

**23<sup>rd</sup>  
annual  
report**  
**FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH 2009**

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**ASHIRWAD STEELS**  

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**& INDUSTRIES LIMITED**

**ASHIRWAD STEELS & INDUSTRIES LTD.**

<b>BOARD OF DIRECTORS</b>	:	Puranmal Agarwal, Chairman Dalbir Chhibbar, Managing Director Yudhbir Chhibbar, Director Suresh Kr. Agarwal, Director Ashok Kumar Jaiswal, Director Pravin Kumar Chhabra, Director Sushma Chhibbar, Director Dev Kumar Mishra
<b>STATUTORY AUDITORS</b>	:	A Pradhan & Associates Chartered Accountants, 2D, Panditia Road, Kolkata-700 029
<b>BANKERS</b>	:	CITIBANK, N.A., Kolkata HDFC Bank Ltd., Kolkata ING Vysya Bank, Kolkata Standard Chartered Bank, Kolkata (Formerly American Express Bank, Kolkata.) State Bank of India, Jamshedpur State Bank of India, Nalgonda, Andhra Pradesh. State Bank of India, Raigarh, Chhattisgarh Corporation Bank, Raigarh, Chhattisgarh.
<b>REGISTERED &amp; HEAD OFFICE</b>	:	6, Waterloo Street, 5 <sup>th</sup> Floor, Suite No.506, Kolkata - 700 069, West Bengal Phone: 091-033-22430372 Fax : 091-033-22430376 E-mail: ashirwadsteels@gmail.com
<b>WORKS</b>	:	<b>SPONGE IRON PLANTS :</b> <ol style="list-style-type: none"> <li>1. Plot Nos.A1,A3,A5,A7, Phase-V, Adityapur Industrial Area, Ghamaria Jamshedpur-832108, Jharkhand, Telefax : 091-0657-2386283.</li> <li>2. Peetam Palli Approach Road, Vill. &amp; P.O. Veliminedu, Mandal-Chityal, Dist. Nalgonda, Pin-508114, Andhra Pradesh. Phone:091-08682-274690/ 274236, Fax: 091-08682-274691.</li> </ol> <b>LPG BOTTLING PLANTS :</b> <ol style="list-style-type: none"> <li>1. Uluberia Industrial Growth Centre, Uluberia, Howrah, West Bengal, Pin-711315. Phone : 091-033-26610714</li> <li>2. Village : Kisnapur Near Urdana Check Post Raigarh - 496001, Chattisgarh. Ph. : 091-07762-232558</li> </ol>
<b>REGISTRARS &amp; TRANSFER AGENTS</b>	:	Niche Technologies Pvt.Ltd., D-511, Bagree Market, 5 <sup>th</sup> Floor, 71, B.R.B.B. Road, Kolkata-700 001 Ph.No.091-033-2235 7270-71/2234-3576 Fax : 091-033-22156823 E-mail: nichetechpl@nichetechpl

**ASHIRWAD STEELS & INDUSTRIES LTD.**

**NOTICE**

Notice is hereby given that the 23<sup>rd</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 14<sup>th</sup> September, 2009 at 10.30 a.m. for the following purposes :-

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 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. Puranmal Agarwal, Mrs. Sushma Chhibbar and Mr. Pravin Chhabra who retire by rotation and being eligible offer themselves for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

4. To pass with or without modification, the following resolution as Ordinary Resolution :  
"RESOLVED THAT Sri Dev Kumar Mishra who was appointed as an Additional Director of the Company with effect from 22<sup>nd</sup> September, 2008 and who holds office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company and that Managing Director of the Company be and is hereby authorized to take the necessary actions and complete all the legal formalities related thereto."

Place : Kolkata

Dated : 29<sup>th</sup> June, 2009.

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

By Order of the Board

For **Ashirwad Steels & Industries Ltd.,**

**Dalbir Chhibbar**

Managing Director

**ASHIRWAD STEELS & INDUSTRIES LTD.****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 the 7<sup>th</sup> September, 2009 to 14<sup>th</sup> September, 2009 (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.

