



# Ashiana Ispat Limited

(AN ISO 9001-2008 COMPANY)

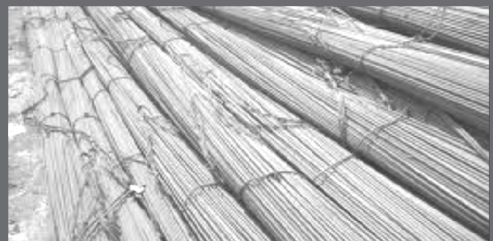


## *20th* *Annual Report*

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2011-2012

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**BOARD OF DIRECTORS**

1. Shri Sukhbir Singh Jain	-	Chairman
2. Shri Naresh Chand	-	Managing Director
3. Shri Neeraj Kumar Jain	-	Whole Time Director
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 Prasad Bansal	-	Director

**COMPANY SECRETARY**

Harun Rashid Ansari

**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.  
G-6/77, Sector-16, Rohini,  
New Delhi-110089

**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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## MANAGING DIRECTOR'S MESSAGE



*Naresh Chand Jain, Managing Director*

Dear Shareholders,

### WELCOME TO THE 20<sup>TH</sup> ANNUAL GENERAL MEETING OF ASHIANA ISPAT LIMITED

I extend a hearty welcome to you all on behalf of Board of Directors, to this 20<sup>th</sup> Annual General Meeting of the Company.

We meet today on the eve of landmark in the history of your Company, which has completed 20 years since the date of incorporation in 1992. We draw considerable satisfaction that we have achieved quite a lot during these years and we look to the future with the same conviction as we carried these years.

I am pleased to report that the Company has significantly exceeded expectations and registered a satisfactory performance in 2011-12. The growth was, however, accompanied by high inflation which has remained above normal levels throughout the year, and is equally cause of concern for us along with National concern.

### Company's Performance

Last couple of years has experienced an unprecedented economic turmoil worldwide.

In terms of the developed economies, steel industry is not recession proof, but is insulated to some extent than other industries.

It is now my pleasure to present our company's financial results for the year ended 31<sup>st</sup> March, 2012. Ashiana has recorded a gross revenue of ₹ 3005.51 Million. The PBT grew by 1.52% to ₹ 35.31 million from ₹ 34.78 million and PAT grew by 2.32% to ₹ 2.38 million in financial year 2011-12 from ₹ 2.32 million during the previous financial Year. The growth in revenue and profits has been driven by volume growth and better realizations from businesses.

We have taken initiatives to improve internal control systems and optimise and enhance realizations for our saleable products. Our continuous endeavor is to maximize the revenue and enhance the shareholders funds that could contribute in maximization of the net worth of the shareholders.

**Opportunity:**

Being a core sector, steel industry reflects the overall economic growth of an economy in the long term. Also, steel demand, being derived from other sectors like automobiles, consumer durables and infrastructure, its fortune is dependent on the growth of these user industries. We have rich mineral resources and are the fourth largest iron ore reserves (10.3 billion tonnes) after Russia, Brazil, and Australia. Therefore, many raw materials are available at comparatively lower costs.

The Indian rural sector remains fairly unexposed to their multi-faceted use of steel. The rural market was identified as a potential area of significant steel consumption. Enhancing applications in rural areas assumes a much greater significance now for increasing per capital consumption of steel.

The usage of steel in cost effective manner is possible in the area of housing, fencing, structures and other possible untapped rural market necessities and increasing interest of domestic and overseas producers in capacity creation to serve the domestic and overseas markets.

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

We have continued to build on our product capabilities. Your company has identified infrastructure development as a key driver of providing thrust to the growth story of the Company. We shall achieve that goal through our operational excellence and maintaining a commitment of providing the highest standards of TMT Bar at competitive rates.

**Our people**

The mainstay of the company is its people. Your Company has been successful in providing a platform that has helped in introducing productive working environment and ensure that our people continue to deliver the best performance in the current challenging environment. It is through our talented and creative people that we have earned our reputation for ingenuity. We believe in developing a congenial team culture that has helped the company and its employees in moving towards excellence and continuous performance improvement. Your company has successfully invested in development of leadership competencies among its employees to translate our aspiration into reality.

Ashiana, being a responsible corporate citizen understands its responsibility, and is committed to work towards the Health, Safety and Environment. The focus is on Sustainable development, providing safe work place for employees and enriching the quality of life of employees, environment and community as a whole.

**Acknowledgement:**

Before I conclude, I would like to express my sincere appreciation to our shareholders for the support and confidence reposed in us, and all other stakeholders and Government agencies, our Banker State Bank of Bikaner & Jaipur for the continuing commitment and support in your Company's onward march. We look forward for their continued association with the company.

I assure that our co-operation will help us to scale new heights and eventually serving the society in a better way. I thank you all for giving us an opportunity to help Ashiana grow as a successful organization.

