

Anil Special Steel Industries Ltd.

NOTICE

NOTICE is hereby given that the 42nd Annual General Meeting of the members of Anil Special Steel Industries Limited will be held at the Registered Office of the Company at Kanakpura, P.O. Meenawala, Jaipur - 302 012 on Wednesday the 29th day of September, 2010 at 11.00 AM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the financial year ended 31st March, 2010 and the audited Balance Sheet of the Company as on that date together with the Auditor's Report thereon and the Director's Report for the year ending 31st March, 2010.
2. To appoint a Director in place of Shri Shiv Shankar Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
3. M/s S.S.Surana & Co., Chartered Accountants, Jaipur, the retiring Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company and to fix their remuneration, as may be mutually agreed upon between the Board of Directors and the Auditors.

Jaipur 29th May 2010
Regd. Office & Works
Kanakpura, P.O. Meenawala,
Jaipur - 302 012

By order of the Board
Sd/-
C.P.VAID
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy, in order to be effective, should be duly stamped, filled and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. M/s MCS Limited is the Registrar and Share Transfer Agent(RTA) for physical shares and is also the depository interface of the Company with both CDSL and NSDL.
3. The Register of Members and Share Transfer Book of the Company shall remain closed from 27th Sept., 2010 to 29th Sept., 2010 (both days inclusive) for the financial year 2009-10.
4. Shareholders are requested to immediately notify to the RTA or the Company any change in their address.
5. The shareholders, who have not converted their shares in demat form, are requested to do so.
6. Members seeking any further information on the accounts and operations of the Company at the Annual General Meeting are requested to send their queries to the Company at the Registered Office at least seven days before the date of meeting so as to enable the Management to keep the information ready at the meeting.
7. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during working hours between 10.00 A.M. to 1.00 P.M. except on holidays.
8. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers on the attendance slip for easy identification of attendance at the meeting.

Details of the Directors seeking re-appointment at the forthcoming Annual General Meeting(Pursuant to clause 49 of the Listing Agreement)

Name of the Director	Shri Shiv Shankar Sharma
Date of Birth	27.08.1933
Date of Appointment	28.05.1992
Expertise in Specific Functional Areas	Administration
Qualifications	IAS Retd. D.G. (Doordarshan)
Directorship in other Public Limited Companies	Creative Eye Limited
Other positions	Nil
Membership of Committees in other Public Limited Companies	Nil
Number of shares held in the Company	210

Jaipur 29th May 2010
Regd. Office & Works
Kanakpura, P.O. Meenawala,
Jaipur - 302 012



2

By order of the Board
Sd/-
C.P.VAID
Company Secretary

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For Anil Special Steel Industries Ltd

C. P. VAID
Company Secretary

Anil Special Steel Industries Ltd.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 42nd Annual Report of the Company together with the Audited Profit & Loss Account for the year-ended 31.03.2010 and the Balance Sheet as on that date.

FINANCIAL RESULTS

(Rs. In lacs)

	Year ending 31.03.2010	Year ending 31.03.2009
Turnover	11133	10590
Gross Profit before Finance Cost and Depreciation	1084	843
Finance Cost	430	465
Profit after Finance Cost	654	378
Depreciation/Miscellaneous expenses Written off	440	341
Net Profit for the year	214	37

OPERATIONAL REVIEW

During the year Turnover for the financial year under review, were Rs. 11133 Lacs as against Rs. 10590 Lacs for the previous financial year registering an increase of 5.13%. The profit before interest and depreciation of Rs.1084 Lacs and Profit after tax of Rs. 214 Lacs for the financial year under review as against Rs.843 Lacs and Rs.37 Lacs, respectively for the previous financial year, improved by 28.59% and 478.38% respectively.

FINANCIAL CONDITION AND RESULTS OF OPERATION

Management discussion and analysis of Financial Condition and Results of operation of the company for the year under review, as stipulated in clause 49 of the listing agreement with the Stock Exchange, is given as a separate statement in the Annual Report.

DIVIDENDS

To consolidate the long-term resources for enhanced working capital and to maintain the growth in productivity, profitability and turnover, the Directors of your Company are constrained not to recommend any dividend for the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956, with Companies (Disclosure of particulars in respect of Board of Directors) Rules, 1988 is given in Annexure-A to this report and forms part of this report.

PARTICULARS OF EMPLOYEES

As none of the employee of the Company falls within the purview of information required under section 217 (2A) of the Companies Act 1956 read with the companies (Particulars of Employees) Rules 1975 as amended, the same is not furnished.