Place : Kolkata

Dated : 29<sup>th</sup> June, 2009

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

By order of the Board

**Dalbir Chhibbar**  
Managing Director

**ANNEXURE TO NOTICE :**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956, RELATING TO SPECIAL BUSINESS MENTIONED IN THE NOTICE CONVENING THE 23<sup>RD</sup> ANNUAL GENERAL MEETING.**

**Item No. 4**

Sri Dev Kumar Mishra was appointed as an Additional Director of the Company with effect from 22<sup>nd</sup> September, 2008. As per the provisions of Section 260 of the Companies Act, 1956, he holds office only upto the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature for appointment as a Director of the Company, along with the requisite deposit of Rs.500/-. Your Directors recommend his appointment as a Director of the Company and except Sri Dev Kumar Mishra; no other Director is interested in the aforesaid business and related resolution.

Place : Kolkata

Dated : 29<sup>th</sup> June, 2009.

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

By Order of the Board

**Dalbir Chhibbar**  
Managing Director

**ASHIRWAD STEELS & INDUSTRIES LTD.****DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors present their 23<sup>rd</sup> Annual Report and the Audited Statements of Accounts of your Company together with Auditors' Report for the year ended 31<sup>st</sup> March, 2009.

	<b>Current year</b> (31.03.2009) Rs.	<b>Previous year</b> [31.03.2008] Rs.
<b>FINANCIAL RESULTS :</b>		
Turnover/Income from Operations(gross)	74,22,08,045	66,44,86,227
Less: Excise duty	(-) 7,77,85,581	(-) 8,55,06,065
Operating Profit before interest,		
Depreciation and Taxation	2,44,41,758	5,50,15,968
Depreciation	1,04,52,138	1,01,48,775
Financial Charges	84,55,132	1,39,36,359
Profit/(Loss) before Taxation	55,34,488	3,09,30,834
<b>Provision for Taxation :</b>		
Current Income Tax	25,63,000	28,30,000
Income Tax for earlier period	2,43,395	—
Deferred Income Tax	(-) 1,69,697	8,18,604
Fringe Benefit Tax	2,82,720	1,47,854
Profit/(Loss) after Taxation	26,15,070	2,71,34,376
Add: Profit brought forward from last A/c.	6,99,95,270	4,28,60,894
Profits available for appropriation	7,26,10,340	6,99,95,270
And carried to Balance sheet.		

**OPERATIONS & FINANCIAL PERFORMANCE :**

The financial performance of your Company during the financial year ended 31.3.09 has not been satisfactory. The total income from operations/turnover stood at Rs 74.22 Crores (Previous year Rs.66.45 crores). During the year your Company produced 43916 M.T. of Sponge Iron (Previous year 50581 M.T.). The Company has during the year earned a net profit of Rs 0.26 Crores as against previous year's net profit of Rs.2.71 crores. The overall financial performance of the Company has been adversely affected due to economic slow down during the year throughout the World including in India. The market conditions of Sponge Iron are still very depressed but your Directors are hopeful of a recovery within a period of 12 months. Your Directors are continuing their best efforts to efficiently manage the affairs of the Company.

**DIVIDEND :**

To conserve resources for the Company's proposed expansion plans; your Directors do not recommend any dividend for the year under review.

**STATUTORY AUDITORS :**

M/s. A Pradhan & Associates, Chartered Accountants, were appointed as Statutory Auditors of your Company in the last Annual General Meeting and they being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting.

**ASHIRWAD STEELS & INDUSTRIES LTD.****DIRECTORS :**

Mr. Purnamal Agarwal, Mrs. Sushma Chhibbar and Mr. Jitendra Patnaik, the Directors retire by rotation from the Board and being eligible offer themselves for re-appointment. Sri Dev Kumar Mishra was appointed as an Additional Director of the Company with effect from 22<sup>nd</sup> September, 2008 and he vacates his office on the forthcoming Annual General Meeting. The Company is in receipt of a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for appointment as a Director of the Company at the ensuing Annual General Meeting. The respective resolution to this effect is mentioned in the notice convening the Annual General Meeting and your Directors recommend his appointment.

