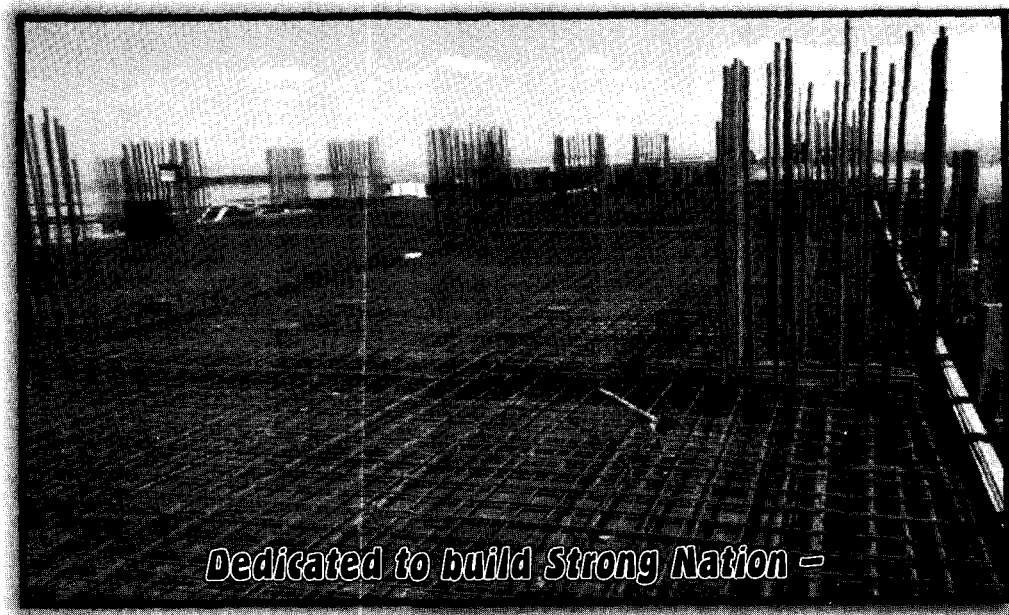


18th Annual Report
2009-2010



ASHIANA ISPAT LIMITED
(AN ISO 9001-2008 COMPANY)

ASHIANA ISPAT LIMITED



BOARD OF DIRECTORS

- | | |
|---------------------------------|-----------------------------|
| 1. Shri Sukhbir Singh Jain | - Chairman |
| 2. Shri Naresh Chand | - Managing Director |
| 3. Shri Neeraj Kumar Jain | - Managing Director (Works) |
| 4. Shri Sanjay Kumar Jain | - Whole Time Director |
| 5. Shri Puneet Jain | - Whole Time Director |
| 6. Shri Ram Kumar Garg | - Director |
| 7. Shri T. C. Kansal | - Director |
| 8. Shri Rajesh Kumar Pal | - Director |
| 9. Shri Rajender Parshad Bansal | - Director |

COMPANY SECRETARY

Harun Rashid Ansari

REGD. OFFICE & WORK :

A-1116, Phase-III, RIICO Industrial Area,
Bhiwadi-301 019, Distt. Alwar (Rajasthan)
E-mail : ashianagroup@yahoo.co.in

CORPORATE OFFICE :

C-9/36, Sector-8,
Rohini, Delhi-110 085

AUDITORS :

M/s S. Singhal & Company
Chartered Accountants
E-127, Industrial Area,
Bhiwadi-301 019, Distt. Alwar (Rajasthan)

SECRETARIAL AUDITORS :

M/s Bir Shankar & Co.

SHARE TRANSFER AGENT :

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

BANKERS :

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

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Naresh Chand Jain, Managing Director

Dear Shareholders,

I take great pleasure and thank most sincerely all Shareowners of the company for the support you have given me and my team. I would like to take this opportunity to share with you some key developments that took place in the industry since the last annual general meeting, are likely to impact your Company's performance in the coming year.

The financial year 2009-10 was an extremely challenging year. In early 2009, the world economy collapsed following the unprecedented financial crisis in the autumn of 2008.

The year started with a high inflation rate leading to tightening in credit to the industry on the one end and reduced consumer spending on the other. During the second half of FY09, the global economy experienced a sharp slowdown, liquidity squeeze and a dip in confidence levels. These sequential macro-economic events had an all encompassing impact including on the performance of your Company. Spiraling input costs, interrupted power supply by Rajasthan State Vidyut Vitran Nigam Limited in Bhiwadi Industrial Area in the first half and reduction in consumer spending in the second half, affected overall performance of the company. However given the unprecedented financial market uncertainty and shortage of power supply, we generated PBDITA, 7.97 % higher over the profit registered closed the year with cash in the bank and more importantly developed a significant number of future large opportunities.