FINANCE

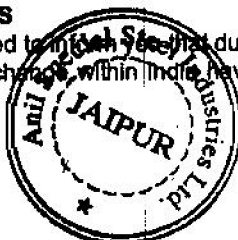
To meet the funding requirement, the Company has issued 12178302 Convertible Equity Share Warrants to the Promoters and Non-Promoters at Rs. 11.50 each (Face value Rs. 10/- and premium Rs. 1.50 per Warrant).

PREFERENTIAL ISSUE OF WARRANTS

The Board of Directors of the company has allotted 12178302 Warrants convertible in to Equity Share of Rs. 10/- each at a premium of Rs. 1.50 each aggregating of Rs. 14.00 crores to other than Promoters on a preferential basis and your Company has received in principle approval of allotment of convertible Equity Share Warrants from Bombay Stock Exchange Limited vide their letter no. DCS/PREF/SR/PRE/1756/09-10 Dated 19.03.2010.

LISTING COMPLIANCES

Your Directors are pleased to inform that during the year under review all compliances related to listing with the recognized stock exchange within India have been duly complied.



Anil Special Steel Industries Ltd.

DIRECTORS

Shri Shiv Shankar Sharma retires by rotation from the Board pursuant to Section 255 of the Companies Act, 1956 read with Article 103 of Articles of Association of the Company and being eligible offers himself for re-appointment. The company has received notice from the Members for his re-appointment as director of the Company.

AUDITORS

M/s. S.S. Surana & Company, Chartered Accountants, Jaipur, Auditors of the Company is getting retired at the conclusion of the ensuing Annual General Meeting. M/s. S.S. Surana & Co. being eligible have offered themselves for re-appointment.

AUDITORS REPORT

The observations made in the Auditors Report are self explanatory from the notes on accounts and therefore do not call for any special comments.

THE CORPORATE GOVERNANCE REPORT

A separate section on Corporate Governance and a certificate from the Auditors of the Company has been obtained regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, form part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your Directors State:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that your Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial year and of the Profit or Loss of the Company for that year;
- (iii) that your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) that your Directors have prepared the annual accounts on a ongoing concern basis.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation and express their sincere thanks to the concerned Government Authorities, Financial Institutions, Banks and Shareholders for their help, co-operation and support to the company.

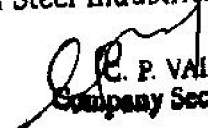
Your directors sincerely appreciate the commitment and dedication of employees at all levels and look forward for their continued support in the future as well.



For and on behalf of the Board of Directors
Sd/-

(Sudhir Khaitan)
Chairman & Managing Director

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For Anil Special Steel Industries Ltd.


R. P. VAID
Company Secretary

Anil Special Steel Industries Ltd.

ANNEXURE - A TO THE DIRECTORS' REPORT

A CONSERVATION OF ENERGY

Energy conservation is an ongoing process in our organization. Continuous monitoring, planning, development and modifications for energy conservation are done at the plants. The various measures have contributed to maintain energy cost within the desired levels.

	2009-10	2008-09
(A) Conservation of Energy		
1. Electricity		
(a) Purchased:		
Unit (Kwh)	11117400	10620210
Amount	49746290	46517615
Rate/Unit (Rs.)	4.47	4.38
(b) Own Generation :		
Through Diesel Generator :		
Unit (Kwh)	513660	90428
Unit Produced per ltr of Diesel oil	2.83	2.65
Cost / Unit (Direct Cost) (Rs.)	11.28	11.97
2. Fuel in oil fired Annealing Furnaces :		
Quantity (Ltrs)	469,388	430,517
Total Cost (Rs.)	11,274,659	12,161,256
Rate /unit (Rs. /PMT)	1,110	1,368

B Consumption per unit of Flat Rolled Production

Electricity (kwh/ PMT)	1145.05	1204.59
Fuel (Ltr / PMT)	46.21	48.42

Consumption figures are not strictly comparable as Company produces wide varieties of strips and consumption norms changes according to thickness / width of strips as well as grade of material produced.

C TECHNOLOGY ABSORPTION

a) Research and Development (R & D)

The company has no specific Research & Development Department. However it has Quality Assurance Department to check the quality of different products manufactured.

The company has been continuously improving the quality of the existing products and also been able to reduce the cost of production.

Management is committed to strengthen Quality Assurance Department, further to improve its competitiveness in times to come.

b) Expenditure on R & D

The company from time to time incurs expenditure, exposes itself to better technology and keeps abreast of technological improvements.