Sd/-

(Naresh Chand)

Managing Director

**NOTICE TO MEMBERS**

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the Shareholders of ASHIANA ISPAT LIMITED will be held on Saturday, the 29<sup>th</sup> day of September, 2012 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 Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012 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. T. C. Kansal who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Rajesh Kumar Pal 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 re appointment.

By Order of the Board  
For ASHIANA ISPAT LIMITED

Sd/-  
Place: Bhiwadi                      Naresh Chand  
Date : 31.07.2012                  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 Register of Members and Share Transfer Books of the Company will remain closed from **23<sup>rd</sup> September 2012 to 29<sup>th</sup> September 2012** (both days inclusive).
- [d] Members are requested to intimate the Registrars and Share Transfer Agents of the Company – M/s. Link Intime India Private Limited of A-40, 2<sup>nd</sup> 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.
- [e] 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.

- [f] 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.
- [g] The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, Link Intime India Pvt. Ltd.
- [h] Members/Proxies are requested to bring the attendance slip duly filled in.
- [i] 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.

By Order of the Board  
For ASHIANA ISPAT LIMITED

Place: Bhiwadi  
Date : 31.07.2012

Sd/-  
Naresh Chand  
Managing Director

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Twentieth Annual Report of your Company along with the Audited Accounts for the financial year-ended 31<sup>st</sup> March, 2012.

## STANDALONE FINANCIALS:

₹ in lacs

Sl. No.	Particulars	2011-2012	2010-2011
1	Gross Sale	29946.37	28409.86
2	Profit before Depreciation interest and Tax	1041.12	867.62
3	Interest	543.30	386.19
4	Depreciation	144.69	133.58
5	Profit/ (Loss) for the year before tax	353.13	347.85
6	Balance (Cr.) brought forward from the previous year	1182.55	952.42
7	Balance (Cr.) carried forward to the Balance Sheet	1410.91	1182.55

The Ministry of Corporate Affairs (MCA) vide notification no. S.O. 447(E) dated 28th February, 2011 amended the existing Schedule VI to the Companies Act, 1956. The Revised Schedule VI is applicable from financial year commencing from 1st April, 2011. The financial statements of your Company for the year ended 31st March, 2012 have been prepared in accordance with the Revised Schedule VI and accordingly, the previous year's figures have been reclassified/ regrouped to conform to this year's classification.

## OPERATIONS

During the year under review, your Company has exceeded expectations and recorded a robust financial performance with revenue growth of 5.27 % to ₹ 30055.08 Lacs, PBT



growth of 1.52% to ₹ 353.13 Lacs and PAT growth of 2.32% to ₹ 238.11 Lacs.

Despite of the economic recession your Company has set new milestones and Turnover volume touched all time high record ₹ 30055.08 Lacs (previous year ₹ 28551.27 lacs). Higher productivity has been accompanied by strong focus on cost control and better market pricing, increased market share in addressable markets and turnover incentive to dealers and distributors. Being a core sector, steel industry reflects the overall economic growth of an economy in the long term.

On account of thrust on infrastructure development the demand and prices of restructure bar see better future ahead. While steel continues to have a stronghold in traditional sectors such as construction, housing and ground transportation, special steels are increasingly used in engineering industries such as power generation, petrochemicals and fertilisers.

#### **DIVIDEND**

Keeping in view the current economic scenario and future fund requirements of the company for achieving the long term growth objectives, the Board of Directors has not recommended any dividend and transferred all the distributable profit to the general reserve account of the company.

#### **CAPITAL STRUCTURE:**

During the year under review, the issued 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**

##### **Retirement by Rotation**

Mr. T. C. Kansal and Mr. Rajesh Kumar Pall, 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.

Mr. T. C. Kansal is specialized in operations process improvement, cost and spend rationalization, and enhanced resource utilization. During his carrier he has been associated with iron and steel industry in different capacities.

Mr. Rajesh Kumar Pal having more than 10 years experience of iron and steel industry.

Their presence on the Board is immense beneficial for the company in long run.

#### **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.

#### **COST AUDITOR:**

Your Board has appointed M/s. R.S. Roy as Cost Auditor for the financial year ended 31.03.2012 pursuant to the direction from the Ministry of Corporate Affairs, Government of India.

#### **DEPOSITORY SYSTEM**

M/s. Link Intime India Private Limited ( old name- M/s. Intime Spectrum Registry Limited), A-40, 2<sup>nd</sup> 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**

The scope of energy conservation in our industry is limited. However, your company is doing its best efforts to give high priority to energy conservation by opting for more power efficient replacements.

Every effort is made by the company to update the technical skills of every employee for smooth functioning of the operations and to successfully achieve the desired growth objective.

