

# Anil Special Steel Industries Ltd.

## NOTICE

NOTICE is hereby given that the 44th Annual General Meeting of the members of Anil Special Steel Industries Limited will be held at the Registered Office of the Company at Karakpura, P.O. Meenawala, Jaipur - 302 012 on Saturday the 15th day of September 2012 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 on 31st March 2012 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 on 31st March 2012.
2. To appoint a Director in place of Shri P.L. Bawa, who retired by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Shiv S. Sharma, who retired by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint 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 up to 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.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a special Resolution:  
"RESOLVED THAT in accordance with applicable provisions of the Companies Act, 1956 or any amendment or re-enactment thereof, and pursuant to the article 134 of the Articles of Association of the Company, recommendation of the Board of Directors and subject to the Guidelines issued by the Securities Exchange Board of India (SEBI) in this behalf and subject to such approvals, consents, permissions and sanctions, as may necessary from appropriate authorities, consent of the members be and are hereby accorded to the Board of Directors of the Company to capitalize the amount standing to the credit of Share Premium Account and Capital Redemption Reserve Account and transferred to share capital account towards issue and allotment of equity shares of Rs.10/- each, as bonus shares credited as fully paid-up in the proportion of one (1) new fully paid-up equity shares of Rs. 10/- each for every ten (10) Equity Share of Rs.10/- each to members of company whose names stand in the register of members of the company on record date as the directors may determine and that the bonus shares so issued and allotted be treated for all purposes as an increase of the nominal amount of the Equity Share Capital of the Company held by each such member/ person and not as income."  
"RESOLVED FURTHER THAT the new Equity Shares of Rs.10/- each to be issued and allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects and carry the same rights as the existing Equity Shares of the Company."  
"RESOLVED FURTHER THAT no letters of Allotment shall be issued in respect of the Bonus Shares in case of members who hold equity shares or willing to receive the Bonus shares in dematerialized form, the bonus shares shall be credited to the respective beneficiary account with their respective depository participant and in case of members who hold equity shares in physical form, the Share Certificates in respect thereof shall be dispatched within such time as prescribed by law and the relevant authorities."  
"RESOLVED FURTHER THAT the issue and allotment of fully paid-up bonus equity shares to non-resident members, foreign institutional investors and other foreign investors shall be subject to approval of the Reserve Bank of India, as may be necessary."  
"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary or expedient to settle any question, doubt or difficulty that may arise in this regard as the board in its sole and absolute discretion may deem necessary and its decision shall be final and binding."
6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of section 269, 309, 310, 311 read with schedule XIII and other applicable provisions for the time being in force, if any of the Companies Act, 1956 and subject to the approval of the financial institutions (wherever required in terms of any agreement made with them) the company hereby approves the re-appointment with increase in salary and perquisites of Shri Sudhir

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Khaitan as Chairman And Managing Director of the Company for a period of 3 years with effect from 1st January 2013 up to 31st December 2015, upon the terms and conditions as set out in the draft agreement submitted before this meeting (a copy initialed by the Chairman for the purpose of identification) with the liberty of the directors to alter and vary the terms and conditions of re-appointment in such manner not being more advantageous to Shri Sudhir Khaitan."

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to schedule XIII of the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. with in such prescribed limit or ceiling and the said agreement between the Company and Shri Sudhir Khaitan be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting."

"RESOLVED FURTHER THAT the consent of the members be and are hereby accorded in terms of the applicable provisions of the Companies Act, 1956 for re-appointment and revision in terms of remuneration of Shri Sudhir Khaitan with effect from 1st January 2013 as given in explanatory statement for said re-appointment."

Jaipur 14th August 2012  
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, proxy form should be duly stamped, filled, 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 13th Sept. 2012 to 15th Sept. 2012 (both days inclusive) for the financial year 2011-12.
4. Shareholders are requested to immediately notify to the RTA or the Company for any change in their address.
5. The shareholders, who have not converted their shares in demat form, are requested to do so as early as possible.
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.
9. An explanatory statement pursuant to the section 173(2) of the Companies Act, 1956 in respect of the special business annexed hereto.

## 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 Purshottam Lal Bawa
Date of Birth	24.02.1938
Date of Appointment	26.05.2005
Expertise in Specific Functional Areas	Administration & Liasoning
Qualifications	M.sc. Military Science
Directorship in other Public Limited Companies	NIL
Other positions	NIL
Membership of Committees in other Public Limited Companies	NIL
Number of shares held in the Company	200

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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 & Management
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

## EXPLANATORY STATEMENT AS PER SECTION 173(2) OF THE COMPANIES ACT, 1956

### ITEM NO. 5

In pursuant to article 134 of the article of association of the Company the Board of Directors of your Company had considered and approved the capitalization of its reserve for paying up the unissued shares to be issued to members of the Company as fully paid bonus shares of Rs. 10/- each in the proportion of one (1) new fully paid-up equity shares of Rs. 10/- each for every ten (10) Equity Share of Rs.10/- each to members of company whose names stand in the register of members of the company on record date as the directors may determine after receiving in-principal approval from the stock exchange.