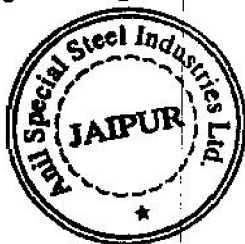
c) Technology Absorption, Adoption and Innovation

Modifications of process and products are carried out from time to time to suit market requirements and to improve operational efficiency.

The Company has no technical collaboration arrangement for manufacturing of flat Rolled Products and Circular Saws.

D FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs./Lacs)
Foreign Exchange earned	2606.57
Foreign Exchange used	35.94



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C. P. VAID
Company Secretary

Anil Special Steel Industries Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERALL REVIEW, INDUSTRY OUTLOOK & COMPANY'S OUTLOOK

During the year under review, Company's gross turnover increased by 5.13% over the previous year. The net profit for the year is Rs.214.00 Lacs as compared to net profit of Rs.37.00 Lacs earned in previous year hence the net profit after tax has increased by 478.38%. The increase in turnover is the extra efforts of the employees of the company and increasing goodwill in the International Market.

We are in the opinion that the demand for company's products would remain good in the current year in view of good industrial demand in both domestic and export markets. Your company is pursuing cost cutting measures and focusing on increased productivity, better product mix and thrust on sales and better price realization.

OPPORTUNITIES, THREATS AND CHALLENGES

The turnover has shown a reasonable growth and the trend is expected to continue. The company has great opportunity to further strengthen its presence in both domestic and international markets and achieve higher sales.

The increased competition in the global and overall recession in the global market as well as domestic market especially in automobile sector is the main challenge to the company.

Company is quite competent to handle the competition successfully and gearing up itself to meet the challenge through continuous improvement in quality, reduction in costs, better marketing arrangements for higher value added products.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The company has adequate internal control system to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance of laws and regulations. Your company is committed to maintain internal control systems and procedures designed to provide reasonable assurance for orderly and efficient conduct of business and security of its assets.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Training and development, safety and security and good relationship with human resources is of paramount importance. A competent, committed and experienced HRD team has made the workforce more efficient through well-structured training programme. Industrial relations remain cordial during the year.

CAUTIONARY STATEMENT

Statement in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, protections, estimates and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either.



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For Anil Special Steel Industries Ltd.

[Signature]
C. P. VAID
Company Secretary

Anil Special Steel Industries Ltd.

Auditors' Report

TO THE MEMBERS OF THE ANIL SPECIAL STEEL INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of ANIL SPECIAL STEEL INDUSTRIES LIMITED as at 31st March 2010 and also the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. These 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 to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above:
 - (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, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except otherwise stated.
 - (e) On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2010 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 together with Notes of Accounts give the information required by the Companies Act, 1956 in the manner so required and subject to
 - (i) The Company is accounting the bonus & leave pay on cash basis, accordingly a sum of Rs.74.01 lacs on account of bonus and Rs.13.22 lacs on account of leave pay, paid during the year has been charged to revenue. The accounting policy not being in consonance with accrual method of accounting. Accordingly bonus accrued for the year Rs.83.56 lacs and leave pay accrued up to 31st March, 2010 Rs. 43.93 lacs remain un-provided for. (Refer Note No. 1(j) & 2(m) of Schedule 19)
 - (ii) non payment/provision of contribution to Gratuity fund with Life Insurance Corporation of India (Refer Note No. 1(i) of Schedule 19) for current year Rs. 15.41 lacs and for earlier years for Rs. 294.69 lacs.
 - (iii) Investment of Rs.5.80 Lacs on account of Life Insurance Policy taken in favour of Managing Director of the Company. (Refer Note No.2(j) of Schedule 19)



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(iv) Non provision of Income Tax amounting to Rs. 35.38 lacs relying upon the legal opinion. (Refer Note No.2 (i) of Schedule 19)

(v) Non ascertainment of the value of unquoted investments of Rs. 40.50 lacs resulting into diminution in value of investment and provision required to be made.

vi) Debtors / creditors, advances and deposits are subject to confirmation.

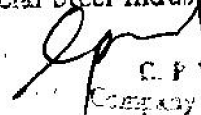
give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
- ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.S.Surana & Co.
Chartered Accountants
Sd/-
(R.N Goyal)
Partner
Membership No.70331
FR No. 001079C
Place: Jaipur
Date: 29th May, 2010



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For Anil Special Steel Industries Ltd.