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. (Annexure-i)

#### **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.

#### **CORPORATE SOCIAL RESPONSIBILITY:**

Committed to enhancing prosperity as a responsible corporate Ashiana is fully aware of its responsibility towards planet earth and society and has focused on ensuring health services to its external community. It has been associated with Mahaveer International, a premier social organization with an aim to make the Capital Delhi free from Cataract.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

As required by Clause 49 of the Listing Agreements with Stock Exchanges, the Management discussion and Analysis Report is enclosed as a part of this report.

#### **DEMATERIALISATION OF SHARES:**

33.43 % of the company's paid up Equity Share Capital is in dematerialized form as on March 31st, 2012 and balance 66.57 % is in physical form.

The Company's Registrars are M/s. Link Intime India Pvt. Ltd. A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase-II, New Delhi-110028.

#### **LISTING WITH STOCK EXCHANGES:**

The Company confirms that it has paid the Annual Listing Fees for the year 2012-2013 to BSE, where the Company's Shares are listed and is in the process to get the shares delisted from the Magadh Stock Exchange Association Limited, Patna, The Delhi Stock Exchange Association Limited, Delhi, and the Jaipur Stock

Exchange Limited, Jaipur.

#### **THE DIRECTOR'S RESPONSIBILITY STATEMENT (UNDER SECTION 217 (2AA) OF COMPANIES ACT, 1956)**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following Statement in terms of Section 217 (2AA) of the Companies Act, 1956.

1. That in the preparation of the Annual Accounts for the year ended 31st March, 2012 the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any
2. That such accounting policies as mentioned in Notes on Accounts have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the State of affairs of the Company at the Financial year 31st March, 2012 and of the profit of the Company for that year.
3. That proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Annual Accounts for the year ended 31st March, 2012 has been prepared on a going concern basis.

#### **CORPORATE COMMUNICATION**

The Company endeavors to promote communication, both external and internal, for the purpose of effectively communicating with its stakeholders and also for brand building of the organization. We have successfully upheld the confidence of our stakeholders by proactively sharing the company's achievements by utilizing the media innovatively.

The external communication is maintained through :

1. Ensuring publication of advertisements in major dailies.
2. Periodical Maintenance and updation of company's website featuring current updates



about company' functioning.

3. Printing and publication of brochures, annual report

### **THE CORPORATE GOVERNANCE CODE**

The company has adopted the best possible corporate governance norms and it has been our endeavor to comply 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 observations of the Auditors in the Auditors' report on the accounts of the Company together with the Notes to Accounts are self-explanatory and, therefore, do not call for any further explanation, in the opinion of Directors.

### **COST AUDITORS' REPORT-**

The observations of the Cost Auditors in the their report are self-explanatory and, therefore, do not call for any further explanation, in the opinion of Directors.

### **INSURANCE:**

All the insurable interests of your Company including buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

### **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:**

Your Directors wishes to place their deep appreciation of the devoted services of the loyal workers, executives and other staff of the Company who have contributed in every possible measure towards the performance and the Company's inherent strength. The Directors are also thankful to the Bankers State Bank of Bikaner & Jaipur and Shareholders' appreciation of the managements' efforts at the General Meetings of the Company which helps to strive for better performance year after year.

**Place: Bhiwadi**

**Date: 31.07.2012**

For and on behalf of the Board  
For **Ashiana Ispat Limited**

Sd/-  
**(Sukhbir Singh Jain)**  
Chairman

Sd/-  
**(Mr. Naresh Chand)**  
Managing Director

**ANNEXURE-'I'****INFORMATION ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTFLOW**

	AS AT 31.03.2012	AS AT 31.03.2011
<b>A POWER AND FUEL CONSUMPTION</b>		
1 <b>ELECTRICITY</b>		
a. Purchase unit (KWH)	27994551	28680846
CTD Section	11959475	13660342
INGOT section	16035076	15020504
Total Amount (in ₹)	140832338	130757578
Consumption (unit/MT)		
CTD Section	174	174
INGOT Section	660	661
<b>B Own Generation</b>	Nil	Nil
I Through Diesel Generation	Nil	Nil
II Through Steam turbine	Nil	Nil
2 <b>Coal</b>		
Purchased (Unit-MT)	6486.255	8636.415
Total amount (in ₹)	54603897	58328690
Consumption (Unit-MT)	7319.855	7960.00
3 <b>Furnace Oil</b>		
Purchased (Unit-KL)	0.000	70.210
Total amount (in ₹)	0.000	2039070
Consumption (Unit-KL)	13.970	57.305

**B Research & Development:**

Continuous efforts are being made on research and development to minimize the consumption of power and fuel. However the expenditure on research and development is not substantial.

**C Foreign Exchange earnings/ outflow**

	2012	2011
i. Total Foreign Exchange earned	Nil	Nil
ii. Total foreign Exchange utilized	Nil	Nil