

45th

**A** **NNUAL**  
**REPORT**  
**2012-2013**

**Anil Special Steel Industries Ltd.**

**DIRECTORS**

Krishan Murari Gangawat  
P.L. Bawa  
Rashmi Khaitan (Executive Director)  
Shiv Shankar Sharma  
V.B.L. Mathur

**CHAIRMAN & MANAGING DIRECTOR**

Sudhir Khaitan

**AUDIT COMMITTEE**

P.L. Bawa  
Shiv Shankar Sharma  
V.B. L. Mathur

**PRESIDENT**

Suresh Sharma

**GM (FINANCE) & COMPANY SECRETARY**

C.P. Vaid

**AUDITORS**

M/s S.S. Surana & Co., Jaipur

**BANKERS/FINANCIAL INSTITUTIONS**

Allahabad Bank  
Bank of Maharashtra  
Indian Overseas Bank  
State Bank of Bikaner & Jaipur  
Rajasthan State Industrial Development & Investment Corporation (RIICO)

**REGISTERED OFFICE**

Kanakpura, P.O. Meenawala, Jaipur-302 012

**WORKS**

Flat Rolled Products Division: Kanakpura, P.O. Meenawala, Jaipur-302 012  
TMT Rebar Division : Anantpura P.O. Govindgarh, Tehsil-Chomu, Jaipur-303 712

**REGISTRAR & SHARE TRANSFER AGENT**

M/s. MCS Limited  
F-65, 1st Floor, Okhla Indl. Area, Phase-I  
NEW DELHI - 110 020

## Anil Special Steel Industries Ltd.

### NOTICE

NOTICE is hereby given that the 45th 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 Monday the 30th day of September 2013 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 2013 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 2013.
2. To appoint a Director in place of Shri Krishan Murari Gangawat, who retired by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Rashmi Khaitan, who retired by rotation and being eligible, offers herself 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.

Jaipur 30th May, 2013  
Regd. Office :  
Kanakpura, P.O. Meenawala,  
Jaipur - 302 012

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

### NOTICE

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 28th Sept. 2013 to 30th Sept. 2013 (both days inclusive) for the financial year 2012-13.
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.

## Anil Special Steel Industries Ltd.

**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 Krishan Murari Gangawat
Date of Birth	05.09.1950
Date of Appointment	12.08.2011
Expertise in Specific Functional Areas	Administration
Qualifications	M.A.
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	110

**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	Mrs. Rashmi Khaitan
Date of Birth	30.06.1964
Date of Appointment	16.06.2011
Expertise in Specific Functional Areas	Administration & Management
Qualifications	M.com
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	16500

Jaipur 30th May, 2013  
Regd. Office :  
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 45th Annual Report of the Company together with the Audited Profit & Loss Account for the year ended on 31.03.2013 and the Balance Sheet as on that date. (as per Revised Schedule VI)

### FINANCIAL RESULTS

(Rs. in lacs)

	Year ending 31.03.2013	Year ending 31.03.2012
Turnover,	16026	14577
Gross Profit before Finance Cost and Depreciation	862	1073
Finance Cost	461	389
Profit after Finance Cost	401	684
Depreciation	361	321
Net Profit before Tax	40	363
Tax	8	73
Net Profit for the year	32	290

### OPERATIONAL REVIEW

During the year Turnover for the financial year under review is Rs. 16026 lacs against Rs. 14577 lacs in the previous year hence an increase in turnover by 9.94% and Profit after tax for the year is Rs. 32 lacs as against Rs. 290 lacs for the previous year, the commercial production of TMT Rebar Division was commenced in the month of February, 2013 due to initial trial expenses and lower capacity utilization net loss of Rs. 267 Lacs of Unit-II (TMT REBAR Division) of the company is incurred. However, the Profit after tax of Unit-I is 299 Lacs as against 290 Lacs in the previous year that shows a growth by Rs. 9 lacs.

### 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.

### TMT REBAR PROJECT

During the year 2012-13 the Company has expanded / diversified its operation of business and set up a new TMT REBAR Unit (Fully Automated Rolling Mill) with latest technology and latest machines having a capacity to produce TMT Re-bars of 1,20,000 M.T. P.A. at Anantpura, Sikar Road, Chomu, Jaipur. The commercial production of the same has been started from 21.02.2013.

### 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

Company has successfully implemented the TMT Rebar Project and commercial production was commenced in the month of February, 2013. The project was financed by Term Loan from RIICO Rs. 17.15 Crores and Term Loan from Indian Overseas Bank of Rs. 15.50 Crores and Rs. 3.50 Crores Term Loan from Kotak Mahindra Bank Limited. The remaining amount around Rs. 22.50 Crores was brought by the Promoters in the shape of Equity / unsecured loans.

## Anil Special Steel Industries Ltd.

The Board of Directors of the Company in their meeting held on 5th November 2012 approved the sale of existing land of Unit-I bearing Khasra No. 317 admeasuring 52246.77 Sqm. and Khasra No. 115, 42/481, 43, 44, 45, 45/485 admeasuring 47044.61 Sqm. situated at Kanakpura, Meenawala, Jaipur and shifting of Unit-I to new location in the same district. Further the shareholder has approved the above through Postal Ballot as on 12th December 2012 and company has received NOC from all banks. The part sale proceeds will be utilized to pay the term loan of RIICO and Kotak Mahindra Bank Limited, this will reduce the interest burden and improve the liquidity of the Company.

