

24th
annual
report
FOR THE YEAR ENDED
31ST MARCH 2010



ASHIRWAD STEELS

& 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 Jaiswal, Director Pravin Kumar Chhabra, Director Sushma Chhibbar, Director Dev Kumar Mishra
STATUTORY AUDITORS	:	A Pradhan & Associates Chartered Accountants, 2D, Panditia Road, Kolkata-700 029
BANKERS	:	CITIBANK, N.A., Kolkata HDFC Bank Ltd., Kolkata and Nalgonda (A.P.). ING Vysya Bank, Kolkata Standard Chartered Bank, Kolkata State Bank of India, Jamshedpur, Nalgonda(A.P.) & Raigarh (Chhattisgarh). Corporation Bank, Raigarh, Chhattisgarh.
REGISTERED & HEAD OFFICE	:	6, Waterloo Street, 5th Floor, Suite No.506, Kolkata - 700 069, West Bengal Phone: 091-033-22430372 Fax : 091-033-22430376 E-mail: ashirwadsteels@gmail.com
WORKS	:	SPONGE IRON PLANTS : <ol style="list-style-type: none">1. Plot Nos.A1,A3,A5,A7, Phase-V, Adityapur Industrial Area, Ghamaria Jamshedpur-832108, Jharkhand, Telefax : 091-0657-2386283.2. Peetam Palli Approach Road, Vill. & P.O. Veliminedu, Mandal-Chityal, Dist. Nalgonda, Pin-508114, Andhra Pradesh. Phone:091-08682-274690/ 274236, Fax: 091-08682-274691. LPG BOTTLING PLANTS : <ol style="list-style-type: none">1. Uluberia Industrial Growth Centre, Uluberia, Howrah, West Bengal, Pin-711315. Phone : 091-033-266107142. Village : Kisnapur Near Urdana Check Post Raigarh - 496001, Chattisgarh. Ph. : 091-07762-232558
REGISTRARS & TRANSFER AGENTS	:	Niche Technologies Pvt.Ltd., D-511, Bagree Market, 5th 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

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Company will be held at the Registered Office of the Company at 6, Waterloo Street, 5th Floor, Suite No.506, Kolkata-700 069 on 20th September, 2010 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 31st March, 2010 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. Suresh Kumar Agarwal, Mr. Yudhbir Chhibbar and Mr. Dev Kumar Mishra who retire by rotation and being eligible offer themselves for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

Place : Kolkata

Dated : 31st May, 2010.

By Order of the Board
For Ashirwad Steels & Industries Ltd.,

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

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 13th September, 2010 to 20th September, 2010 (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 : 31st May, 2010.

By Order of the Board

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

Dalbir Chhibbar
Managing Director.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 24th Annual Report and the Audited Statements of Accounts of your Company together with Auditors' Report for the year ended 31st March, 2010.

	Current year (31.03.2010) Rs.	Previous year [31.03.2009] Rs.
FINANCIAL RESULTS :		
Turnover/Income from Operations(gross)	52,34,10,799	74,22,08,045
Less: Excise duty	(-) 3,37,12,901	(-) 7,77,85,581
Operating Profit before interest, Depreciation and Taxation	2,02,20,231	2,44,41,758
Depreciation	1,07,35,357	1,04,52,138
Financial Charges	31,65,359	84,55,132
Profit before Taxation	63,19,515	55,34,488
Tax Expenses :		
Current Income Tax	21,09,700	25,63,000
Income Tax for earlier period	8,74,979	2,43,395
Deferred Income Tax (Assets)	(1,82,999)	(1,69,697)
Fringe Benefit Tax	N.A.	2,82,720
Profit after Taxation	35,17,835	26,14,622
Add : Profit brought forward from last A/c.	7,26,09,893	6,99,95,270
Less : Transfer to General Reserve	419,53,028	—
Profits available for appropriation and carried to Balance sheet.	3,41,74,700	7,26,09,893

OPERATIONS & FINANCIAL PERFORMANCE :

