

**17<sup>th</sup>**  
***annual***  
***report***

**FOR THE YEAR ENDED**  
**31ST MARCH 2003**

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**ASHIRWAD STEELS**  

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**& INDUSTRIES LIMITED**

**ASHIRWAD STEELS & INDUSTRIES LTD.****BOARD OF DIRECTORS**

- : Puranmal Agarwal, Chairman  
 Dalbir Chhibbar, Managing Director  
 Yudhbir Chhibbar, Director  
 Suresh Kr. Agarwal, Director  
 Ashok Kumar, Director

**STATUTORY AUDITORS**

- : A Pradhan & Associates  
 Chartered Accountants,  
 2D, Panditia Road, Kolkata-700 029.

**BANKERS**

- : Citi Bank, N.A., Kolkata  
 State Bank of India, Kolkata  
 IDBI Bank, Jamshedpur  
 The Federal Bank Ltd., Jamshedpur  
 State Bank of India, Nalgonda(A.P.)  
 State Bank of India, Raigarh  
 Allahabad Bank, Raigarh

**REGISTERED & HEAD OFFICE**

(Changed with effect from  
 7.8.2003 from 1, Crooked Lane,  
 Suite No.8B, Kolkata-700 069).

- : 6, Waterloo Street,  
 5<sup>th</sup> floor, Suite No.506,  
 Kolkata-700 069.  
 Phone No: 22430372 / 22101376  
 Fax : 033-22430376  
 E-mail: ashirwad @cal3.vsnl.net.in

**WORKS****: SPONGE IRON PLANTS**

1. Plot Nos. A1 A3 A5 A7, Phase-V,  
 Adityapur Industrial Area, Ghamaria,  
 Jamshedpur-832108, Jharkhand.  
 Ph.No : (0657) 2200549, Fax: 2380208
2. Vil.& P.O. Veliminedu, Mandal- Chityal,  
 Dist. Nalgonda, Andhra Pradesh. PIN : 508114  
 Ph.(08682)274690, Fax: 274691

**LPG/RLHG BOTTLING PLANTS**

1. Uluberia Industrial Growth Centre  
 Uluberia, Howrah, West Bengal, PIN : 711315  
 Ph.033- 26610714
2. Village : Kisanpur, Near Urdana Check Post  
 Raigarh, Chhattisgarh, PIN : 496001  
 Ph. (07762) 232558 (O), 223018 (F)

**REGISTRARS & TRANSFER AGENTS**

- : Niche Technologies Pvt.Ltd.  
 C-444, Bagree Market, 71, B.R.B.B. Road, Kolkata-1  
 Ph.(033) 22357271/22343576, Fax: 22156813  
 E-mail: nichetech@vsnl.net

**ASHIRWAD STEELS & INDUSTRIES LTD.****NOTICE**

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of the Company will be held at the Registered Office of the Company at 6, Waterloo Street, 5<sup>th</sup> Floor, Suite No.506, Kolkata-700 069 on Monday the 29<sup>th</sup> September, 2003, at 10.00 a.m. for the following purposes.

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Director's Report and the Audited Balance Sheet as at 31<sup>st</sup> March, 2003 and Profit & Loss A/c. for the year ended on that date with the Auditors Report thereon.
2. To appoint Directors in place of Mr. S. K. Agarwal and Mr. Ashok Kumar who retire by rotation and being eligible offer themselves for re-appointment.
3. To appoint Auditors and fix their remuneration.

Place : Kolkata

Dated : 20<sup>th</sup> August, 2003.

By order of the Board

Regd. Office : 6, Waterloo Street, 5<sup>th</sup> floor,  
Suite No.506, Kolkata-700 069.

