



ASHIANA ISPAT LIMITED

(AN ISO 9001-2008 COMPANY)



19th Annual Report

2010-2011

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 Prasad 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 : ashianagroup@yahoo.co.in

CORPORATE OFFICE :

C-9/36, 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 Bir Shankar & Co.

SHARE TRANSFER AGENT :

Link Intime India Private Ltd.
A-40, 2nd Floor, Naraina Industrial Area,
Phase-II, New Delhi-110028
Ph- 011-41410592-94

BANKERS :

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

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MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

I take great pleasure and thank most sincerely all Shareowners of the company for the support you have given me and my team. On behalf of the Board, I am pleased to report that the Company has significantly exceeded expectations and registered a robust financial performance in 2010-11 against a challenging economic environment with rising inflation, rising interest rates and rising input costs.

Annual Results

For the year ended 31 March 2011, Ashiana's recorded a revenue growth of 35.70% to Rs. 2,840.99 million from Rs. 2093.59 million in the previous year. The PBT grew by 7.62% to Rs. 34.79 million from Rs. 32.32 million and PAT grew by 9.53% to Rs. 23.12 million in financial year 2010-11 from Rs. 21.11 million during the previous financial Year. The growths in revenue and profits have been driven by volume growth and better realizations from businesses. The Company was able to deliver a commendable performance which reflects on its knowledge and understanding of the business.

We have taken initiatives to improve internal control systems and optimise and enhance realizations for our saleable products. We have further improved our HR practices and as a responsible corporate citizen, we continue to give top priority to Health, Safety and Environment.

Opportunity:

The biggest opportunity before Indian steel sector is that there is enormous scope for increasing consumption of steel in almost all sectors in India. We have rich mineral resources and are the fourth largest iron ore reserves 10.3 billion tonnes after Russia, Brazil, and Australia. Therefore, many raw materials are available at comparatively lower costs. We have also third largest pool of technical manpower, next to United States and the erstwhile USSR, capable of understanding and assimilating new technologies. Considering quality of workforce, Indian steel industry has low unit labour cost, commensurate with skill. This gets reflected in the lower production cost of steel in India compared to many advanced countries.

The Indian rural sector remains fairly unexposed to their multi-faceted use of steel. The rural market was identified as a potential area of significant steel consumption. Enhancing applications in rural areas assumes a much greater significance now for increasing per capital consumption of steel. The usage of steel in cost effective manner is possible in the area of housing, fencing, structures and other possible applications where steel can substitute other materials which not only could bring about advantages to users but is also desirable for conservation of forest resources.

For the first quarter of current financial year 2011-12, the Company expects revenues to be in the range of Rs.75 .00 Crore and for the full year of 2010-11, total revenues are expected to be in the range of Rs.280.00 Crore to 300.00 Crore EBITDA for the year is expected to be between Rs. 8.00 Crore to Rs. 10.00 crore.

Going forward, your Company will continue to strengthen its leadership position in Iron & Steel Industry. We have a plan to modernize the plant, improved cost optimization, higher productivity and strong fundamentals augur well for the Company in the years to come.

The first thing to say is that we have a clear ambition, and everything we do, every day, is designed to achieve it. We shall achieve that goal through our operational excellence and maintaining a resolute commitment to providing the highest standards of TMT Bar at competitive rate.

Our people

Our people are central to what we do. The depth of our people's talent combined with our industry and organizational leadership give us a strong Competitive advantage. It is through our talented and creative people that we have earned our reputation for ingenuity.

Acknowledgement:

Before I conclude, I would like to take this opportunity to thank all of you, as our shareholders, and all other stakeholders and Government agencies, for the continuing commitment and support in your Company's onward march.

(Naresh Chand)
Managing Director

NOTICE TO MEMBERS

NOTICE is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the Shareholders of ASHIANA ISPAT LIMITED will be held on **Friday, the 30th day of September, 2011 at 11.30 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, 2011 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. Rajender Prasad Bansal 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.

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

Sd/-

Place: **Bhiwadi**
Dated: **10.08.2011**

(**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 proxies shall be treated as invalid. proxy shall not have any right to speak at the meeting.
- [c] The Register of Members and Share Transfer Books of the Company will remain closed from **23rd September 2011 to 30th September 2011** (both days inclusive).
- [d] Members are requested to intimate the Registrars and Share Transfer Agents of the Company M/s. Link Intime India Private Limited of A-40, 2nd Floor, Naraina Industrial Area, Phase-II, 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.
- [e] 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.

- [f] 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.
- [g] Members/Proxies are requested to bring the attendance slip duly filled in.
- [h] 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.

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

Place: Bhiwadi
Dated: 10.08.2011

Sd/-
(Naresh Chand)
Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Nineteenth Annual Report of your Company along with the Audited Accounts for the financial year-ended 31st March, 2011.