Financial performance:

Your Company's PBDITA for the year grew by 13.10% at Rs.845.87 lacs. Gross revenue at Rs.20935.94 lacs was lower by 10.70% due to shortage of power supply and speedy fluctuation in the market. Given the uncertainty in the broader marketplace and the economic factors affecting so many of our clients, we believe this to be a very respectable outcome. The reason behind the better earning even in the adverse situation is due to having unparallel energy, enthusiasm, passion and excitement of the people here, and the sense that they can do anything. In our team everybody competes, not against each other, but against everyone in the marketplace.

- Our PBDITA for the year 2009-10 has been Rs. 845.87 Lacs (previous year 2008-09 it was Rs. 783.42 Lacs)
- Earning before tax improved consecutively in a row to Rs.323.23 lacs (previous year Rs.303.27 lacs) recording an increase of 6.58%.
- Increased in earning per share by 2.04%.

Scenario of Iron & Steel Industry:

Steel industry has seen a sunrise after a bad and cloudy night. Worries of financial institutions are over and have taken an exposure in this sector. Indian government has planned for pumping in a lot of money in infrastructure in coming years; hence steel consumption will go up manifold. As India moves ahead in the new millennium, the steel industry will play a critical role in transforming India into an economic superpower. India's steel industry is witnessing a lot of action. With the economy growing at a brisk pace of more than 8% per annum, demand for steel is soaring.

Steel consumption has increased by 10% on a compounded basis over the last three years, but production has risen by just 6.5% and therefore this huge gap in demand and supply predicts a better future for coming years.

Outlook

For the first quarter of current financial year 2010-11, the Company expects revenues to be in the range of Rs.62.00 Crore and for the full year of 2010-11, total revenues are expected to be in the range of Rs.240.00 Crore to 250.00 Crore EBITDA for the year is expected to be between Rs. 12.00Crore to Rs.13.00 crore Lacs.

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

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

Our people

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

Acknowledgement:

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

(Naresh Chand)
Managing Director

ASHIANA ISPAT LIMITED



NOTICE

NOTICE is hereby given that the 18th ANNUAL GENERAL MEETING of the Shareholders of ASHIANA ISPAT LIMITED will be held on Thursday, the 30th day of September, 2010 at 11.30 A.M. at the Registered Office of the Company at A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist. Alwar- Rajasthan, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date, together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S.S. Jain who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Ram Kumar Garg who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and fix their remuneration. M/s. S. Singhal & Company, Chartered Accountants, Bhiwadi retire at the Annual General Meeting and being eligible offer themselves for reappointment.

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 the provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) & subject to the provisions of Schedule XIII of the Companies Act, 1956, the Company hereby approves the reappointment of Mr. Naresh Chand as the Managing Director of the Company for a period of five years w.e.f 25.01.2011 at a remuneration as detailed below:

- i. Salary: Rs.1,25,000/- per month

- ii. Perquisites:

Perquisites as follows might be provided to him in addition to salary. Perquisites so paid shall be valued in terms of actual expenditure incurred by company. However in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy the perquisites shall be valued as per Income Tax Rules:

a] Medical Reimbursement:

Reimbursement of medical expenses actually incurred for self and family as per the rules of the company.

b] Leave Travel Concession/ Allowance:

For self and family, once in a year in accordance with the rules of the company.

c] Club fees:

Fees of club payable as per the rules of the company.

d] Provident Fund, Pension Fund and Superannuation Fund

Company's Contribution to provident Fund, Pension Fund & Superannuation Fund as per the Rules of the company.

e] Gratuity:

Gratuity is payable as per the rules of the company.

f] Car:

Use of Company's Car with Driver for Business/ official purposes.

g] Telephone:

Free Telephones/Communication facilities at residence for business purposes.

“RESOLVED FURTHER THAT above mentioned remuneration specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government or as may be agreed to between the Board of Directors and Mr. Naresh Chand.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and are hereby authorized to vary the remuneration, including salary, commission, perquisites, allowances etc. within such prescribed limit as amended to give effect to such modification, relaxation or variation without any further reference to the Company in general meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company is authorized to take such steps as may be necessary to give effect to this Resolution.”