**Dalbir Chhibbar**  
Managing Director

**NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The instrument of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A proxy so appointed shall not have any right to speak at the meeting.
2. The Register of Members of the Company will remain closed from Monday the 22<sup>nd</sup> September, 2003 to 29<sup>th</sup> September, 2003 (both days inclusive)
3. Shareholders/Proxy holders are requested to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting place.
4. Members are requested to bring their copy of the Annual Report to the Annual General meeting.
5. Members are requested to notify immediately any change in their address to the Company or to its share transfer Agents/Registrars.
6. Pursuant to the newly enacted provisions of the Companies Act, 1956, members are informed that every holder of shares in a company may at any time nominate in the prescribed manner a person to whom his/her shares in the Company shall vest in the event of his/her death.
7. Members are requested to send in their queries at least a week in advance to the Company at the Registered Office of the Company to facilitate clarifications during the meeting.
8. Pursuant to Section 205A(5) of the Companies Act, 1956 as amended by the Companies (Amendment) Act 1999, with effect from 31.10.98 any money transferred to the unpaid Dividend Account of the Company in pursuance of Section 205A (1) and the Application money which remain unpaid and unclaimed for a period of 7 years from the date of such transfer shall be transferred by the Company to the investor Education and Protection Fund and no claim shall lie against the fund or the Company in respect of individual amount which remain unclaimed and unpaid for a period of 7 (seven) years from the date that they first become due for payment.

**DIRECTOR'S REPORT TO THE SHAREHOLDERS**

Your Directors present their 17<sup>th</sup> Annual Report and Audited Statement of Accounts of your Company together with Auditors Report for the year ended 31<sup>st</sup> March, 2003.

	<b>Current year (31.3.2003) Rs.</b>	<b>Previous year (31.3.2002) Rs.</b>
<b>FINANCIAL RESULTS :</b>		
Turnover/ Income from Operations	23,64,62,122	20,00,94,794
Operating Profit before interest, Depreciation and Taxation	2,59,51,599	2,44,81,064
Depreciation	41,57,269	42,28,832
Financial Charges	60,05,623	46,42,465
Prior period expenses	9,653	
Profit before Taxation	1,57,79,054	1,56,09,767
<b>Provision for Taxation :</b>		
Current Income Tax	21,30,338	25,57,400
Deferred Income Tax (See Note : 9)	22,81,926	32,65,893
Profit after Taxation	1,13,66,790	97,86,474
Add: Profit brought forward From last A/c.	1,06,13,437	1,08,26,963
Profit available for appropriation	2,19,80,227	2,06,13,437
Less : Transferred to General Reserve	50,00,000	1,00,00,000
<b>APPROPRIATIONS :</b>		
Balance Carried forward	1,69,80,227	1,06,13,437

**OPERATIONS & FINANCIAL PERFORMANCE**

The financial performance of your Company during the year under review has been satisfactory. The income from operations/turnover stood at Rs.23.65 crore (previous year Rs.20.01 crores). During the year your Company's Sponge Iron Plant at Jamshedpur produced 35946 M.T. of Sponge Iron as against installed capacity of 36000 M.T. per annum. The Company's RLH/LPG business from it's Raigarh Plant is continuing despite severe competition and several adverse factors. The Company's LPG Bottling Plant at Uluberia, Howrah, West Bengal, given under lease to M/s. SHV Energy North

East Ltd. is reported to be working well and lessees are paying the monthly lease rent on time. The operating profit before interest, depreciation and income tax for the year stood at Rs.2.60 crores (previous year Rs.2.45 crores). The net profit for the year was Rs.113.67 lacs (Previous year Rs.97.86 lacs). The Board of Directors of your Company continue to make all out efforts to improve the performance of your Company on all fronts.

#### **SPONGE IRON EXPANSION PROJECT :**

During the year under review your Directors decided to set up a Sponge Iron Plant with an annual installed capacity of 60000 M.T. at Vil. & P.O. Veliminedu, Mandal Chityal, Dist. Nalgonda, Andhra Pradesh. The aforesaid expansion project is now in advance stage of completion and the first phase is expected to be commissioned in the month of October, 2003 and the second phase is expected to be commissioned by January, 2004. Your Directors are optimistic that the aforesaid expansion project would be economically viable and will significantly add to the turnover and profits of your Company.

#### **DIVIDEND :**

To conserve resources for the Sponge Iron Plant under implementation at Nalgonda (Andhra Pradesh), your Directors do not recommend any dividend for the year under review.

