

## 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, Director

### STATUTORY AUDITORS

A Pradhan & Associates  
Chartered Accountants,  
28B, Kalidas Patitundi Lane, Kolkata-700 026.

### BANKERS

CITIBANK, N.A., Kolkata  
HDFC Bank Ltd., Kolkata, Nalgonda (A.P.) and Jamshedpur (JH)  
State Bank of India, Jamshedpur and Nalgonda(A.P.)  
Corporation Bank, Raigarh, Chhattisgarh.  
ING Vysya Bank, Kolkata

### REGISTERED & HEAD OFFICE

6, Waterloo Street,  
5<sup>th</sup> Floor, Suite No.506,  
Kolkata - 700 069, West Bengal  
Phone: 091-033-22430372  
Telefax : 091-033-22430376  
E-mail: ashirwadsteels@gmail.com

### WORKS

#### SPONGE IRON PLANTS :

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  
Telefax : 091-08682-274691.

#### LPG BOTTLING PLANTS :

1. Uluberia Industrial Growth Centre,  
Uluberia, Howrah, West Bengal, Pin-711315.  
Phone : 091-033-26610714
2. Village : Kisnapur  
Near Urdana Check Post  
Raigarh - 496001, Chattisgarh.  
Ph. : 091-07762-232558

### REGISTRARS & TRANSFER AGENTS :

: 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 27th 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 23rd September, 2013 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, 2013 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. Dev Kumar Mishra, Mrs. Sushma Chhibbar and Mr. Ashok Kumar Jaiswal 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 : 30<sup>th</sup> May, 2013

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 Monday, the 16<sup>th</sup> September, 2013 to 23<sup>rd</sup> September, 2013 (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 : 30<sup>th</sup> May, 2013

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.

### DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 27th Annual Report and the Audited Statements of Accounts of your Company together with Auditors' Report for the year ended 31<sup>st</sup> March, 2013.

	Current year (31.03.2013) Rs.	Previous year [31.03.2012] Rs.
<b>FINANCIAL RESULTS :</b>		
Turnover/Income from Operations(gross)	60,20,22,587	70,83,24,759
Less: Excise duty	5,88,63,222	5,79,55,938
Profit/(Loss)before exceptional and Extra-ordinary items and taxes	82,18,060	(3,75,71,215)
Profit/(Loss) before taxation	82,18,060	(3,75,71,215)
<b>Tax Expenses :</b>		
Current Income Tax	15,66,000	—
Fringe Benefit for earlier period	6,309	—
Deferred Income Tax (Assets)	13,42,987	11,38,359
Profit/(Loss) after Taxation	79,88,738	(3,64,32,856)

### OPERATIONS & FINANCIAL PERFORMANCE :

The operational performance of the Company during the year has not been satisfactory. The Company's Sponge Iron Plant located at Jamshedpur was closed down on 1.9.2012 due to non-supply of coal by Central Coalfields Ltd., since March, 2011, exclusively due to their faults and lapses and the Company has taken necessary legal action against them in the Hon'ble High Court at Ranchi and the Writ Petition is under hearing. The availability of iron ore to produce Sponge Iron is extremely limited and their prices are also ruling very high and unaffordable as most of the mines in Orissa and Karnataka continue to be closed. The operations at Company's Sponge Iron Plant at Nalgonda have also suffered due to limited supply of coal by the Coal Company, continuous closure of iron ore mines in Karnataka and extreme shortage of power/electricity. The cost of other expenses including diesel had also gone up whereas due to suppressed demand for long steel products on account of slow down in the house-building sector and lower spending by the Government on infra-structure development; resulted in lower/unremunerative selling prices. During the year under review your Company produced 27081 M.T. of Sponge Iron (previous year 33065 M.T.). The gross turn over of the Company/income from operations stood at Rs.6020.23 lacs (previous year Rs.7083.25 lacs). The net result of the year is a profit of Rs.79.89 lacs (previous year net loss of Rs.364.32 lacs).