By Order of the Board
For ASHIANA ISPAT LIMITED

Sd/-

Place: Bhiwadi (Naresh Chand)
Dated: 29th June, 2010 Managing Director

NOTES :

- [a] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- [b] The instrument(s) appointing the proxy, if any, shall be delivered at the Regd. Office of the Company at A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist. Alwar- Rajasthan, not less than forty eight (48) hours before the commencement of the Meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
- [c] The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the businesses under items 05 set out above is annexed hereto.
- [d] The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September 2010 to 30th September 2010 (both days inclusive).
- [e] Members are requested to intimate the Registrars and Share Transfer Agents of the Company – M/s. Link Intime India Private Limited of A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Delhi-110028, immediately of any change in their address in respect of equity shares held in physical mode and to their Depository Participants (DPs) in respect of equity shares held in dematerialized form.
- [f] Members desirous of having any information regarding Accounts are requested to address their queries to the Manager (Finance & Accounts) at the Registered Office of the Company at least seven days before the date of the meeting, so that the requisite information is made available at the meeting.

ASHIANA ISPAT LIMITED



Rs. in Lacs

- [g] Members holding Share certificates under different folio numbers but in the same order of name are requested to apply for consolidation of such folios and send relevant Share certificates to the Registrars and Share Transfer Agents of the Company.
- [h] Members/Proxies are requested to bring the attendance slip duly filled in.
- [j] As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

| Particulars | 2009-2010 | 2008-2009 |
|-------------------------------|-----------|-----------|
| Gross Sales | 20935.94 | 23444.37 |
| Profit Before tax | 323.23 | 303.27 |
| Profit after tax | 211.06 | 207.03 |
| Paid up equity Capital | 422.20 | 422.19 |
| Reserve and surplus | 952.42 | 746.76 |
| Basic Earning per share (Rs.) | 5.00 | 4.90 |

- (c) The company has not earned any foreign exchange during the financial year 2008-09 and 2009-10

EXPLANATORY STATEMENT:

The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 for item numbers 5 of the accompanying notice is as under:

ITEM NO. 5

The remuneration committee of the Company at its meeting held on 22nd June, 2010 and subsequently, the Board at its meeting held on 29th June, 2010 have reappointed Shri Naresh Chand as Managing Director unanimously for a further period of five years with effect from 25th January, 2011 subject to the approval of the shareholders in General Meeting.

The Managing Director will have, subject to the supervision and control of the Board of Directors, all administrative and decision making power as provided in the Companies Act, 1956 and all corporate acts applicable to the company.

The following disclosures are being made in this Explanatory Statements in compliance with Paragraph 1 (C) of Section II in Part II of Schedule XIII to the Companies Act 1956.

(a) General information:

The Company was incorporated in the year 1992 with the main object of carrying the business of iron and steels and other products.

- (b) Operational performance of the company for the financial year 2008-09 and 2009-10 is as follows:

Information about appointee:

Mr. Naresh Chand:

Mr. Naresh Chand is the Managing Director of Ashiana Ispat Limited and his present tenure is going to be end on 25.01.2011. He coursed M.Sc. degrees from the University of Agra, Uttar Pradesh and possesses a wealth of knowledge and experience concerning steel industry. He is a flamboyant Indian entrepreneur with a seemingly insatiable appetite for starting a new business. Mr. Jain is continuously seeking new business opportunities and loves a good challenge.

He looks after the management and administration of the company under the overall supervision, control and the direction of the Board of Directors. There has been a tremendous growth in the operations of the company during his tenure due to his competence and experience. His presence on the Board is a matter of great importance for the overall development and prosperity of the company.

Details of remuneration Paid to him is given below:

| Name of the Person | 2009-10 (in Rs.) | 2008-09 (in Rs.) |
|--------------------|---------------------|---------------------|
| Mr. Naresh Chand | 15,00,000/= | 15,00,000/= |

Besides his remuneration, he does not have any other pecuniary relationship with company.

Other Information:

- (a) Currently, the company is performing well. However, in the event of unforeseen circumstances and conditions beyond the control of the company, the profitability of the company may be affected.
- (b) The Company is looking at new business opportunities and markets to grow
- (c) The company is expected to perform well in future.

Disclosures:

- [a] The shareholders are being informed of the remuneration package by way of explanatory statement as given above.
- [b] The details of remuneration etc. are also included in the Corporate Governance Report forming part of the Annual Report of the Company.
- [c] Mr. Sukhbir Singh Jain, Mr. Sanjay Kumar Jain, Mr. Puneet Jain and Mr. Neeraj Kumar Jain and Mr. Naresh Chand are relatives. They may be concerned or interested in passing of the resolution. None of the other Directors is in any way concerned or interested in the above resolution.
- [d] The terms and conditions of remuneration as set out above may also be treated as an abstract of the agreement between the Company and Mr. Naresh Chand, Managing Director pursuant to Section 302 of the Companies Act, 1956.
- [e] The Managing Director so long as he functions as such shall not be paid any sitting fees for attending the meetings of Board or Committees thereof.
- [f] The Resolution regarding the remuneration of Mr. Naresh Chand as the Managing Director of the company is concerned for acceptance by the members.