The proposal of issue of bonus shares is recommended after complying with the all the provisions, regulations of the Companies Act, 1956 and Listing Agreement made with Stock Exchange and subject to the Guidelines issued by the Securities Exchange Board of India (SEBI) and subject to such approvals, consents, permissions and sanctions, as may necessary from appropriate authorities.

The proposal to issue bonus shares is beneficial to the company in the following manner:

1. Increase in the market price of shares.
2. To create confidence for the investors/shareholders in the company.
3. Increases liquidity of shares.

The amount standing to the credit of following reserves may be utilized for the purpose of issue of bonus shares:

1. Share Premium Account
2. Capital Redemption Reserve Account

The new bonus Equity Shares so allotted shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects and carry the same rights as the existing Equity Shares of the Company.

Directors of your company may be deemed to be interested in this resolution including dividend with the existing equity shares of the company.

The issue of Bonus Shares to those members who are non-residents will require the permission of the Reserve Bank of India, as may necessary application will be submitted by the Company to the Reserve Bank of India in due course. The Board recommends the Resolution for approval of the shareholders.

### ITEM NO. 6

Shri Sudhir Khaitan was elevated as Chairman & Managing Director of the Company w.e.f. 1st January 2010 and his tenure is ending on 31st December 2012, Shri Sudhir Khaitan is B.com and he is Promoter of the Company. During his tenure the Company has made impressive growth in all the fields both in volume and value as indicated in the financial performance and the company has also expand its operations by setting up a new TMT BAR Project, which is likely to be commenced in two months. Keeping in view his vast and rich experience in the field of the Steel Industries, the Remuneration Committee in their meeting held on 29th May 2012 approved the re-appointment as well as revision in the remuneration of Shri Sudhir Khaitan w.e.f. 1st January 2013 as Chairman & Managing Director subject to the approval of financial institutions (wherever it may requires in terms of the agreement made with them) and shareholders in the General Meeting, on the following terms and conditions: -

1. Period of agreement - 3 Years w.e.f. 1st January 2013

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## 2. Remuneration:

- a) Basic Salary Rs.2,20,000/-p.m. in the scale of 220000-100000-240000 in addition, Shri Sudhir Khaitan shall also be entitled for ex-gratia @ 20% per annum of his basic salary.
- b) Perquisites:- In addition to the aforesaid salary, he will be entitled:
  - i) For furnished accommodation, reimbursement of expenses or allowances for utilities such as gas/ electricity/water and furnishings, medical reimbursement and leave travel concession for self and his family, club fee, personal accident etc. The monetary value of all such perquisites/allowances shall not exceed Rs. 12 Lacs per annum.
  - ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.
  - iii) He will be entitled to Company's Contribution towards P.F. up to the applicable limit prevailing at the time and such contribution shall not be included in the computation of limits for perquisites stated in paragraph (i) above to the extent it is not taxable under Income Tax Act, 1961.

The Chairman & Managing Director will be entitled for the gratuity as per rules of the company but not exceeding half month's salary for each completed year of service, which amount however will not be included in the computation of remuneration under section 11 of part II of Schedule XIII to the Act.

In the event of absence or inadequacy of profits, the remuneration by way of salary and perquisites as mentioned above shall be paid as minimum remuneration. This may be treated as abstract of the draft agreement between the Company and Shri Sudhir Khaitan pursuant to the section 302 of the Companies Act, 1956. None of the Directors of the Company is interested in passing of the aforesaid Special Resolution except Shri Sudhir Khaitan himself.

The details in compliance with the provisions of schedule XIII is given herein below:-

## 1. GENERAL INFORMATION:

- a) **Nature of Industry**  
Engaged in manufacturing of Cold Rolled Non Alloy Steel Strips.
- b) **Date of Incorporation:** 04.05.1968
- c) **Financial performance**  
The Company has achieved turnover of Rs. 14577 Lacs and Net Profit of Rs.290 Lacs. The corresponding figures for the previous year was Rs.13778 Lacs and Rs.305 Lacs respectively.
- d) **Export performance**

Years	2009-10	2010-11	2011-12
FOB value of Export (Rs. in lacs)	2606	3458	3861
- e) **Foreign Investment and collaboration if any:** NIL

