

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,
5th 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 : Kisnapur
Near Urdana Check Post
Raigarh - 496001, Chattisgarh.
Ph. : 091-07762-232558

REGISTRARS & TRANSFER AGENTS

: Niche Technologies Pvt.Ltd.,
D-511, Bagree Market, 5th 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, 5th Floor, Suite No.506, Kolkata-700 069 on Monday, the 24th 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 31st 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 : 29th June, 2012.

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

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

Dalbir Chhibbar
Managing Director.

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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 : 29th June, 2012.

Regd. Office : 6, Waterloo Street,
5th 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 31st March, 2012.

	Current year (31.03.2012) Rs.	Previous year [31.03.2011] Rs.
FINANCIAL RESULTS :		
Turnover/Income from Opereation (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
Tax Expenses :		
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 Comnany'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,).

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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, 25th 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.

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SHARE REGISTRARS & TRANSFER AGENTS :

Niche Technologies (P) Ltd., D-511, Bagree Market, 71, B.R.B.B. Road, 5th 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 (17th floor), Dalal Street, Mumbai-400023, Phone: (022) 22723333-3224, Fax : (022) 2272-2072/3199.
2. M/s. National Securities Depository Ltd., 4th 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 31st 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 31st 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 : 29th 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 :

	Figures for Current Reporting Period	Figures for Previous Reporting Period
1. Electricity :		
(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 : 29th 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.

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(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.