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

Sd/-

Place: Bhiwadi
Dated: 29th June, 2010

(Naresh Chand)
Managing Director

DIRETORS REPORT

Dear Members,

Your Directors are pleased to present the Eighteenth Annual Report of your Company along with the Audited Accounts for the financial year-ended 31-March, 2010.

Financial results:

| Sl. No. | Particulars | 2009-2010 | 2008-2009 |
|---------|--|-----------|-----------|
| 1 | Gross Sale | 20935.93 | 23444.37 |
| 2 | Profit before Depreciation interest and Tax | 845.87 | 783.42 |
| 3 | Interest | 398.95 | 364.31 |
| 4 | Depreciation | 123.69 | 115.85 |
| 5 | Profit/ (Loss) for the year before tax | 323.23 | 303.27 |
| 6 | Balance (Cr.) brought forward from the previous year | 746.76 | 543.00 |
| 7 | Balance (Cr.) carried forward to the Balance Sheet | 952.42 | 746.76 |

DIVIDEND:

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

Performance of the Company:

Your company increased profit 6.58% to Rs. 323.23 Lacs in the financial year ended March 31,2010, compared to Rs.303.27 lac last financial year. Careful Attention to cost control has increased PBT by 6.58% while experiencing a revenue decline of 10.70% over the 2009 fiscal year. Extended rolling-forecasts from some of our major customers are showing some recovery in demand from the recent low-point and, with help from better quality of our products; we expect to return to Ashiana's traditional growth mode.

SHIFTING OF CORPORATE OFFICE:

During the year , the corporate office of the company was shifted from C-9/25, sector -8, Rohini, Delhi-110085 to C-9/36, sector -8, Rohini, Delhi-110085.

Up gradation of the Plant:

Plant upgraded by installing new Coal Gassifier during the previous year leads to less consumption of Ferro Oil and consequently helping in the conservation of energy and minimizing the air pollution.

CAPITAL STRUCTURE:

During the year under review, the share capital of your company remained unchanged.

FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Non- Banking Non-Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS

Reappointment of Mr. Naresh Chand as Managing Director Keeping in view of valuable services provided by Mr. Naresh Chand during his last tenure, the Board of Directors reappointed him as Managing Director of the Company with effect from January 25, 2011 in their meeting held on 29.06.2010 for a further period of five years. His appointment as Managing Director of the Company is subject to the approval of the Shareholders in ensuing Annual General Meeting.

Retirement by Rotation:

Mr. S.S. Jain and Mr. Ram Kumar Garg, Directors, liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The proposals regarding their re-appointment as Directors are placed for your approval.

AUDITORS

M/s. S. Singhal & Co., Chartered Accountants, of Bhiwadi, Alwar, Rajasthan, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors' if approved.

LISTING OF SECURITIES:

Shareholders in their Annual General Meeting held on 30.08.2003 approved the proposal for delisting the shares from the Magadh Stock Exchange Association Limited, Patna, The Delhi Stock Exchange Association Limited, Delhi, and the Jaipur Stock Exchange Limited, Jaipur except the Stock Exchange Mumbai, Mumbai.

DEPOSITORY SYSTEM:

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

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Particulars of Energy Conservation/ Technology Absorption and Foreign Exchange earnings and out go as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given as an Annexure to this report.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975, are not applicable because none of the Directors or employees of the Company getting remuneration exceeding the limit prescribed therein.

DONATIONS:

During the year under report donations were made to Social/ Educational Institutions amounting to Rs.6,67,800/- (Previous year Rs.3,13,000/-)

THE CORPORATE GOVERNANCE CODE

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The report as required under the listing agreements with the Stock Exchanges is annexed and forms part of the Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956 your Directors hereby state and confirm that:

On the basis of the consultation with the finance executive of the company and subject to disclosures in the Annual accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures wherever applicable;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments 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 period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

CEO CERTIFICATION:

Managing Director and Manager Finance & Accounts have certified to the Board that:

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact contain statements that might be misleading.
 - (b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year, which are fraudulent, illegal or volatile of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take rectify these deficiencies.
4. We have brought in notice to the auditors and the Audit Committee all the material transaction, which have substantial effect on the financial health of the company

ACKNOWLEDGEMENT:

The Company places on record its deep appreciation of the devoted services of the loyal workers, executives and other staff of the Company who have contributed in no small measure to the performance and the Company's inherent strength. Grateful thanks are also due to the our Bankers State Bank of Bikaner & Jaipur and Shareholders' appreciation of the managements' efforts at the General Meetings of the Company and otherwise, is a great fillip to strive for better performance year after year.

For and on behalf of the Board of Directors

Sd/-

Place : Bhiwadi

(Sukhbir Singh Jain)

Date: 29.06.2010

Chairman