FINANCIAL RESULTS:

Sl. No.	Particulars	2010-2011	2009-2010
1	Gross Sale	28409.86	20935.94
2	Profit before Depreciation interest and Tax	867.62	817.89
3	Interest	386.19	370.97
4	Depreciation	133.58	123.69
5	Profit/ (Loss) for the year before tax	347.85	323.23
6	Balance (Cr.) brought forward from the previous year	952.42	746.76
7	Balance (Cr.) carried forward to the Balance Sheet	1181.02	952.42

OPERATIONS

During the year under review, your Company has exceeded expectations and recorded a robust financial performance with revenue growth of 35.70% to Rs. 28, 409.86 Lacs, PBT growth of 7.62% to Rs. 347.85 Lacs and PAT growth of 9.53% to Rs. 231.18 Lacs.

Despite of the economic recession your Company has set new milestones and Turnover volume touched all time high record Rs. 28,409.86 Lacs (previous year Rs. 20935.93 lacs). 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 restructure bar see better future ahead.

DIVIDEND:

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

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**Retirement by Rotation:**

Mr. Sanjay Kumar Jain and Mr. Rajender Prasad Bansal, Directors, liable to 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. Sanjay Kumar Jain is 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 iron rod.

Mr. Rajender Prasad Bansal having more than 30 years experience of iron and steel industry. His presence on the Board is immense beneficial for the company in long run.

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.

DEPOSITORY SYSTEM:

M/s. Link Intime India Private Limited (old name- M/s. Intime Spectrum Registry Limited), A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028, Ph-011-41410592-94, as per SEBI Guidelines has been working as share transfer agent.

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. Annexure-A

PARTICULARS OF EMPLOYEES

Particulars of employees as required 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.

CORPORATE SOCIAL RESPONSIBILITY:

Committed to enhancing prosperity as a responsible corporate, Ashiana focuses on health services to its external community. It has been associated with Mahaveer International, a premier social organization having aim to make the Capital Delhi free from Cataract.

**MANAGEMENT DISCUSSION
AND ANALYSIS REPORT**

As required by Clause 49 of the Listing Agreements with Stock Exchanges, the Management discussion and Analysis Report is enclosed as a part of this report.

DEMATERIALIZATION OF SHARES:

33.06 % of the company's paid up Equity Share Capital is in dematerialized form as on March 31st, 2011 and balance 66.94 % is in physical form.

The Company's Registrars are M/s. Link Intime India Pvt. Ltd. A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Delhi-110028.

LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the year 2011-2012 to BSE, where the Company's Shares are listed and in the process to get the shares delisted from the Magadh Stock Exchange Association Limited, Patna, The Delhi Stock Exchange Association Limited, Delhi, and the Jaipur Stock Exchange Limited, Jaipur.

**THE DIRECTOR'S RESPONSIBILITY
STATEMENT (UNDER SECTION 217
(2AA) OF COMPANIES Act, 1956.)**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following Statement in terms of Section 217 (2AA) of the Companies Act 1956.

1. That in the preparation of the Annual Accounts for the year ended 31st March, 2011 the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any

2. That such accounting policies as mentioned in Notes on Accounts have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the State of affairs of the Company at the Financial year 31st March, 2011 and of the profit of the Company for that year.
3. That proper and sufficient care has been taken for 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.
4. That the Annual Accounts for the year ended 31st March, 2011 has been prepared on a going concern basis.

THE CORPORATE GOVERNANCE CODE

The company has adopted the best possible corporate governance norms and it has been our endeavour to comply upgrade to the changing norms.

A separate section on corporate Governance and a certificate from the Auditors of the company regarding compliance of conditions of corporate as stipulated under clause 49 of the listing agreement with the stock exchange form part of the Annual Report.

In terms of sub-clause (v) of the Clause 49 of the listing Agreement a certificate of the CEO, inter alia, complying the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said clause, is also enclosed as a part of the report.

**AUDITORS' REPORT- OBSERVATION OF
THE AUDITORS IN THE ANNUAL ACCOUNT**

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

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 volatile 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

Place: Bhiwadi

Date: 10.08.2011

Sd/-
(Sukhbir Singh Jain)
Chairman

ANNEXURE-'I'**INFORMATION ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTFLOW**

		AS AT 31.03.2011	AS AT 31.03.2010
A POWER AND FUEL CONSUMPTION			
1	ELECTRICITY		
a.	Purchase unit (KWH)	28680846	25623288
	CTD Section	13660342	11323023
	INGOT section	15020504	14300265
	Total Amount (in₹)	130757578	117545608
	Consumption (unit/MT)		
	CTD Section	174	174
	INGOT Section	661	678
B	Own Generation	Nil	Nil
i	Through Diesel Generation		
ii	Through Steam turbine		
2	Coal		
	Purchased (Unit-MT)	8636.415	5606.060
	Total amount (in₹)	58328690	25473545
	Consumption (Unit/MT)	7960.00	5258.20
3	Furnace Oil		
	Quantity(KL)	70.210	1048.010
	Total amount (in₹)	2039070	20149637

B Research & 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.

C Foreign Exchange earnings/ outflow

	2011	2010
i. Total Foreign Exchange earned	Nil	Nil
ii. Total foreign Exchange utilized	Nil	Nil