



# Ashiana Ispat Limited

(AN ISO 9001-2013 COMPANY)

# 21<sup>st</sup> Annual Report



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2012-2013

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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

**REGISTERED 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.**  
44, Community Centre,  
Naraina Industrial Area, Phase-I,  
Near PVR Cinema, 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,

It is my pleasure to present the 21<sup>st</sup> Annual Report of the Company.

We would like to share that the economic outlook for the world economies including India remained in grim in the last year. In such downtrend market we continue to be sanguine about emerging stronger from the situation like we have in the past and are confident of creating sustainable value for our shareholders in the coming year.

For more than twenty years of our presence in the iron and Steel industry we have fostered long term, deep-seated relationships based on trust, integrity, mutual respect and value creation for customers. The macroeconomic and industrial scenario in the country during the year under review has been extremely challenging. Financial year 2012-13 was a year of great contrast and has been a challenging year with unprecedented uncertainty. The Indian Economy has moved a slower growth phase reflecting the impact of continued monetary tightening. The year has witnessed a rising inflation, depreciating currency, rising cost of inputs coupled with purchasers resistance to price increase that has impacted the company's overall profitability margins.

### **Company's Performance**

Performance of the year ended March, 2013 was adversely impacted due to higher cost of inputs like Ingots, Billets, coal and sponge iron. Ashiana has recorded gross revenue of ` 30194.51Lacs. The profit after tax of the Company declined to ` 14.50 Lacs due to higher rates of Interest.

An environment of reducing GDP growth, high interest rates and persistent inflation has put considerable pressure on your Company's performance with sales and profits not growing during this period.

It is a matter of satisfaction that your Company continues to grow its production volumes despite rising input costs, a validation of strong demand for its products.

**Opportunity:**

Compared to the global average, per capita consumption of steel is around 150 Kgs, whereas in India per capita consumption of steel is merely at 39 Kgs. Even in comparison with the Asian Standard we have a long way to go in the consumption of steel.

The biggest opportunity before Indian Steel Sector is that there is an enormous scope for increasing consumption of steel in almost all sectors in India. We have rich mineral resources having abundance of iron ore, coal and many other raw materials required for iron and steel making. The Indian sector remains fairly unexposed. There is a need to take forceful steps to penetrate the rural remote area.

Your Company is very firm in deploying its investments in the areas where it has expertise. We are focused on moving up the value and growth curve by manufacturing value-goods and by building our product capabilities.

**Our people**

Your Company recognizes the fact that manpower is its biggest strength and their proper nurturing is necessary for the success of the organization. As the Company is growing, more and more emphasis is given to the recruitment process and your Company has been successful in attracting the best professional talent.

If the employee finds his work challenging, efforts worthwhile, and rewards commensurate, he is likely to give his best for mutual benefit and prosperity. Ashiana prides itself in having a tradition of cordial employee relations in co-ordination with industrial harmony. The set-up in Ashiana ensures a congenial environment built upon a strong foundation of motivation and mutual trust.

**Acknowledgement:**

Before I conclude, I would like to express my sincere appreciation to our shareholders for the support and confidence reposed in us. 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 TWENTY FIRST ANNUAL GENERAL MEETING of the Shareholders of ASHIANA ISPAT LIMITED will be held on Monday, the 30<sup>th</sup> day of September, 2013 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, 2013 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. Sukhbir Singh Jain who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Ram Kumar Garg 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, who retire at the Annual General Meeting and being eligible offer themselves for re-appointment.

### SPECIAL BUSINESS

5. **To consider, and if thought fit, to pass, with or without modification(S), the following resolution as a Special Resolution.**

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) & subject to the provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of Central Government, if required, the Company hereby approves the re-appointment of Mr. Neeraj Kumar Jain as the

Managing Director (Works) of the Company for a period of five years w.e.f.21.01.2013 at a remuneration as detailed below.

- i. Salary: Rs.1,20,000/- per month
- ii. Perquisites might be provided in addition to salary. Perquisites so paid shall be valued in terms of actual expenditure incurred by the Company. However, in cases where the actual amount cannot be ascertained with reasonable accuracy, the perquisites shall be valued as per Income Tax Rules:

#### a) **Medical Reimbursement**

Reimbursement of medical expenses actually incurred for self and family as per the rules of the Company.

#### b) **Leave Travel**

##### **Concession/Allowance**

For self and family, once in a year in accordance with rules of the Company.

#### c) **Club Fees payable as per the rules of the Company**

#### d) **Provident Fund, Pension Fund and Superannuation Fund** Company's Contribution to these funds are as per the rules of the Company.

#### e) **Gratuity** is payable as per the rules of the Company.

#### f) **Car Use** of Company's Car with driver for business/official purposes.

#### g) **Telephone**

Free Telephone / Communication facilities at residence for business purposes.

RESOLVED FURTHER THAT abovementioned remuneration specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or

agreement so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may be made hereafter by the Central Government or as may be agreed to between the Board of Directors and Mr. Neeraj Kumar Jain.

RESOLVED FURTHER THAT the Board of Directors of the Company is authorized to take steps as may be necessary to give effect to the above Resolution.”

