>	17,628,440	<u>434,796</u>
			6,112,204
(b) Dividend Income		16,250	191,231
(c) Net capital gain/loss on sale of investments		466,857	918,137
(d) Other non-operating income (net of expenses) directly attributable to such income :			
(i) Profit in Trading in Derivatives (F & O) of quoted shares	—		14,861,420
(ii) Profit from speculative business (shares)	—		5,435
(iii) Sundry Credit Balance written back	24,069		354,657
(iv) Miscellaneous Income	—	24,069	102,735
		<u><u>18,135,616</u></u>	<u><u>22,545,819</u></u>

## ASHIRWAD STEELS & INDUSTRIES LTD.

### NOTES ON FINANCIAL STATEMENTS

	Figures for current reporting period	Figures for previous reporting period
<b>21. Cost of materials consumed :</b>		
Iron Ore	278,582,366	191,761,192
Iron Ore Pellet	57,320,468	—
Coal	<u>221,354,369</u>	<u>115,794,233</u>
Dolomite	3,068,140	1,368,335
	<b><u>560,325,343</u></b>	<b><u>308,923,760</u></b>
<b>22. Changes in Inventories :</b>		
<b>Opening Stock :</b>		
Finished goods(Sponge Iron)	10,104,962	16,004,366
WIP	393,825	316,957
Iron ore Fines(Unusable/scrap)	1,223,204	2,527,442
Stock-in-Trade (LP Gas)	<u>105,040</u>	<u>233,200</u>
	11,827,031	19,081,965
<b>Less : Closing Stock :</b>		
Finished goods(Sponge Iron)	16,599,211	10,104,962
WIP	302,644	393,825
Iron ore Fines(Unusable/scrap)	1,223,204	1,223,204
Stock-in-Trade(LP Gas)	<u>—</u>	<u>105,040</u>
	<b><u>18,125,059</u></b>	<b><u>11,827,031</u></b>
(Increase)/Decrease in Inventory	<b>(6,298,028)</b>	7,254,934
<b>23. Aggregate expenditure on Employee benefits</b>		
(a) Salaries and Wages	7,888,908	7,497,093
(b) Contribution to Provident Fund, ESI etc.	739,502	725,361
(c) Staff Welfare Expenses	<u>1,083,826</u>	<u>779,354</u>
	<b><u>9,712,236</u></b>	<b><u>9,001,808</u></b>
<b>24. Details of Finance Cost</b>		
(a) Interest on Bank Loans/Overdraft	2,701,050	260,802
(b) Interest & Penalty under Income Tax Law	103,448	—
	<b><u>2,804,498</u></b>	<b><u>260,802</u></b>
<b>25. Depreciation on Tangible Assets :</b>	11,163,846	10,924,940
	<b><u>11,163,846</u></b>	<b><u>10,924,940</u></b>

## ASHIRWAD STEELS & INDUSTRIES LTD.

### NOTES ON FINANCIAL STATEMENTS

	<b>Figures for current reporting period</b>		<b>Figures for previous reporting period</b>
<b>26. Details of Other Expenses :</b>			
(a) Consumption of Stores & Spares	4,645,759		2,747,196
(b) Power & Fuel	25,987,423		17,460,398
(c) Rent	155,350		142,150
(d) Repairs :			
Plant & Equipment	11,047,761	3,425,353	
Building	197,822	163,958	
others	76,510	97,351	3,686,662
(e) Insurance	139,295		142,617
(f) Rates & Taxes(excluding Income Tax) -			
VAT & CST	29,424,259	15,937,868	
Entry Tax on Purchase	106,949	434,195	
Other Rates & Taxes	580,597	544,823	
Excise Duty on finished goods	1,825,972	943,618	
Welfare Cess Charges	—	24,387	17,884,891
(g) Payment to Auditors :			
Statutory Audit Fess	45,000	40,000	
Tax Audit Fess	15,000	15,000	
Internal Audit Fees	12,000	12,000	67,000
(h) Adjustment to the carrying amount to investments			—
(i) Net Loss on Trading in derivaties in shares	17,890,363		—
(j) Provision for Gratuity	399,105		229,236
(k) Bad Debts Written Off	550,000		—
(l) Miscellaneous Expenditure	6,438,071		5,534,408
	<b>99,537,236</b>		<b>47,894,558</b>

Miscellaneous Expenditure comprises of following expenses :

(a) Other manufacturing expenses	901,772	210,000	
(b) Travelling & Conveyance	498,687	1,175,688	
(c) Vehicle running expenses	867,772	646,984	
(d) Commission on sales	—	1,250	
(e) Other miscellaneous expenses	4,169,840	3,500,486	5,534,408