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

### **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.

### **DIRECTORS :**

Mr. Dev Kumar Mishra, Mrs. Sushma Chhibbar and Mr. Ashok Kumar Jaiswal, Directors retire by rotation from the Board and being eligible offer themselves for re-appointment.

### **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 2012-2013 to the Stock Exchange, Mumbai, on which Company's shares are listed. The Company has also paid custodial fees for the year 2012-2013 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.

## **ASHIRWAD STEELS & INDUSTRIES LTD.**

### **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) 2215-6823, 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) 2272-3333 / 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) 2497-2993.

### **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 for physical share certificates is 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.

### **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 EXPENSES : Earnings : Nil(Previous Year: Nil) Expenses : Rs.4,45,706/- (Previous Year : Nil)**

## ASHIRWAD STEELS & INDUSTRIES LTD.

### 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, 2013, 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, 2013 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 : 30<sup>th</sup> May, 2013.

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 :

A.	POWER AND FUEL CONSUMPTION :	Figures for Current Reporting Period	Figures for previous Reporting Period
1.	Electricity :		
(a)	Purchased		
	Units	20,61,197	34,89,555
	Total amount (Rupees)	1,23,62,338	1,63,76,717
	Rate/Unit (Rupees)	6.00	4.69
(b)	Own generation (D.G.Set)		
	Units	214096	233810
	Cost/Unit	30.25	22.43

**ASHIRWAD STEELS & INDUSTRIES LTD.****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	<b>NIL</b>	31.88
(ii)	Units consumed per Metric Ton of Sponge Iron produced	<b>76.11</b>	105.36

**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 : 30<sup>th</sup> May, 2013.

For and on behalf of the Board

**Dalbir Chhibbar**  
Managing Director



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

(For the Financial Year ended 31st March, 2013)

**(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 due to poor or non-availability of coal and iron ore, the basic raw materials and depressed market conditions have adversely affected 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 consumption of Sponge Iron is directly linked with the consumption of long steel products namely, TMT Bars, Angles, Channels and Beams. Slow-down of house-building sector and lower spending by the Government on the infra-structure; has resulted in lower demand for the above products. The present trend is not likely to change in the immediate future and hence there are very little opportunities available to your Company in it's traditional field of Sponge Iron.

**ii. Threats :**

The iron ore and coal are the two major raw materials for the production of Sponge Iron. The availability of Iron ore in the last two years has been severely affected due to closure of iron ore mines in Orissa and Karnataka under the direction of Hon'ble Supreme Court of India and various other Government Agencies and Departments. This status of iron ore is continuing and it is extremely scarce and its prices are ruling extremely high and most unaffordable. The Coal India Ltd. had w.e.f. 1.3.2011 most unjustifiedly and arbitrarily increased the prices of 'B' Grade coal by almost 130% making the operations of the Company's Jamshedpur Sponge Iron Plant unviable. The Company had requested Central Coalfields Ltd./Coal India Ltd. and Ministry of Coal to lower the grade of coal from B/C grade to D/E/F grade. Upon not getting the requisite consent from them, the Company had moved to the Hon'ble High Court at Ranchi, for redressal and to get justice and relief and the Hon'ble High Court had directed the CCL to do the requisite but till date CCL/CIL has done nothing on that account and the entire matter is sub-judice. Under the current circumstances, those Sponge Iron Plants in the country which do not have their own captive iron ore and coal mines will be unable to operate profitably unless the prices of these inputs go down sharply from their current highly elevated levels or unless there is a suitable increase in the market 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 &

## ASHIRWAD STEELS & INDUSTRIES LTD.

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.

**(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, 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.60.20 crores as compared to Rs.70.83 crores in the previous year. The operating profit before interest, depreciation and taxation stands at Rs.82.18 lacs compared to loss of Rs.375.71 lacs in the previous year. The Company has earned a post-tax net profit of Rs.79.88 lacs as compared to a net loss of Rs.364.32 lacs 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.