**EXPANSION PROJECTS :**

The Directors of your Company propose to expand the steel base manufacturing activities of your Company by putting up a Captive Power Plant along with a Steel Melting Shop and a Re-rolling Mill at Company's existing Sponge Iron Plant Site at Dist. Nalgonda, A.P. as backward and forward integration. Similarly, the Board also proposes to put up a Steel Melting Shop and Re-rolling Mill either at Jamshedpur or in West Bengal. The necessary actions for the above projects including the process of getting clearances from appropriate authorities have been initiated. With this end in view your Directors decided to raise funds for the same by issuing fresh shares on Preferential Allotment Basis and accordingly an Extra Ordinary General meeting of the members was held on 29<sup>th</sup> May, 2009 wherein the members approved the issue of allotment of fresh 45,00,000 shares of the Company at a price of Rs.40/- (including Rs.30/- as premium). The necessary formalities in this respect are being completed. Your Board also propose to approach the banks/financial institutions for necessary borrowings for the Company's aforesaid industrial projects.

**FIXED DEPOSIT :**

The Company has not during the year accepted any deposits from the Public under section 58 of the Companies Act, 1956.

**CORPORATE GOVERNANCE :**

Corporate Governance Report along with the certificate of the Auditors confirming compliance of conditions of Corporate Governance as required under Clause 49 of the Listing Agreement with the Stock Exchange is annexed hereto.

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

The Company's shares are listed on Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, 25<sup>th</sup> Floor, Dalal Street, Mumbai-400 023.

The Company has paid the listing fees for the financial year 2008-09 to the Stock Exchange, Mumbai, on which Company's shares are listed. The Company has also paid custodial fees for the year 2008-09 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is 338C01012.

**SHARE REGISTRARS & TRANSFER AGENTS :**

Niche Technologies (P) Ltd., D-511, Bagree Market, 71, B.R.B.B. Road, 5<sup>th</sup> Floor, Kolkata - 700 001. Phone : (033) 2235-7270/71, 2234-3576, Fax: (033) 22156823, E-mail nichetechpl@nichetechpl

**DEPOSITORY DETAILS :**

1. Central Depository Services (India) Ltd., P.J.Towers (17<sup>th</sup> floor), Dalal Street, Mumbai-400023, Phone: (022) 22723333-3224, Fax : (022) 2272-2072/3199.
2. M/s. National Securities Depository Ltd., 4<sup>th</sup> floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. Phone: (022) 2499-4200 Fax: (022) 24972993.

**DEMATERIALISATION OF SHARES :**

As per SEBI's direction, the Company has signed tripartite agreements with the above Depositories and Registrars and Transfer Agents in November, 2000. Dematerialisation facility is now available. According to SEBI's guidelines

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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 of the equity shares.

**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 is negligible as only bottling of gases is being done. For Sponge Iron Plants, the Capacitor Panels of adequate size and number have been installed and are maintained to save and economise on power consumption.

**(B) TECHNOLOGY ABSORPTION :**

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

**(C) FOREIGN EXCHANGE EARNINGS AND OUT-GO : Earnings : Nil (Previous Year : Nil)**

Out-Go : Rs. 399440 (Previous Year : Nil)

**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, 2009, 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 judgments 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 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 have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2009 on a going concern basis.

**ACKNOWLEDGEMENT :**

Your Directors would like to convey their sincere 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 : 29<sup>th</sup> June, 2009

For and on behalf of the Board

**Dalbir Chhibbar**

Managing Director

**ASHIRWAD STEELS & INDUSTRIES LTD.****ANNEXURE TO DIRECTORS' REPORT****FORM – A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****A. POWER AND FUEL CONSUMPTION :**

	<b>Current year</b> 2008-09	<b>Previous year</b> 2007-08
<b>1. Electricity :</b>		
(a) Purchased		
Units	3761476	39,98,571
Total amount (Rupees)	1,52,69,358	1,63,26,901
Rate/Unit (Rupees)	4.06	4.08
(b) Own generation (D.G.Set)		
Units	3,97,434	2,95,694
Cost/Unit	11.59	10.54

**Note :**

The Company has not consumed or used Furnace Oil during the year under review. The Sponge Iron Plants have, 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 OF SPONGE IRON/ BOTTLING OF GAS.**

(i) Units consumed per Metric Ton of Hydrocarbon Gas/L.P.Gas bottle	16.45	28.71
(ii) Units consumed per Metric Ton of Sponge Iron produced	85.59	78.95

**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 has not incurred any expenditure on this account so far. The Company, however, has full fledged laboratories at its Sponge Iron Plants 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, the item is not applicable to us. The Company, however, continues the efforts for upgradation of technology in order to improve the quality and reduce cost to the extent possible.