**6. To consider, and if thought fit, to pass, with or without modification(S), the following resolution as a Special Resolution.**

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) & subject to the provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of Central Government, if required, the Company hereby approves the re-appointment of Mr. Puneet Jain as the Whole Time Director of the Company for a period of five years w.e.f.21.01.2013 at a remuneration as detailed below:

- i. Salary: Rs.1,20,000/- per month
- ii. Perquisites might be provided in addition to salary. Perquisites so paid shall be valued in terms of actual expenditure incurred by the Company. However, in cases where the actual amount cannot be ascertained with reasonable accuracy, the perquisites shall be valued as per Income Tax Rules:

**a) Medical Reimbursement**

Reimbursement of medical expenses actually incurred for self and family as per the rules of the Company.

**b) Leave Travel Concession/Allowance**

For self and family, once in a year in accordance with rules of the Company.

**c) Club Fees** payable as per the rules of the Company

**d) Provident Fund, Pension Fund and Superannuation Fund**

Company's Contribution to these funds are as per the rules of the Company.

**e) Gratuity** is payable as per the rules of the Company.

**f) Car Use** of Company's Car with driver for business/official purposes.

**g) Telephone**  
Free Telephone/ Communication facilities at residence for business purposes.

RESOLVED FURTHER THAT abovementioned remuneration specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may be made hereafter by the Central Government or as may be agreed to between the Board of Directors and Mr. Puneet Jain.

RESOLVED FURTHER THAT the Board of Directors of the Company is authorized to take steps as may be necessary to give effect to the above Resolution.”

By Order of the Board  
For ASHIANA ISPAT LIMITED

Place: Bhiwadi  
Date: 31.05.2013

Sd/-  
(Naresh Chand)  
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 24<sup>th</sup> September 2013 to 30<sup>th</sup> September 2013 (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 44, Community Centre, Naraina Industrial Area, Phase-I, Near PVR Cinema, 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 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.

**EXPLANATORY STATEMENT**

The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for item numbers 5 and 6 accompanying the notice is as follows:

**ITEM NO. 5 and 6**

The remuneration committee of the Company at its meeting held on 10<sup>th</sup> January, 2013 and the Board in their meeting held on the same day have reappointed Mr. Neeraj Kumar Jain as Managing Director (Works) and Mr. Puneet Jain as Whole time Director, unanimously for the further period of five years w.e.f 21.01.2013 subject to the approval of shareholders in General Meeting.

The Managing Director (Works) and Whole time Directors shall, subject to the supervision and control of the Board of Directors be entrusted with such powers and performs such duties as may, from time to time, be delegated/entrusted to them.

**Information about appointee**

Mr. Neeraj Kumar Jain, a promoter Director having experience of more than 27 years in the

steel industry in different capacities is a Commerce graduate. He has been proved as a pillar of support and strength to the overall management and operations of the Company. His association with the Company helped it to make a brand name in the market.

He looks after the purchasing of raw materials and during his tenure there has been a consistent improvement in the inventory level due to his vast level of knowledge and experience.

Keeping in mind his overall competence and experience, the Board of Directors in their meeting held on 10.01.2013 re-appointed him to the post of Managing Director (Works) w.e.f 21.01.2013.

Mr. Puneet Jain, graduate from Delhi University has been involved with iron & steel industry since the beginning of his career. He has always been instrumental in the development, sales promotion, improvements in the properties of high quality steel. He has substantial expertise in organizational psychology, management and training and retention of staff. He has been actively involved in the implementation of technological advances made in the manufacturing process of the Company.

Under his Directorship, the Company has completed and achieved various plans and targets. His knowledge and experience in the steel sector has been credible in contributing to the growth of the Company.

### Other Information

- ☆ Although, the Company's gross revenue has increased but its profitability have fallen down due to the unforeseen market conditions and global economic turmoil.
- ☆ The company is expected to yield better results in the future.

### Disclosures

- ☆ The shareholders are being informed about the proposed re-appointment and remuneration package by way of explanatory statement attached to the notice.

- ☆ The terms and conditions of remuneration as set out above may also be treated as an abstract of the agreement between the Company and Mr. Neeraj Kumar Jain, Managing Director (Works) and Mr. Puneet Jain, Whole Time Director pursuant to Section 302 of the Companies Act, 1956.
- ☆ The details of remuneration are also included in Corporate Governance Report forming part of this Annual Report.
- ☆ Mr. Puneet Jain, Mr. Neeraj Kumar Jain, Mr. Sanjay Kumar Jain, Mr. Naresh Chand are relatives. They may be considered as interested in passing the resolution. None of the other Directors are in any way concerned/interested in the above resolution.
- ☆ The Managing Director and Whole-time Director so long as they function in their capacity shall not be paid any sitting fees for attending the meetings of Board or Committees thereof.
- ☆ The Resolution regarding the remuneration of Mr. Neeraj Kumar Jain, Managing Director (Works) and Mr. Puneet Jain as Whole time Director of the Company is concerned for acceptance by the shareholders in their meeting.