### ALLOTMENT OF BONUS EQUITY SHARES

During the year the Board of Directors of the company with the consent of its members in their meeting held on 15.09.2012 has capitalized its reserves and allotted Bonus equity shares not exceeding 23,24,708 equity shares in the proportion of 1 fully paid bonus equity shares for every 10 fully paid equity shares to the members of the company whose name appears in the register of members as on record date i.e. 18.10.2012. In this connection the company has submitted required information and filed necessary forms to the ROC and has received Listing as well as trading approval from the Stock 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

Mrs. Rashmi Khaitan and Shri Krishan Murari Gangawat retired 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 themselves for re-appointment. The company has received notice from the Members for their re-appointment as directors 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 and Revised Schedule VI has 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

# 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 9.94% over the previous year. The net profit for the current year is Rs.32.00 Lacs as compared to net profit of Rs.290.00 Lacs earned in previous year, the commercial production of TMT Rebar Division was commenced in the month of February, 2013 due to initial trial expenses and lower capacity utilization net loss of Rs. 267 Lacs of Unit-II (TMT REBAR Division) of the company is incurred. However, the Profit after tax of Unit-I is 299 Lacs as against 290 Lacs in the previous year that shows a growth by Rs. 9 lacs. 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 REBAR plant, which has commenced from February, 2013 in this Financial year so a lot of new opportunities shall 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 expanded its current line of business by setting up a new TMT REBAR project at Anathpura, Chimanpura, Tehsil Chomu, District Jaipur, which has commenced from February, 2013 in this Financial year. So the company has great opportunity to further strengthen its presence both in existing and new market and achieve higher sale targets.

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, projections, 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.

#### (I) Flat Rolled Products Division

##### (A) Conservation of Energy

	2012-13	2011-12
<b>1. Electricity</b>		
(a) Purchased :		
Unit (Kwh.)	10873670	11628330
Amount	63776822	60482258
Rate/Unit (Rs.)	5.98	5.20
(b) Own Generation:		
Through Diesel Generator:		
Unit (Kwh)	215958	320428
Unit Produced per ltr. of Diesel oil	3.12	3.12
Cost / Unit (Direct Cost) (Rs.)	14.68	12.12
<b>2. Fuel In Oil Fired Annealing Furnaces:</b>		
Quantity (Ltrs)	332167	487576
Total Cost (Rs.)	15222480	18100654
Rate/Unit (Rs./PMT)	1785.91	1808.02
<b>(B) CONSUMPTION PER UNIT OF FLAT ROLLED PRODUCTION</b>		
Electricity (kwh/ PMT)	1277.58	1193.53
Fuel ( Ltr / PMT)	38.97	48.70
<b>Other detail</b>		
HSD Cons. In D.G Sets (ltr)	69178	102663
HSD Cons. In D.G Sets (Rs.)	3170275	3882114
Production CRCA	762.50	869.37
Production H&T	7761.15	9141.93
Total Packed Production	8523.645	10011.30

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.

#### (II) TMT Rebar Division

##### (A) Conservation of Energy

	2012-13	2011-12
<b>1. Electricity</b>		
(a) Purchased :		
Unit (Kwh.)	2407369	-
Amount	15412029	-
Rate/Unit (Rs.)	6.40	-
(b) Own Generation:		
Through Diesel Generator:		
Unit (Kwh)	-	-
Unit Produced per ltr of Diesel oil	-	-
Cost / Unit (Direct Cost) (Rs.)	-	-
<b>2. Hard Coal in Re-Heating Furnace</b>		
Quantity (Kgs.)	369380	-
Total Cost (Rs.)	2721225	-
Rate/Unit (Rs./PMT)	836.84	-



## Anil Special Steel Industries Ltd.

### (B) CONSUMPTION PER UNIT OF TMT REBAR PRODUCTION

Electricity (kwh/ PMT)	740.32	-
Fuel (Ltr/ PMT)	113.59	-
Other detail		
HSD Cons. In D.G Sets (ltr)	-	-
HSD Cons. In D.G Sets (Rs.)	-	-
Production of TMT Rebar (MT)	3251.79	-
Total Packed Production	3251.79	-

Consumption figures are not strictly comparable as Company produces wide varieties of TMT Grades and consumption norms change according to their size, length and hardness.

### B) 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.

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs./Lacs)
Foreign Exchange earned	2988.56
Foreign Exchange used	904.22

# Anil Special Steel Industries Ltd.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-2013

### 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, 7 Board Meetings were held on- 29.05.2012, 14.08.2012, 22.09.2012, 09.10.2012, 20.10.2012, 05.11.2012 and 09.02.2013.

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	6	Yes	-	-	-
Mr. Shriv S. Sharma	Independent Director	4	No	1	-	1
Mr. V.B.L Mathur	Independent Director	4	No	2	-	2
Lt. Col. Purshotam Lal Bawa	Independent Director	4	No	-	-	-
Mrs. Rashmi Khaitan	Executive Director	6	No	-	-	-
Mr. Krishan Murari Gangawat	Independent Director	2	No	-	-	-

- 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.