The financial performance of your Company during the financial year ended 31.3.10 has not been satisfactory. The total income from operations/turnover stood at Rs.52.34 Crores (Previous year Rs.74.22 crores). During the year your Company produced 33141 M.T. of Sponge Iron (Previous year 43916 M.T.). The Company has during the year earned a net profit of Rs.35.17 lacs as against previous year's net profit of Rs.26.14 lacs. The overall financial performance of the Company has been adversely affected due to highly depressed market conditions in the secondary Steel Section in which your Company operates. The market conditions of Sponge Iron still continue to be very depressed. Your Directors, however, are continuing their best efforts to efficiently manage the affairs of the Company.

DIVIDEND :

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.

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DIRECTORS :

Mr. Suresh Kumar Agarwal, Mr. Yudhbir Chhibbar and Mr. Dev Kumar Mishra. Directors retire by rotation from the Board and being eligible offer themselves for re-appointment.

EXPANSION PROJECTS & CAPITAL RAISING :

Your Company has not been able to initiate any expansion project till now due to non-receipt of necessary clearances from the Pollution Control Authorities. As soon the same are obtained; your Directors would take a decision and initiate to set up expansion projects depending upon the market conditions which at present are highly depressed. During the year your Company had issued and allotted 45,00,000 Equity Shares on preferential allotment basis @ Rs.40/- per share including a premium of Rs.30/- per share for the purpose of proposed expansion 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, 25th Floor, Dalal Street, Mumbai-400 023.

The Company has paid the listing fees for the financial year 2009-2010 to the Stock Exchange, Mumbai, on which Company's shares are listed. The Company has also paid custodial fees for the year 2009-2010 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, 5th Floor, Kolkata - 700 001.
Phone : (033) 2235-7270/71, 2234-3576, Fax: (033) 22156823, E-mail nichetechpl@nichetechpl

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DEPOSITORY DETAILS :

1. Central Depository Services (India) Ltd., P.J.Towers (17th floor), Dalal Street, Mumbai-400023, Phone: (022) 22723333-3224, Fax : (022) 2272-2072/3199.
2. M/s. National Securities Depository Ltd., 4th 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 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.

PPERSONNEL :

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 OUTGINGS.

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.162256 Previous Year : 399440)

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 31st March, 2010, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.

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- (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 31st March, 2010 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 : 31st May, 2010

For and on behalf of the Board

Dalbir Chhibbar
Managing Director.

ANNEXURE TO DIRECTORS' REPORT

FORM – A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION :		Current year 2009-10	Previous year 2008-09
1. Electricity :			
(a) Purchased			
Units		32,54,276	37,61,476
Total amount (Rupees)		1,40,01,692	1,52,69,358
Rate/Unit (Rupees)		4.30	4.06
(b) Own generation (D.G.Set)			
Units		4,24,587	3,97,434
Cost/Unit		12.65	11.59

Note :

The Company has not consumed or used Furnace Oil during the year under review. The Sponge Iron Plants have, however, Consumed 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.

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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	15.79	16.45
(ii)	Units consumed per Metric Ton of Sponge Iron produced	98.08	85.59

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 : 31st May, 2010.

For and on behalf of the Board

Dalbir Chhibbar
Managing Director.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(For the Financial Year ended 31st March, 2010)

(a) Industry Structure and Developments :

The principal product of the Company 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 and depressed market conditions 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 and freight and the Company has no control on their rates/prices.

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

The Central Government is trying to give a big thrust on infra-structure and housing development in the country and therefore the demands for long steel products which are made out of Sponge Iron is expected and likely to go up in the coming years. However, at present the secondary steel market is in deep trouble due to low demand and therefore, your Company's performance is also getting adversely affected.

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 which are unable to get access to their own Iron Ore and Coal Mines to survive, sustain and earn reasonable profits unless there is a corresponding hike in the selling prices of Sponge Iron.

(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. However, your Company mainly operates under the "Iron & Steel" Segment and hence segment wise result has not been given.

(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.