By Order of the Board  
For ASHIANA ISPAT LIMITED

Sd/-

Place: Bhiwadi  
Date: 31.05.2013

(Naresh Chand)  
Managing Director

## DIRECTORS' REPORT

Dear Shareholders

Your Directors are pleased to present the Twenty First Annual Report of Your Company along with the Audited Accounts for the financial year-ended 31st March, 2013.

### STANDALONE FINANCIALS

The financial statements of your Company for the year ended 31st March, 2013 have been prepared in accordance with the Revised Schedule VI. The financial performance of the Company for the year 2012-13 is summarized below:-

Financial results:		` In lacs	
Sl. No.	Particulars	2012-2013	2011-2012
1	Gross Sale	30194.51	30055.08
2	Profit before Depreciation interest and Tax	773.47	1041.12
3	Interest	621.92	543.30
4	Depreciation	139.41	144.69
5	Profit/ (Loss) for the year before tax	12.14	353.13
6	Balance (Cr.) brought forward from the previous year	1410.91	1182.55
7	Balance (Cr.) carried forward to the Balance Sheet	1421.43	1410.91

### OPERATIONS

During the year under review, your Company has recorded revenue of ` 30194.51 Lacs thereby increasing by 0.46%, PBT and PAT remains at ` 12.14 lacs and ` 14.50 lacs respectively. The operating profit for the year is ` 773.47 lacs.

The year 2012-13 was a challenging year on account of global economic turmoil, high inflationary conditions, depreciating currency and rising cost of inputs. Profitability of the Company has declined due to the increase in the finance and input cost. Because of the fact that global and domestic economies witnessed

low economic growth during the year, uncertain government policies and adverse Bank Interest rates, the Company's margins have impacted adversely.

### 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.

### CAPITAL STRUCTURE

During the year under review, the 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

Mr. Neeraj Kumar Jain has been re-appointed as Managing Director (Works) w.e.f 21.01.2013. His appointment is subject to the approval by the members in the ensuing General Meeting.

Mr. Puneet Jain has been re-appointed as Whole-time w.e.f 21.01.2013. His appointment is subject to the approval by the members in the ensuing General Meeting.

### Retirement by Rotation

Mr. Sukhbir Singh Jain and Mr. Ram Kumar Garg, 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. Sukhbir Singh Jain is the patron of the company and visible source of inspiration. He is the instrumental force behind the success of the company. His immense presence on the Board is sufficient to accelerate the momentum of development. He is the man of vision and having more than 60 years experience of trade.

Mr. Ram Kumar Garg, Engineering graduate having more than 30 years experience. His engineering skills and thought helped the company in backward integration of the plant and implementation of the project.

His 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, Statutory 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. Sanjay Kumar Garg & Co. as Cost Auditor of the Company in accordance with the provisions of Section 233B of the Companies Act, 1956 read with Cost Accounting Records (Steel Plant) Rules, 1990, The Companies (Cost Accounting Records) Rules, 2011 and The Companies (Cost Audit Report) Rules, 2011 for the financial year 2013-14.

#### **DEPOSITORY SYSTEM**

M/s. Link Intime India Private Limited ( old name- M/s. Intime Spectrum Registry Limited), 44, Community Centre, Naraina Industrial Area, Phase-I, Near PVR Cinema, New Delhi-110028, Ph-011-41410592-94, as per SEBI Guidelines has been working as registrar & share transfer agent of the Company.

#### **CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

Your company is doing its best efforts to give high priority to energy conservation by opting for more power efficient replacements.

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.

#### **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 are getting remuneration exceeding the limit prescribed therein.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Your Company is fully aware of its responsibility towards society and has focused on ensuring health services to its external community. Ashiana has focused on sustainable development and equitable growth. CSR activities of the Company is focused on Health & Medical care which can be established by its association 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**

33.73% of the company's paid up Equity Share Capital is in dematerialized form as on March 31st, 2013 and balance 66.27% is in physical form.

The Company's Registrars are M/s. Link Intime India Pvt. Ltd. 44, Community Centre, Naraina Industrial Area, Phase-I, Near PVR Cinema, New Delhi-110028.

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

The Company confirms that it has paid the Annual Listing Fees for the year 2013-2014 to BSE, where the Company's Shares are listed and complied all the statutory formalities 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, 2013 the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any
2. That such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of affairs of the Company at the Financial year ended 31st March, 2013 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, 2013 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.

The external communication is maintained through:

1. Publication of advertisements in major dailies.
2. Periodical Maintenance and updation of company' website featuring current

updates about company' functioning.

3. Printing and publication of brochures, annual report and other financial information of the Company.

## **THE CORPORATE GOVERNANCE CODE**

The company has adopted the best possible corporate governance norms and it is committed to adhere to the highest standards of corporate governance principles.

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 forms part of the Annual 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 their report are self-explanatory and, therefore, do not call for any further explanation, in the opinion of Directors.

## **CEO CERTIFICATION**

Managing Director and Manager Finance & Accounts have certified to the Board that:

1. We have reviewed the 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 would like to acknowledge and to place their deep appreciation of the devoted services of the loyal workers and staff of the Company at all levels for their zealous commitment towards the performance growth of the Company. The Directors are also thankful to the Bankers- State Bank of Bikaner & Jaipur and to the Shareholders' for their unstinted support during the difficult times.