Place : Kolkata  
Dated : 29<sup>th</sup> June, 2009.

For and on behalf of the Board  
**Dalbir Chhibbar**  
Managing Director



**ASHIRWAD STEELS & INDUSTRIES LTD.****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****(a) Industry Structure and Developments :**

The principal product of the Company at present is Sponge Iron which is manufactured at its Plants located at Jamshedpur and at District Nalgonda, Andhra Pradesh. Sponge Iron is used alongwith steel scraps by secondary steel producers for making steel billets/ingots which in turn are used by the re-rollers for making long products used in the house-building and in the infra-structure development. Increase in the cost of raw materials, overheads, manufacturing expenses and lower capacity utilization have been adversely affecting the company's profitability. The selling prices of Sponge Iron are market driven and the Company has no control over it. The principal components of cost of Sponge Iron are coal, iron ore, financial charges and freight.

**(b) Opportunities and Threats :****i. Opportunities :**

The Newly formed Central Government has decided to give top priority and to assist to the development of infra-structure in the country on a large scale which is expected to generate higher demand of long steel products leading to continuous capacity enhancement in steel making. The higher demand of steel will, therefore, support the secondary steel sector which is the main consumer of Sponge Iron. The opportunities of growth of Sponge Iron and Steel Industry are therefore good though shortage of raw materials such as Iron Ore and Coal continue to pose a big threat to the Industry.

**ii. Threats :**

The cost of coal and iron ore are the two major input costs in production of Sponge Iron. The prices of both these raw materials are regularly increased by the suppliers which in turn adversely affects the finances of the Industry. Thus rising input costs are big threat to the survival of Sponge Iron and Steel Industry. It is difficult for most of the Sponge Iron Units under medium sector who are unable to go for backward or forward integration to survive, sustain and earn reasonable profits unless there is a corresponding hike in the selling prices of Sponge Iron. Your Company has decided to take up backward and forward integration projects and hope to initiate construction work on the same subject to availability of clearances from authorities and availability of finance.

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

Your Company has only 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 :**

In view of what has been stated in paragraphs (a) and (b) above your Management perceives that the outlook of the Sponge iron Industry in the current financial year is not expected to be encouraging unless there is increase in the demand for long-Steel Products and resultant increase in the selling prices of Sponge-Iron with no disproportionate increase in the input costs.

**(e) Risks & Concerns :**

Risk is inherent in every business activity and Sponge Iron Industry is no exception. The steel industry displays strong commodity characteristics and is subject to cyclical price movements in business cycles. The Company is exposed to risks from overall market fluctuations, changes in government policy, laws of the land, taxation,

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interest rates, man made disaster, political risks and increase in cost of inputs like Iron ore, coal, power, diesel, freight, etc. which affect the financial performance of the Company.

**(f) Internal Control System and its Adequacy :**

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly and applicable statutes are duly complied with. The Company has constituted an Audit Committee to monitor the adequacy and efficacy of internal control system.

The adequacy of these compliances and their effectiveness is subject to statutory audit and the same has been adequately reported by the Auditors in their report as required under the relevant provisions of the Companies Act, 1956. The Company also has an Internal Audit System being carried out by an Independent Firm of Chartered Accountants.

**(g) Discussions on financial performance with reference to operational Performance:**

During the year; the income from operations/turnover stood at Rs 74.22 crores as compared to Rs. Rs.66.45 crores in the previous year. The operating profit before interest, depreciation and taxation stands to Rs 2.44 crores compared to 5.50 crores in the previous year. The Company has earned a post-tax net profit of Rs 0.26 crores as compared to a net profit of Rs.2.71 crores in the previous year. Your Directors are, however, continuing their efforts for better performance of your Company.

**(h) Material Developments in HRD and industrial Relations Front :**

Your Directors recognize the value of people as one of our most valuable assets and believe that your Company's employees are central to its sustainable success. Developing, motivating, rewarding and retaining talented employees at all levels is a priority and a key responsibility of your Company's management. It is this policy of ours that has enabled us to retain talented employees and maintain harmonious relations with them.

**(i) Cautionary Statements :**

Statements in this management discussion and analysis report describing the Company's objectives, projections, estimates and expectations may be termed as forward looking statements within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied. The readers of this report are, therefore, advised to read the same with this caution.