**27. Exceptional item** shown in the statement of Profit and Loss consist of :-

(a) Loss on Disposal of Motor Vehicle	—	(95,794)
---------------------------------------	---	----------

**ASHIRWAD STEELS & INDUSTRIES LTD.****NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012****28. Related Party Disclosure:**

The Company has entered into transaction with related parties. The details of which are as follows:

Sl. No.	Name of the related party	Relationship	Nature of transaction	Amount (Rs.) (Lacs)	Balance Rs. (Lacs) as on 31.3.12
1.	Dalbir Chhibbar	Key Management Personnel (Managing Director)	Remuneration Paid	1.80	Nil
2.	Chandil Industries Ltd.	Enterprise over which key management personnel exercise significant influence.	Purchase of Coal	557.45	87.92

**29. Lease:**

The Company has leased its RLHG/LPG Bottling Plant in the WBIIDC land located at ULUBERIA, Howrah, (W. Bengal) along with all existing building, structures and equipment, storage bullets, piping etc. situated on the same land and the plant and equipment and other immovable assets with effect from 21.3.2000. The Lease Period expired on 31.03.2010 and the same has been renewed / extended up to 31.03.2013. The requirement of disclosure under AS 19 in respect of Lease is not applicable as it comes into effect in respect of asset leased during accounting periods commencing on or after 1.4.2001 only.

**30. Earning Per Share :**

		2011-12	2010-11
(i)	Profit /(Loss) after tax (Rupees)	(3,64,32,856)	5,83,581
(ii)	Weighted Average No. of Equity Shares of Rs.10 each Face Value	1,25,00,000	1,25,00,000
(iii)	Face value per Equity Share(Rupees)	Rs.10/-	Rs.10/-
(iv)	Earnings/(Loss) Per Share (Rs.)	(2.91)	0.05

**ASHIRWAD STEELS & INDUSTRIES LTD.****NOTES ON FINANCIAL STATEMENTS****31. Deferred Tax Liability/ (Asset): Income Tax :**

	Deferred tax Liability as at 01.04.11 (Rs.)	Current year Debit/(Credit) (Rs.)	Deferred tax Liability as at 31.03.12 (Rs.)
Due to difference in Book and tax depreciation Rates.	2,72,84,953	(11,38,359)	2,61,46,594

In accordance with the requirement of Accounting Standard (AS) 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the deferred tax asset of Rs. 11,38,359/- for the year has been recognized in the Profit & Loss Account for the year.

32. During the year, in terms of accounting standard AS-28 issued by the Institute of Chartered Accountants of India on 'Impairment of Assets', the company has determined that there was no potential impairment loss in respect of its assets.

**33. Contingent Liabilities:**

a) Bank Guarantees issued by the Citi Bank in favour of Third Parties on behalf of the company amount to Rs.1,13,38,862/- counter guaranteed by the company Rs. 1,13,38,862/- (previous year Rs 1,10,30,639/-). These Bank guarantees are covered by charge created in favour of the Bankers by way of lien on Fixed Deposits held with the said bank.

b) Claims not acknowledged by company are relating to the following areas:

		2011-12 (Rs.)	2010-11 (Rs.)
(i)	Purchase Tax (VAT) on Coal Purchase (Out of which the company has paid Rs. 15,08,911/- under protest).	3,017,821	3,017,821
(ii)	Income Tax (Pending before Appellate authorities in respect of which the company is in appeal.)	1,579,364	1,579,364
(iii)	CENVAT on capital goods disputed by the company pending in appeal (Out of which Rs. 12,60,872 has been paid)	24,75,534	24,75,534
(iv)	VAT demands under appeal	11,06,177	—

## ASHIRWAD STEELS & INDUSTRIES LTD.

### NOTES ON FINANCIAL STATEMENTS

34. The debtors and creditors balances are subject to confirmation by the parties.
35. Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (net of advance payment) Rs.8,01,925.00 (Previous year NIL )
36. Deposits include National Savings Certificates and Post Office Savings Deposit pledged with:
- (i) Commercial Tax Authorities Rs.10, 000/- (Previous year Rs.10, 000/-)
- (ii) Mining Licensing Authorities Rs.55, 000/- (Previous year Rs.55, 000/-)
37. Based on market value of the Company's investments as on 31.3.2012, there was no demerit in value of shares and hence no provision for the same has been made in the accounts.
38. The company has invested in unquoted Equity and Preference Shares of a company under the same management as stated below:

Name of the Company	No. of Shares held	Invested amount (Rs in Lacs)
Chandil Industries Ltd.	3,70,000 (Equity)	43.40
Chandil Industries Ltd.	4,00,000 (Preference)	400.00

39. No interest has been paid/payable by the Company during the year to the "Suppliers" covered under the micro Small and Medium Enterprises Development Act, 2006.
40. In accordance with Accounting Standard 19 on 'Leases' as notified under the Companies (Accounting Standards) Rules 2006 the following disclosures in respect of operating leases are made.