Place: Bhiwadi

Date: 31.05.2013

For and on behalf of the Board  
For Ashiana Ispat Limited

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

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

**INFORMATION ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTFLOW**

<b>POWER AND FUEL CONSUMPTION</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>ELECTRICITY</b>		
Purchase Unit (KWH)	27388527	27994551
CTD Section	11748551	11959475
Ingot Section	15639976	16035076
Total Amount	156926804	140832338
<b>Consumption (Unit/MT)</b>		
CTD Section	174	174
Ingot Section	751	660
<b>Own Generation</b>		
Through Diesel Generation	NIL	NIL
Through Steam Turbine	NIL	NIL
<b>Coal</b>		
Purchased (Unit -MT)	7926.290	6486.255
Total Amount( in ` )	68344095	54603897
Consumption (Unit-MT)	7666.09	7319.855
<b>Furnace Oil</b>		
Purchased (Unit -KL)	0.000	0
Total Amount( in ` )	0	0
Consumption (Unit-KL)	21.050	13.97

## CORPORATE GOVERNANCE

### 1. Company's philosophy on code of corporate governance:

Your Company and its management lay strong emphasis on following the principles of corporate governance by adapting to practices such as transparency, accountability, professional management and ethical business practices, thereby moving towards enhancing and preserving stakeholders value and simultaneously fulfilling its corporate goals by approaching towards sustainable development. Your Company has put in place systems of good corporate governance, as recommended by SEBI and confirms the compliance of Corporate Governance as contained in clause 49 of the Listing Agreement, the details of which are given below:

### 2. Board of Directors:

The Company has a well profiled Board with a balance mix of Executive and Non- Executive Directors. The Composition of Directors is in conformity with Clause 49 of the Listing Agreement. Composition and Category of Directors as of March 31, 2013 is as follows:

Executive Directors	:	Shri Naresh Chand Shri Neeraj Kumar Jain Shri Puneet Jain Shri Sanjay Kumar Jain
Non Executive Director-Chairman	:	Shri S.S. Jain
Non-executive and Independent Directors	:	Shri Ram Kumar Garg Shri Rajender Prashad Bansal Shri T. C. Kansal Shri Rajesh Kumar Pal

### (ii) Composition, Attendance at the Board Meetings and the last Annual General Meeting, Outside Directorships and other Board Committees:

None of the Directors on the Board is a member of more than 10 committees and chairman of more than 5 committees (as specified in the clause 49 of the listing agreement)

Director	No. of Board meetings attended	Attendance at previous AGM on 29.09.2012	No. of outside Directorship held	No. of membership/ Chairmanship in Committees	Executive/ Non-executive/ Independent
1. Mr. Naresh Chand	6	Yes	4	1	Executive
2. Mr. Neeraj Kumar Jain	6	Yes	8	0	Executive
3. Mr. Puneet Jain	6	Yes	5	0	Executive
4. Mr. Sanjay Kumar Jain	6	Yes	4	0	Executive
5. Mr. Sukhbir Singh Jain	1	Yes	3	0	Non-executive
6. Mr. Ram Kumar Garg	5	No	0	0	Non-executive and independent
7. Mr. T. C. Kansal	6	Yes	1	3	Non-executive and independent
8. Mr. Rajender Prashad Bansal	6	Yes	1	3	Non-executive and independent
9. Mr. Rajesh Kumar Pal	4	No	0	2	Non-executive and independent

**3. Number of Board meetings held and the date on which held**

Six Board meeting were held during the year. The dates on which the meetings were held are as follows; 14.05.2012, 31.07.2012, 14.08.2012, 10.11.2012, 10.01.2013, 13.02.2013

**4. Audit Committee:**

The Audit committee comprises of Mr. T.C. Kansal, Mr. R.P. Bansal and Mr. Rajesh Kumar Pal, all being non- executive and independent Directors. Shri Md. Harun Rashid Ansari, Company Secretary acts as the Secretary to the audit committee. The composition, role, functions and power of the audit committee are in tune with the requirements of applicable laws and regulations and guidelines issued/to be issued by the Regulatory Authorities.

The broad terms of appointment of audit committee are as follows:

- To review the financial statements before final submission to the Board and to ensure that financial statements are true, correct and reliable ;
- changes, if any, in significant accounting policies and reasons for the same ;
- Compliance with listing and other legal requirement w.r.t financial statements ;
- Disclosures of related party transactions ;
- Qualifications, if any, in the draft audit report.
- To check the internal control system and to review the weaknesses therein as reported by Internal auditor.
- To review the appointment, re-appointment, and if required, removal and replacement and remuneration of Internal and Statutory auditors.
- Other powers as prescribed by Clause 49 of the listing agreement.