## 2. INFORMATION ABOUT THE APPOINTEE:

- a) **Background details**  
B.com from Kolkata University and having vast experience of around 25 years in various fields of steel industry.
- b) **Past remuneration**  
Basic Rs. 150000 P.M. + Perks
- c) **Job profile and his suitability**  
Around 25 years rich experience in the field of steel industry.
- d) **Remuneration Proposed**  
Rs. 220000 P.M. + Perks
- e) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person**  
Looking into the market scenario, industry standard, size of the company and Shri Sudhir Khaitan being responsible for the overall affairs of the company and also expanding and diversifying the operations of the company, the remuneration recommended by the Board of Directors are within the industry norms.
- f) **Pecuniary relationship directly or indirectly with the company**  
Promoter Director

# Anil Special Steel Industries Ltd.

- g) **Number of Shares held in the Company**  
12,30,280 Equity Shares

3. **OTHER INFORMATION:**

a) **Reasons of loss or inadequate profit**

In the current financial year due to higher finance cost and provision for taxation the net profit of the company is affected adversely. In spite of the Company has achieved Net Profit of Rs. 290 Lacs in the current financial year.

b) **Steps taken or proposed to be taken for improvement**

Your Company is focusing on increase productivity, better product mix and thrust on sales and better price realization. The company has also expanded its line of business by putting up a new unit for production of TMT BARS that is likely to be commenced in two months. So we are in the opinion that new market opportunities both in terms of domestic and international will be availed by the company. And the demand of our products would remain good in the current year.

c) **Expected increase in productivity and profits in measurable terms**

The company has expanded its line of business by putting up a new unit for production of TMT BARS. Therefore, the Company has great opportunity to further strength its presence both in domestic and international markets and achieve higher sales.

Jaipur 14th August 2012  
Regd. Office & Works:  
Kanakpura, P.O. Meenawala,  
Jaipur - 302 012

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

# Anil Special Steel Industries Ltd.

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 44th Annual Report of the Company together with the Audited Profit & Loss Account for the year ended on 31.03.2012 and the Balance Sheet as on that date. (as per Revised Schedule VI)

### FINANCIAL RESULTS

(Rs. in lacs)

	Year ending 31.03.2012	Year ending 31.03.2011
Turnover	14577	13778
Gross Profit before Finance Cost and Depreciation	1073	993
Finance Cost	389	372
Profit after Finance Cost	684	621
Depreciation	321	316
Net Profit before Tax	363	305
Tax	73	0
Net Profit for the year	290	305

### OPERATIONAL REVIEW

During the year the Company has been improved in terms of sales, gross profit and net worth. Turnover for the year was Rs. 14577 lacs against Rs. 13778 lacs in the previous year hence an increase in turnover by 5.80% and Profit after tax for the year is Rs. 290 lacs as against Rs. 305 lacs for the previous year due to higher finance cost and provision for taxation during the year. However, the Profit before tax and Gross Profit of the company shows an impressive growth and has increased by Rs. 58 lacs and Rs. 80 lacs as against the previous year.

### 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 for new TMT Bar Project 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 of the TMT Bar Project in the Village of Anantpura, Chimanpura, Chomu, your Company has got sanction of Rs. 34.30 Crores (Term Loan Rs. 15.50 Crores and Working Capital Loan Rs. 18.80 Crores) from Indian Overseas Bank and Term Loan of Rs. 17.15 Crores from Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO) for financing the project.

### FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the public.

### CONVERSION OF CONVERTIBLE WARRANTS ISSUED ON PREFERENTIAL BASIS

The Board of Directors of the company has allotted 42,56,202 equity shares and 68,21,700 equity shares upon conversion of fully paid up convertible warrants issued upon preferential basis to the individuals and body

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corporate (other than promoters) in the meeting of Board of Directors of the company held on 05.09.2011 and 26.09.2011. In this connection the company has filed Form 2 for Return of Allotment to the ROC and the Listing Application is pending to the Exchange.

## LISTING COMPLIANCES

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

## DIRECTORS

Shri P.L. Bawa and Shri Shiv S. Sharma retire 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.

M/s M. Goya & Company, Cost Accountants, Jaipur have furnished a certificate of their eligibility for re-appointment Under Section 224 (1-B) of the Companies Act, 1956, Certificate for Independence and arm length relationship with the Company and are not disqualified for such appointment. The said cost accountants have been re-appointed by the Board of Directors of the Company on the recommendations of the Audit Committee, as the Cost Auditors of the Company for the financial year 2012-13, subject to the approval of the Central Government.