The Company has taken factory land premises at Adityapur from Adityapur Industrial Area Development Authority under operating lease on 11.03.99 for a period of 90 years.

Rent includes gross rental expenses of Rs. 20000/- (previous year Rs. 20000/-). The committed lease rentals in the future are :

	<u>As at 31.03.12</u>	<u>As at 31.03.11</u>
Not later than one year	Rs.20,000	Rs.20,000
Later than one year and not later than five years	Rs.80,000	Rs.80,000
Later than five years	Rs.14,60,000	Rs.14,80,000

## ASHIRWAD STEELS & INDUSTRIES LTD.

### NOTES ON FINANCIAL STATEMENTS

41. Additional information pursuant to the provisions of Part II to Schedule VI of the Companies Act, 1956 to the extent applicable

**(i) Disclosures for manufactured goods, traded goods & services**

**(a) Cost of materials consumed :**

	<b>Figures for current reporting period</b>	<b>Figures for previous reporting period</b>
	<b><u>Amount (Rs.)</u></b>	<b><u>Amount (Rs.)</u></b>
Iron Ore	278,582,366	191,761,192
Iron Ore Pellet	57,320,468	—
Coal	221,354,369	115,794,233
Dolomite	3,068,140	1,368,335
	<u>560,325,343</u>	<u>308,923,760</u>

<b><u>Particulars</u></b>	<b><u>Sales Value</u></b>	<b><u>Closing Inventory</u></b>	<b><u>Opening Inventory</u></b>
<b>(b) Manufactured goods :</b>			
Sponge Iron	645,357,761 (379,661,495)	16,599,211 (10,104,962)	10,104,962 (16,004,366)
<b>(c) Traded goods :</b>			
L. P. Gas	12,211,018 (13,237,988)	— (105,040)	105,040 (233,200)
<b>(d) Work in Progress</b>			
Sponge Iron WIP	302,644 (393,825)		

<b><u>Particulars</u></b>	<b><u>Purchase Rs.</u></b>	<b><u>Sales Rs.</u></b>
<b>(e) Traded goods</b>		
L. P. Gas	10,694,902 (10,909,946)	12,211,018 (13,237,988)
<b>(f) Service rendered</b>		
L. P. Gas Services	279,459 (148,130)	

Note : Figures in brackets represent previous year figures.

**ASHIRWAD STEELS & INDUSTRIES LTD.**

(ii) Value of imports calculated on CIF basis during the financial year in respect of :-

i) Raw Materials	NIL	NIL
ii) Components and Spare Parts	NIL	NIL
iii) Capital goods	NIL	NIL

(iii) Expenditure in foreign currencies :

Travel Expenses	NIL	555,423.00
-----------------	-----	------------

(iv) Raw material consumption includes only consumption of indigenous raw materials

(v) There was no amount remitted during the year in foreign currencies on account of dividend.

(vi) Earnings in foreign exchange :

i) Export of goods calculated on F.O.B. basis	NIL	NIL
ii) Royalty, knowhow, professional and consultation fees	NIL	NIL
iii) Interest and dividend	NIL	NIL
iv) Other income	NIL	NIL

42 The revised schedule VI to the Companies Act, 1956 has become effective for preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Accordingly, the figures for the previous year have been re-classified, wherever necessary to conform with the current year's classification.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PURANMAL AGARWAL : **Chairman**