During the year, the committee has met Four times. Attendance of each member at the committee meeting was as follows:

Sl. No.	Name of the Members	Status	No. of Meeting attended
1.	Mr. T.C. Kansal	Chairman & Independent Director	4
2.	Mr. R.P. Bansal	Independent Director	4
3.	Mr. Rajesh Kumar Pal	Independent Director	4

**5. Remuneration Committee:**

Remuneration committee consists of Non-executive Independent Directors viz. Sh. T. C Kansal, Sh. R.P. Bansal and Sh. Rajesh Kumar Pal. The committee recommends/ reviews the remuneration package of the Managing Director/ Whole-time Director(s) in accordance with the existing industry practice and also with the provisions of the Companies Act, 1956. The remuneration paid to the Directors is subject to the approval of shareholders of the Company.

Details of remuneration paid to Managing Director/ Whole time –Director are as follows:

Sh. Naresh Chand	Managing Director	Rs. 1,25,000/- p.m
Sh. Neeraj Kumar Jain	Managing Director (Works)	Rs. 1,20,000/-p.m
Sh. Puneet Jain	Whole-time Director	Rs. 1,20,000/-p.m
Sh. Sanjay Kumar Jain	Whole-time Director	Rs. 1,20,000/- p.m

**Remuneration paid to non-executive directors:**

No remuneration is paid to Non-executive Directors except sitting fees for attending the meeting of Board of Directors and committee thereof.

**6. Shareholders grievances committee**

During the year ended 31st March, 2013, Shareholders grievances committee is headed by Sh. Naresh Chand, Managing Director of the Company as chairman and comprises two other Directors Sh. T.C. Kansal and Sh. R.P. Bansal as members. Sh. Harun Rashid Ansari, Company secretary has been designated as compliance officer. The committee observes and reviews the shareholders grievances and ensures to provide prompt and satisfactory services to the shareholders. The committee generally met four times in a year in each quarter. The Committee also oversees and reviews all matters related to transfer of securities of the Company, issue of duplicate share certificates and suggesting improvements in investor relations.

As per the latest guidelines M/s. Link India Private Limited ( old name- M/s. Intime Spectrum Registry Limited), 44, Community Centre, Naraina Industrial Area, Phase-I, Near PVR Cinema, New Delhi-110028, Ph-011-41410592-94, has been working as common share transfer agent for all the work related to both physical and electronic mode of equity shares.

**7. Subsidiary Company**

The Company does not have any subsidiary Company(s), therefore, statutory provisions prescribed in the listing agreement w.r.t subsidiary company does not apply to your Company.

**8. Code of Conduct for the Board members & Senior Management Team**

Pursuance to the provisions of Clause 49 of the Listing agreement, the board has laid down a Code of Conduct for all Board Members and senior management Team. The Code implies that Board of Directors effectively fulfils its fiduciary obligations towards the stakeholders and that the Board shall act on the principles of honesty, integrity, transparency and impartiality for effectively discharging their duty of protection of interests of all stakeholders.

All Board members and senior management team have affirmed compliance of code of conduct as on 31.03.2013 and a declaration to that effect signed by Managing Director is attached and forms part of this report.

**9. General Body Meetings**

Location and time for last three Annual General meeting:

Year	Location	Date	Day	Time
2009-10	A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist- Alwar-Rajasthan.	30.09.2010	Thursday	11.30 A.M
2010-11	A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist- Alwar-Rajasthan.	30.09.2011	Friday	11.30 A.M
2011-12	A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist- Alwar-Rajasthan.	29.09.2012	Saturday	11.30 A.M

Company did not place any resolution required to be passed through postal ballot.

**10. Disclosures**

The related party transactions have been disclosed in Notes of Account forming part of the Statement of Accounts for the financial year ended 31st March, 2013 and all the transactions have been at arm's length price. Since the necessary disclosures were made in respect of the said transactions to the respective Board of Directors, no transaction is considered to be in potential conflict with the interests of the company and its shareholders at large.

The Non-Executive Directors had no pecuniary relationships or transactions vis-à-vis the company during the year except receipt of sitting fee for attending the meetings of the Board/Committee.

The Company has always complied with all the statutory requirements as well as other regulations and guidelines prescribed by SEBI. There has not been any non-compliance, penalties or strictures imposed on the company by the Stock Exchange (s), Securities and Exchange Board of India or any other statutory authority, on any matter relating to the capital markets, during the last three years.

The Company has duly complied with all the mandatory clauses of the Listing Agreement.

**11. Means of communication**

The Company has maintained an official website at [www.ashianaispat.in](http://www.ashianaispat.in) containing basic information about the Company and its operations. The Company adheres to the practice of giving timely information on financial performance and other relevant information to the stakeholders and to all Stock Exchanges where the shares of the Company are listed.

The quarterly, Half-yearly and Annual Results are generally published by the Company within 48 hours of the conclusion of the meeting of Board of Directors in which the results were considered, in all national daily i.e. Economic Times, The Times of India, Nav Bharat Times (Hindi Edition), Business Standard (All India Edition), Jansatta and others local news papers. They are also sent to the Stock Exchanges immediately after they are approved by the Board.

The quarterly financial results during the financial year 2012-13 were published as follows:

Quarter	Date of publication	Name of Newspapers
I	16.08.2012	Times of India, Navbharat Times
II	11.11.2012	Business Standard, Navbharat Times, Jansatta
III	15.02.2013	Business Standard, Navbharat Times
IV	02.06.2013	The Financial Express, Jansatta

Official news releases and notices etc. are sent to the Stock Exchange at Mumbai where shares of the company are listed.