#### **CHANGE OF REGISTERED AND HEAD OFFICE :**

The Company's Registered and Head Office was changed w.e.f. 7.8.2003 and the new address is as under :

Ashirwad Steels & Industries Ltd.,  
6, Waterloo Street,  
5<sup>th</sup> Floor, Suite No.506,  
Kolkata-700 069.  
Ph. : 22430372/22101376  
Fax : 033 22430376

All members and shareholders are requested to kindly correspond at the new changed address only.

#### **AUDITORS :**

During the Financial Year the Company's statutory Auditors, M/s. Ashok Pradhan & Associates, a Partnership Firm, was voluntarily dissolved by the partners and a notice to that effect was served upon the Company which caused a casual vacancy in the office of Auditors of the Company. In view of above your Board of Directors passed a resolution and filled up the casual vacancy by appointing M/s. A Pradhan & Associates, Chartered Accountants, to hold office till the ensuing Annual General Meeting. M/s. A Pradhan & Associates have expressed their desire to be reappointed as statutory auditors of the Company at the ensuing Annual General Meeting.

**DIRECTORS :**

Mr. S. K. Agarwal and Mr. Ashok Kumar retire by rotation from the Board and being eligible offer themselves for re-appointment.

**FIXED DEPOSIT :**

The Company has not accepted any deposits from the Public during the year.

**LISTING OF COMPANY SHARES & LISTING FEES :**

The Equity Share of the Company are listed at Kolkata, Mumbai and Delhi Stock Exchanges. The Company has paid the annual listing fees for the financial year 2002-2003 except of Delhi Stock Exchange.

**SHARE REGISTRARS & TRANSFER AGENTS :**

Niche Technologies (P) Ltd., C-444, Bagree Market, 71, B.R.B. Road, Kolkata-700001  
Phone : (033) 22357270/71, Fax: (033) 22156813, E-mail: nichetech@vsnl.net

**DEPOSITORY DETAILS :**

1. Central Depository Services (India) Ltd., P.J. Towers (28<sup>th</sup> floor), Dalal Street, Mumbai-400 023. Ph. No : 022-22673333, Fax No: 022-22673199
2. M/s. National Securities Depository Limited, Trade World, 4<sup>th</sup> floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. Ph no: 022-24972964-70, Fax No : 022-24972993

**DEMATERIALISATION OF SHARES :**

As per SEBI's direction the Company has signed tripartite agreements with these depositories and Registrars and Transfer Agents in November, 2000. Dematerialisation facility is now available. According to SEBI's guidelines trading in Demat form has been made compulsory for all classes of investors. Therefore, it is in the interest of all the shareholders to convert their physical holdings into electronic holdings by dematerialisation.

**PERSONNEL :**

No employee was in receipt of Salary exceeding the limits prescribed u/s 217(2A) of the Companies Act, 1956 and hence the Statement of Particulars of employees as required under that section is not applicable to your Company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS.**

As regards the information required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, your Directors give the following particulars to the extent applicable to your Company.

**(A) CONSERVATION OF ENERGY :**

The power requirement at Company's Gas Bottling Plant at Raigarh is very nominal as only bottling of Gas is being done. For Sponge Iron Plants, the Capacitor Panels of adequate size and number have been installed to save power.

**(B) TECHNOLOGY ABSORPTION :**

The Company is using in-house technology and expertise for its LPG Bottling Plants. The technology for manufacture of Sponge Iron was provided by an outside agency. The said technology is fully indigenous and is now well established. The Company has not made use of any imported technology for its products/plants so far.

**(C) FOREIGN EXCHANGE EARNINGS AND OUT - GO :**

During the year under review there was no earning or expense in foreign exchange.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed :-

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2003, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 the year under review.
- (iii) That the Directors had taken proper and sufficient care for the 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.

- (iv) That the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2003 on a going concern basis.

**ACKNOWLEDGEMENT :**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the valued customers, suppliers and Shareholders during the year under review. Your Directors also wish to place on record their appreciation for the contribution of the employees at all levels.