Place : Kolkata

DALBIR CHHIBBAR : **Managing Director**

Dated : 29th June 2012

YUDHBIR CHHIBBAR : **Director**



## ASHIRWAD STEELS & INDUSTRIES LTD.

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH,2012

	Figures for Current Reporting Period	Figures for Previous Reporting Period
<b>A Cash flow from operating activities</b>		
Net Profit before operating activities	(37,571,215)	523,076
Adjustment for :		
1. Depreciation	11,163,846	10,924,940
2. Interest (Net)	(14,823,942)	(5,851,402)
3. Short Term Capital Loss on Investment	(466,857)	-
4. Loss on disposal of Motor Vehicle	-	95,794
5. Sundry Credit Balance W/back	(24,069)	(354,657)
6. Lease Rent	-	(6,000,000)
7. Profit on sale of Investment/Derivative Income	17,890,363	(15,784,992)
8. Dividend Income	(16,250)	(191,231)
9. Gratuity Provision(Unfunded)	218,536	229,236
10. Bad Debts Written off	550,000	-
<b>Operating Profit before working Capital changes</b>	<b>(23,079,588)</b>	<b>(16,409,236)</b>
Adjustment for :		
1. Trade and other receivables	(1,163,617)	34,833,441
2. Inventories	83,181,946	(33,706,129)
3. Trade payables	23,273,551	(7,686,047)
Cash generated from operations	<u>82,212,292</u>	<u>(22,967,971)</u>
Direct Tax Paid including FBT	-	(23,532)
Net cash from operating activities	<u><b>82,212,292</b></u>	<u><b>(22,944,439)</b></u>
<b>B Cash flow from Investing Activities</b>		
1. Purchase of Fixed Assets	(2,239,875)	(5,567,810)
2. Sale of Fixed Assets	-	120,000
3. Interest Received	16,850,344	5,544,672
4. Dividend Received	16,250	191,231
5. Investment ( Net )	5,415,090	(35,411,476)
6. Profit on Derivatives & speculation in shares	(17,890,363)	15,784,992
7. Movement in Loans(Given)	(29,535,083)	-
Net cash from investing Activities	<u><b>(27,383,637)</b></u>	<u><b>(19,338,391)</b></u>
<b>C Cash flow from Financing Activities</b>		
1. Loan (Net)	53,007,977	(30,464,917)
2. Interest paid	(2,804,498)	260,802
3. Lease Rent	-	6,485,640
Net Cash from financing activities	<u><b>50,203,479</b></u>	<u><b>(23,718,475)</b></u>
Net increase/decrease in cash & cash equivalents (A+B+C)	<b>105032134</b>	(66,001,305)
Cash & cash equivalents (Opening Balance)	<b>59384695</b>	125,386,000
Cash & cash equivalents ( Closing Balance)	<u><b>164416829</b></u>	<u><b>59,384,695</b></u>

PURANMAL AGARWAL : **Chairman**  
DALBIR CHHIBBAR : **Managing Director**  
YUDHBIR CHHIBBAR : **Director**

We have verified the attached cash flow statement of Ashirwad Steels & Industries Ltd derived from audited annual financial statements and books and records maintained by the company for the year ended 31st march 2012 and found the same in agreement therewith and also with the requirement of clause 32 of the listing agreement with stock exchange.

For **A PRADHAN & ASSOCIATES**  
*Chartered Accountants*

Place : Kolkata  
Dated : 29th June 2012

A. Pradhan  
Proprietor  
Membership No. 053543

**BLANK PAGE**

**ASHIRWAD STEELS & INDUSTRIES LIMITED**

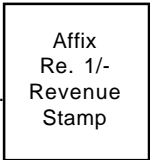
*Registered Office :*  
6, Waterloo Street, Suite No. 506, 5th Floor  
Kolkata - 700 069

I/We.....of.....  
.....being a member / members  
.....of.....  
.....or failing him/her.....of.....

as my / our proxy to vote for me/us or my/our behalf at the 26th Annual General Meeting of the Company to be held on Monday the 24th September, 2012 at 10.30 a.m. at 6, Waterloo Street, Suite No. 506, Kolkata - 700 069 and at any adjournment thereof.

Signed this.....day of.....2012

Signature.....



NOTE : PROXIES MUST REACH THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

---

**ASHIRWAD STEELS & INDUSTRIES LIMITED  
ATTENDANCE SLIP**

1. Name of the attending member.....  
(in Block Letters)
2. Member's Account Number.....
3. Name of the Proxy (in Block Letters to be filled in if the Proxy attends instead of the Member)  
.....

No. of Shares.....

I hereby record my presence at the 26th Annual General Meeting of the above Company on Monday, the 24th September, 2012.

\* To be signed at the time of handing over this slip.

\_\_\_\_\_  
Member's / Proxy's Signature

## BOOK - POST

*If undelivered please return to :*

**Niche Technologies Pvt. Ltd.**

D-511, Bagree Market

71, B.R.B.B. Road, Kolkata - 700 001

Phone : (033) 2235 7270 / 71

Fax : (033) 2215 6823

**26<sup>th</sup>**  
**annual**  
**report**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> MARCH 2012**



**ASHIRWAD STEELS**  

---

**& INDUSTRIES LIMITED**