Annual Report containing Audited Annual Accounts, Director's Report, Auditor's Report and Management Discussion and Analysis Report is circulated amongst the shareholders of the Company and whose e-mail addresses are available with the Company, have also been sent to them through e-mail.

Managing Director's message highlighting the overall performance attributes and operational review of the Company for the whole year also forms the part of the Annual Report.

**12. General shareholders information**

**(a) Annual General Meeting**

Date and time: 30th September, 2013 at 11.30 A.M.

Venue: A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist- Alwar- Rajasthan.

**(b) Financial Calendar (tentative and subject to change)**

Annual General Meeting : 30.09.2013  
 Results for the quarter ending 30.06.2013: On or before 15th August, 2013  
 Results for the quarter ending 30.09.2013: On or before 15th November, 2013  
 Results for the quarter ending 31.12.2013: On or before 14th February, 2014  
 Results for the quarter ending 31.03.2014: On or before 31st May, 2014

**(c) Book Closure Date : 24.09.2013 to 30.09.2013**

**(d) Listing of Equity Shares : Mumbai (BSE)**  
 Phiroze Jeejebhoy Towers, Dalal Street,  
 Mumbai-400 001

The Company has paid the Annual Listing fees for the Financial Year 2012-13 and 2013-14.

**e) Stock Market Data : Bombay Stock Exchange (BSE)**  
 BSE Quote : (ASHISH) -513401

Month F.Y. – 2012-2013	High Price	Low Price
Apr 12	13.15	11.71
May 12	13.35	12.00
Jun 12	13.09	11.42
Jul 12	13.24	11.70
Aug 12	12.34	11.40
Sep 12	12.46	11.31
Oct 12	12.07	11.20
Nov 12	12.27	11.26
Dec 12	12.60	11.50
Jan 13	13.52	10.55
Feb 13	12.11	10.00
Mar 13	11.76	9.74

**(f) Status of dematerialization as on 31.03.2013**

Particulars	No. of shares	% of capital
NSDL	886559	19.86
CDSL	619306	13.87
Total Dematerialized	1505865	33.73
PHYSICAL	2958935	66.27
TOTAL	4464800	100

- (g) **Registrar & Share Transfer Agent and : Link Intime India Private Ltd.**  
**Communication regarding all kinds of** 44, Community Centre, Naraina  
**Share related matters** Industrial Area, Phase-I, Near  
PVR Cinema, New Delhi-110028,  
Ph-011-41410592-94

### Share Transfer System

The Board has delegated all powers relating to transfer of shares to the Share Transfer committee, who will approve the relevant transfers and the same will be forwarded to the Registrar & Share Transfer Agent. The decisions of the Share Transfer committee will be considered in the Board Meeting.

### (h) Shareholding pattern as on 31.03.2013

Sl. No.	Category	No. of shares	Percentage
1	Promoters	1592500	35.67
2	Indian Financial Institutions, Banks, Mutual Funds	0	0
3	Foreign Institutional Investors/ NRIs	0	0
4	Others	2872300	64.33
	<b>Total</b>	<b>4464800</b>	<b>100.00</b>

### (i) Distribution on shareholding as on 31.03.2013

Shares holding of nominal value of Rs.	No. of Shareholders	% of shareholders	No. of Equity shares	% of shareholding
Up to 2500	10392	93.118	1396109	31.269
2501-5000	424	3.799	171436	3.840
5001-10000	187	1.675	157681	3.532
10001-20000	79	0.708	126683	2.837
20001-30000	15	0.134	38247	0.857
30001-40000	11	0.099	39426	0.883
40001-50000	12	0.108	56629	1.268
50001-100000	8	0.072	52590	1.178
100001 & above	32	0.287	2425999	54.336
<b>Total</b>	<b>11160</b>	<b>100.00</b>	<b>4464800</b>	<b>100.00</b>

The above report was adopted by the Board of Directors at their meeting held on 31.05.2013. Declaration regarding compliance of code of conduct:

I, Naresh Chand, Managing director of Ashiana Ispat Limited hereby declare that all Board Members and Senior Management Team have affirmed compliance of the code of conduct during the financial year ended 31.03.2013.

Place: Bhiwadi.

Date: 31.05.2013

Sd/-  
(Naresh Chand)  
Managing Director

**AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS:**

To the Members of ASHIANA ISPAT LIMITED

We have reviewed the compliance of provisions of Corporate Governance by ASHIANA ISPAT LIMITED (the company) during the year ended 31.03.2013, with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions on Corporate governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

On the basis of our review and according to the information and explanations provided to us, we certify that the conditions of corporate Governance as stipulated in clause 49 of the Listing Agreement(s) with the stock Exchange have been complied with in all material respect by the Company.

For S.Singal & Company  
Chartered Accountants

Place: Bhiwadi  
Date: 31.05.2013

Sd/-  
(Rakesh Gupta)  
Partner

## MANAGEMENT DISCUSSION AND ANALYSIS

### [A] FINANCIAL OVERVIEW

Keeping in mind the sharp downturn in the global economy, The Company reported a 1.06% fall in the gross revenue to ` 29627.06 lacs as compared to ` 29946.37 lacs in previous year primarily as a result of decrease in realization of prices.