C. P. Vaid
Company Secretary

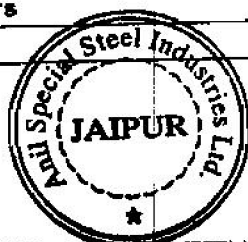
Anil Special Steel Industries Ltd.

Annexure to the Auditors' Report

(Referred to in paragraph (3) of our report of even date)

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- b) A major portion of the assets has been physically verified by the Management in accordance with a phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- c) There was no substantial disposal of fixed assets during the year, which affect the going concern status of the Company.
- (ii) a) The inventory of finished and semi-finished goods and raw materials at works have been physically verified during the year by the Management. In respect of stores and spare parts and stocks at branches, the Company has a programme of verification of stocks at the end of year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the Books of Accounts.
- (iii) a) In our opinion and according to information and explanation given to us, the Company has not granted any loan secured or unsecured to the Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year, hence, clause (b),(c),(d) of the order is not applicable to the company.
- b) In our opinion and according to information and explanations given to us, the Company has taken unsecured/secured loans from one party covered in the register maintained under section 301 of the Companies Act, 1956 during the year. The maximum outstanding during the year was Rs. 89.86 Lacs and year ended balance is Rs.83.68 Lacs the terms of which are not prima facie prejudicial to the interest of the Company as these are interest free.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed major weaknesses in internal controls in respect of these areas.
- (v) a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contract or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanation given to us, there were no transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year.
- (vi) As per explanation given to us, the company has availed temporary interest free unsecured loans from the director and their associates to maintain margins required by the bankers. The other borrowings include the security deposits from the employees. In our opinion the company has yet to comply with the provisions of section 58 A of the Companies Act, 1956 and Rules made thereunder.
- (vii) In our opinion, the Company is not having internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and according to the information given to us, the company is yet to maintain cost records under section 209(1)(d) of the Companies Act, 1956, applicable for the products of the company.
- (ix) a.) The Company is generally regular (except delay in case of PF, ESI, TDS/TCS, State Entry Tax) in depositing undisputed statutory dues including Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service tax, Custom duty Tax, Cess and other statutory dues with the appropriate authorities to the extent applicable. The arrear of statutory dues as at last day of the financial year concerned for a period of six months from the date they became payable is given below :

Particulars	Amount (Rs in lacs.)
Entry Tax	9.49 lacs



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G. P. VAID
Company Secretary

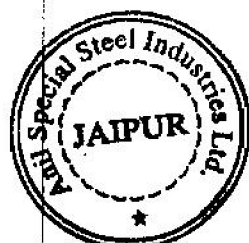
Anil Special Steel Industries Ltd.

- b.) According to the records of the Company, there are no dues of Income Tax, Wealth Tax, Custom Duty, Excise Duty, Sales Tax and Cess which have not been deposited on account of any dispute, other than the following

Name of the statute	Nature of the dues	Amount (Rs. in Lacs)	Forum where dispute is pending
Rajasthan Sales Tax Act	Assessment Demand 1999-00	4.56	DC (Appeal), Jaipur II
Central Sales Tax Act	Branch Transfer 1985-86	6.13	DC (Appeal) Jaipur IV
Central Sales Tax Act	Branch Transfer 1986-87	4.39	DC (Appeal) Jaipur IV
Central Excise Act 1944	Export Benefits claim 2005-06	12.21	Pending with CESTAT, JPR
Central Excise Act 1944	Duty demand on Insurance claim of Gear Box 2001-02	0.90	Pending with CESTAT, JPR
Central Excise Act 1944	Diff. Duty demand on Sale of Circular Saw Plant 2006-07	4.67	Commissioner (Appeals)

- (x) The Company has no accumulated losses as on 31st March 2010. The Company has not incurred any cash losses during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks as on 31st March 2010.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion, the Company has not given guarantees for loans taken by others.
- (xvi) As per explanation given to us, the Company has not raised new term loans during the year, except hire purchase finance of Vehicles.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term assets.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of Share Warrants to parties and Companies covered in the Register maintained under Sec.301 of the Companies Act 1956. In our opinion, the price at which Share Warrants have been issued is not prejudicial to the interest of the company.
- (xix) The company has not issued any debentures during the year.
- (xx) During the year covered by our audit report, the Company has not raised any money by public issues.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.S.Surana & Co.
Chartered Accountants
Sd/-
(R.N Goyal)
Partner
Membership No. 70331
FR No. 001079C
Place: Jaipur
Date: 29th May, 2010



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For Anil Special Steel Industries Ltd.

[Signature]
G. P. VAID
Company Secretary