## 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 and Revised Schedule VI has been followed;
- (ii) that your Directors have selected such accounting policies and applied them consistently and made judgment 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

# 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 5.80% over the previous year. The net profit for the current year is Rs.290.00 Lacs as compared to net profit of Rs.305.00 Lacs earned in previous year due to higher finance cost and provision for taxation. Instead of this the Profit before tax and Gross Profit of the company has increased by Rs. 58 lacs and Rs. 80 lacs as compared to the previous year, which shows an impressive growth of the company. The Net Worth of the company has also increased by Rs. 1120 lacs as against the previous year. 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 market. And the company has also expanded its operation by putting up a new TMT BAR plant, which is expected to be commenced in this year so a lot of new opportunities can be availed by the company both in domestic and international market. Your company 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. And the company has also expand its current line of business by setting up a new TMT BAR project at Anathpura, Chimanpura, Tehsil Chomu, Dist. Jaipur that is expected to be commence in two months. So the company has great opportunity to further strengthen its presence both in existing and new market 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 and expand its existing operations in the new market.

### 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.



# 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.

	Current year	Previous year
<b>1. Electricity</b>		
(a) Purchased :		
Unit (Kwh.)	11628330	11732490
Amount	60482258	53950357
Rate/Unit (Rs.)	5.20	4.60
(b) Own Generation:		
Through Diesel Generator:		
Unit (Kwh)	320428	200306
Unit Produced per ltr of Diesel oil	3.12	2.84
Cost / Unit (Direct Cost) (Rs.)	12.12	12.57
<b>2. Fuel in Oil Fired Annealing Furnaces:</b>		
Quantity (Ltrs)	487576	501859
Total Cost (Rs.)	18100654	15255941
Rate/Unit (Rs. /PMT)	1808.02	1518.72
<b>B) CONSUMPTION PER UNIT OF FLAT ROLLED PRODUCTION</b>		
Electricity (kwh/ PMT)	1193.53	1187.90
Fuel ( Ltr / PMT)	48.70	49.96
<b>Other detail</b>		
HSD Cons. In D.G Sets (ltr)	102663	70522
HSD Cons. In D.G Sets (Rs.)	3882114	2517812
Production CRCA	869.37	1269.52
Production H&T	9141.93	8775.75
Total Packed Production	10011.30	10045.27

Consumption figures are not strictly comparable as Company produces wide varieties of strips and consumption norms change 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	3596.92
Foreign Exchange used	105.28

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## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-2012

### 1. Company's Philosophy on Corporate Governance

The Company's Philosophy on Corporate Governance is to ensure transparency in all dealings and maintain highest standards of professionalism, integrity, accountability, social responsibility, fairness and business ethics. We consider ourselves as trustees of the shareholders and relentlessly attempt to maximize long-term shareholder value.

Your Directors confirm the practice of good corporate Governance codes by the Company in true spirit and are pleased to present below the Report on Corporate Governance

### 2. Board of Directors

The present strength of the Board is Six, comprising of one Executive Chairman & Managing Director, one Executive Director and four Non-executive Directors (All are independent). The strength of the independent director is 66.66% of the total Board members leading to an "Independent" Board characteristic. None of the independent director is below the age of 21 years.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees, which is in compliance of Clause 49(1)(d) of the Listing Agreement.

During the year, eight - Board Meetings were held on- 30.04.2011, 16.06.2011, 16.07.2011, 12.08.2011, 05.09.2011, 26.09.2011, 11.11.2011 and 13.02.2012.

Composition of Directors and the attendance at the Board Meeting during the year and the last AGM as also other directorships and Committee Memberships are given below:

Name of Director	Category of Directorship	No. of Board meetings Attended	Whether Attendance At last AGM	Other Boards		
				Directorship	Chairmanship	Committee
Mr. Sudhir Khaitan	Promoter & Executive Director	5	Yes	-	-	-
Mr. Shiv S. Sharma	Independent Director	4	No	1	-	1
Mr. V.B.L Mathur	Independent Director	3	No	2	-	2
Lt. Col. Purshotam Lal Bawa	Independent Director	4	No	-	-	-
Mrs. Rashmi Khaitan*	Executive Director	3	No	-	-	-
Mr. Krishan Murari Gangawat*	Independent Director	2	No	-	-	-

★ Mrs. Rashmi Khaitan was appointed as an Executive Director on the Board in the Meeting of Board of Directors of the Company held on 16.06.2011.

★ Mr. Krishan Murari Gangawat was appointed as an Independent Director on the Board in the Meeting of Board of Directors of the Company held on 12.08.2011.

- The Company places before the Board, all the relevant and necessary information for seeking the necessary consents and suggestions on the operation and plans of the Company.
- The Information as required under Annexure 1 of Clause 49 of the Listing Agreement is being made available to the Board.
- The details of pecuniary relationship / transactions with Non-executive Directors during the year is given in the Annual Report.