Despite the decrease in cost of consumption of raw material by 1.08%, PBT was ` 12.14 lacs, down by 96.56% from ` 353.13 lacs. This decline was due to the increase in the input cost. EPS for the financial year ended March 31<sup>st</sup>, 2013 is arrived at 0.34 as against ` 5.59 for the previous year.

The Company's Financial Management under the visionary leadership of Mr. Naresh Chand, Managing Director, has held it in good stead over the years and has given it the unbeatable reputation of being a reliable and trustworthy organization. Operational and Finance team periodically reviews and monitors the manufacturing and administrative operations to ensure that budgetary provisions are being adhered to.

### [B] INDUSTRIAL OUTLOOK

The world steel demand is directly correlated to growth in world real GDP. The outlook for 2013 remains cautious. Despite good start in 2013, the global economy are still in uneven and uncertain territory. Consequent to the turmoil in euro zone, devaluation of Rupees in comparison of Dollar may continue to disappoint, steel demand is estimated to expand by only 2 percent in 2013. Industrial Policy adopted by the Government of India has opened up the Iron and steel sector from the list of industries reserved for public sector and exempting it from compulsory licensing. Foreign Technology and FDI are freely permitted subject to certain qualifications under an automatic route. Due to favourable Government policies, existing units are being modernized and expended and a large number of new Greenfield steel plants have also come up in different parts of the country based on modern, cost effective, state –of the-art technologies.

### [C] OPPORTUNITY, THREATS, RISK & CONCERN

There has been a Standing demand, domestic oversupply and falling prices in the last year that have adversely hit the Indian steel markets. Barring the sporadic rise in demand in the past, it has suffered from un-remunerative prices to the extent that companies have been finding it difficult to maintain capital cost.

Steel industry is known for capital intensive industry, and there is heavy financial cost of around 14% charged by Bankers on their advance as compared to 2.4% in Japan and 6.4% in USA. There is also high tariff of Power and freight attributable to higher cost of production in comparison to USA where cost of electricity is 3 cents as compared to 10 cents in India.

Despite of barriers, there is a bright opportunity before Indian Steel Sector. There is enormous scope for increasing consumption of steel in almost all sectors in India. As India surges ahead in building infrastructure and catapulting its industry to new economic highs, investment in steel will pave the way ahead as there is a target for \$ 1 trillion of investments in infrastructure during the 12th Five Year Plan. The Indian steel sector enjoys advantages of domestic availability of raw materials and cheap labour. Iron ore is also available in abundant quantities. This provides major cost advantage to the domestic steel.

### [D] OUTLOOK

Your company reasonably believes that the turbulent conditions during the year under review, which did not allow the potential of the operations to be fully realized, will not be a lasting

phenomenon. In order to secure its long-term competitive position, your Company will continue to focus on its growth strategies.

The overall outlook for the steel sector is positive and the demand is likely to pick up in view of the revival in economic growth and the governmental measures in easing infrastructure investment rules. Your company has drawn a ambitious roadmap for the coming years whereby the major objective of the Company will be to become a leader in the domestic steel segment by increasing the market share and having a sharp focus on growth segments.

## **[E] CONTROL SYSTEM & THEIR ADEQUACY**

The Company has a proper and adequate system of internal control procedures, commensurate with its size and nature of business, to achieve the objectives of operational efficiency, safety of assets and efficient reporting system. The systems of internal control has been continuously reviewed and reassessed by the management to ensure their efficacy.

The internal control system provides for well- documented policies, guidelines, authorizations and approval procedures which is periodically reviewed for providing safeguards and proper monitoring of all transactions to ensure against any loophole in the overall functioning of internal controls.

## **[F] INDUSTRIAL RELATIONS AND HUMAN RESOURCE DEVELOPMENT**

The industrial relations have been cordial and harmonious throughout the year. The company clearly focuses on development of its human resource base by providing an atmosphere whereby they can unleash their potential and simultaneously fulfil their aspirations.

## **[G] CAUTIONARY STATEMENT**

Facts and figure in the Management's Discussion and Analysis describe the company's views over iron and steel sector, projection and estimates may be "forward looking prediction" within the meaning of applicable laws and regulations. These are based on certain presumptions and expectations of future events. Actual results could, however, differ materially from those expressed or implied, depending on the economic developments both at domestic and global level, government policies and other incidents.