Place : Kolkata  
Dated : 20<sup>th</sup> August, 2003

For and on behalf of the Board

**Dalbir Chhibbar**  
Managing Director

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**ANNEXURE TO DIRECTOR'S REPORT****FORM - A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

<b>A. POWER AND FUEL CONSUMPTION :</b>	<b>Current Year 2002-2003</b>	<b>Previous Year 2001-2002</b>
<b>1. Electricity :</b>		
(a) Purchased		
Units	<b>5,65,691</b>	<b>5,10,164</b>
Total amount (Rupees)	<b>27,63,744</b>	<b>25,38,849</b>
Rate/Unit (Rupees)	<b>4.89</b>	<b>4.97</b>
(b) Own generation (D. G. Set)		
Units	<b>3,89,640</b>	<b>2,55,657</b>
Cost/Unit	<b>6.15</b>	<b>5.25</b>

**Note :**

The Company has not consumed or used Furnace oil during the year under review. The Company's Sponge Iron Plant has, however, consumed a large quantity of Coal and the related quantitative figures are reflected in the financial accounts elsewhere. The quantity details are not being given here as Coal Acts as a raw material for Sponge Iron Manufacturing and not as a fuel.

**B. CONSUMPTION OF ELECTRICITY PER UNIT OF PRODUCTION/BOTTLING OF GAS**

(i) Units consumed per Metric Ton of Hydrocarbon Gas/L P Gas bottled	<b>25.00</b>	<b>13.00</b>
(ii) Units consumed per Metric Ton of Sponge Iron produced	<b>16.00</b>	<b>16.00</b>

**FORM - B****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION :****1. RESEARCH AND DEVELOPMENT :**

The Company has not so far carried out any major Research & Development work. The Company shall however undertake R & D work as and when required to improve the quality of its products. The Company has not incurred any expenditure on this account so far. The Company, however, has a full fledged laboratory at its Sponge Iron Plant for testing the quality of raw materials and also of the finished products.

**2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

Since no technology has been absorbed from outside, this item is not applicable to us. The Company, however, continues its efforts for upgradation of technology in order to improve the quality and reduce costs to the extent possible.

For and on behalf of the Board

Place: Kolkata

Dated : 20<sup>th</sup> August, 2003.

**Dalbir Chhibbar**  
Managing Director

**ASHIRWAD STEELS & INDUSTRIES LIMITED****Management Discussion & Analysis Report****(a) Industry Structure & Developments :**

The Company which was basically into LPG Bottling and Steel items has now broad-based its activities. The Company's operations now relate to manufacturing of Sponge Iron, RLH and LP Gas. The Company is presently catering to the needs of the domestic market.

During the year under review it was decided to set up a Sponge Iron Plant with an annual installed capacity of 60000 M.T. at Vill. & P.O. Veliminedu Mandal Chityal, Dist. Nalgonda, A.P. This new expansion project is now in advance stage of completion and the first phase is expected to be commissioned in the month of October 2003 while the second phase is expected to be commissioned by January 2004.

**(b) Opportunities & Threats :**

Iron & Steel Industry is a globally competitive one and lot of International players are in the market. Your Company with its limited resources will restrict its activities in the domestic market and avail the opportunities available for sale of quality goods at reasonable prices.

**(c) Segment-wise Product-wise Performance :**

Your Company has identified two segments namely sponge iron and gas taking into account the nature of the product, uses and production system.

Segment-wise performance in detail has been given in Schedule 22 to the audited accounts of the Company which are available in this annual report.

**(d) Outlook :**

We have a strong focus on the core business activities and we have always concentrated on quality and our competitive position. The Company has successfully implemented earlier Project at Jamshedpur in the state of Jharkhand and is now confident of completing the Nalgonda Sponge Iron Plant in a reasonable time.

The products of the Company have been very well received in the market and your Directors are optimistic that after completion of the Nalgonda Plant it will significantly add to the turnover and profits of your Company.

**(e) Risks & Concerns :**

It may be mentioned that the profitability may be affected due to competition from existing and prospective manufacturers of Sponge Iron and LP Gas. Every manufac-