**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF

**ASHIANA ISPAT LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of ASHIANA ISPAT LTD (“the Company”) which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- I. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- ii. in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
  - e. On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**Place: Bhiwadi**

**Date: 31<sup>st</sup> May 2013**

**For S.Singhal & Co.**  
**Chartered Accountants**  
**(Registration No.-001526C)**  
**(R.K. Gupta)**  
**Partner**  
**Membership No. 073846**

**Annexure to Independent Auditors' Report**

Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date

1. In respect of its fixed assets:
  - (a) The Company has maintained records of Fixed Assets in statement form only.
  - (b) All the fixed assets have been physically verified by the management at reasonable intervals. We are informed that the management on such verification noticed no material discrepancies.
  - (c) During the year the company has disposed off/discarded old vehicles and old rolling mill rolls which do not affect the going concern status of the company.
2. In respect of its inventories:
  - (a) Physical verification of Inventory has been conducted during the year by the management at reasonable intervals.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The Company is maintaining proper records of Inventory. As explained to us there were no material discrepancies noticed on physical verification.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - (a) The Company has taken Loans from Twenty Four Parties covered in the register maintained under section 301 of the Companies Act 1956. The amount involved in loans taken & credited in all accounts is ` 656.75 Lacs. Opening Balance and Closing Balance of all these accounts are ` 1256.79 Lacs and ` 1296.22 Lacs respectively. The company has not granted loans to Companies, Firm or other parties listed in the register maintained under section 301 of the Companies act, 1956.
  - (b) The rate of interest and other terms and conditions of loans taken by the company are not prima facie prejudicial to the interest of the Company.
  - (c) The Company has unconditional right on repayment of Long Term Unsecured Loans and interest and the short term unsecured loans are repayable on demand.
  - (d) There is no overdue amount in respect of loans taken by the Company.
4. In our opinion and according to information and explanation given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of audit, we have not observed any major weakness in internal controls.
5.
  - (a) In our opinion and according to the information and explanation given to us the transactions that need to be entered into a register in pursuance of section 301 of the Companies Act 1956 have been so entered.
  - (b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public within the meaning of section 58A and

58AA of the Companies Act, 1956 and the rules framed there under.

7. The Company did not have any formal internal audit system. However internal check and control are maintained by the management.
8. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that Prima facie the prescribed cost records are maintained in general for the product of the Company. We have. However not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
  - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employee's State Insurance, and Income Tax, Sales tax, Wealth tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date of becoming payable.
  - b) The disputed statutory dues aggregating to ` 895.20 Lacs their against ` 566.54 Lacs has been deposited under protest that have on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statute	Period to which the amount relates	Forum where the dispute is pending	Amount. (In Lacs)
1	Central Excise Act, 1944 Excise Duty	FY 2001-02	High Court Jaipur	` 1.02
2	Finance Act 1994 Service tax Refund	FY 2008-09	CESTAT, Delhi	` 38.55
3	Haryana VAT Act VAT tax	FY 2003-04, 04-05, 06-07,	Appeal with Joint Commissioner, Faridabad	` 15.46
4	Rajasthan VAT Act RVAT tax	FY 2007-08	Comm., Appeal, Alwar, Rajasthan	` 9.42
5	Income Tax Act, 1961 Income tax	AY 2003-04 - AY 2010-11	ITAT, Jaipur, Comm., Appeals Jaipur	` 830.75

10. The Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a Chit Fund or a Nidhi/Mutual benefits fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Amendment Order 2004 is not applicable to the Company.
14. The Company has not carried out of any transactions of trading in securities during the year.
15. The Company has not given guarantees for loans taken by others from banks or financial institutions.
16. No Term Loans have been taken during the year by the Company.
17. According to the information and explanations given and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been utilized for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Hence the question of creating securities in respect of debentures issued does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to the materially misstated.

**For S. Singhal & Co.**  
**Chartered Accountants**

**(R.K. Gupta)**  
**Partner**  
**Membership No. 073846**

**PLACE: BHIWADI**  
**DATE: 31<sup>st</sup> May 2013**

## BALANCE SHEET AS AT 31.03.2013

Particulars	Note	Amount in `	
		As at 31.03.2013	As at 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	42,611,500	42,611,500
(b) Reserves and Surplus	2	142,143,140	141,090,732
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	129,474,638	105,894,422
(b) Deferred Tax Liabilities (Net)	4	11,580,817	11,816,771
(c) Other Long Term Liabilities	5	564,067	570,770
(d) Long Term Provisions	6	948,373	598,456
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	7	300,333,035	306,519,549
(b) Trade Payables	8	384,862,725	217,369,550
(c) Other Current Liabilities	9	115,435,955	117,677,815
(d) Short-Term Provisions	10	8,734,935	22,103,678
<b>Total Equity &amp; Liabilities</b>		<b>1,136,689,185</b>	<b>966,253,243</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
	11		
(i) Gross Block		197,382,356	196,004,734
(ii) Depreciation		92,551,297	83,261,949
(iii) Net Block		104,831,059	112,742,785
(b) Non-current investments	12	13,302,250	22,602,250
(c) Long term loans and advances	13	17,243,892	15,393,842
(d) Other non-current assets	14	58,999,378	47,276,410
<b>(2) Current Assets</b>			
(a) Inventories	15	105,498,993	134,555,340
(b) Trade receivables	16	671,437,511	428,995,926
(c) Cash and cash equivalents	17	31,780,207	16,463,670
(d) Short-term loans and advances	18	92,150,304	113,589,695
(e) Other current assets	19	41,445,591	74,633,325
<b>Total Assets</b>		<b>1,136,689,185</b>	<b>966,253,243</b>

Significant Accounting Policies  
Notes on Financial Statements

1 to 36

As per Our Report of even date  
For S. SINGHAL & CO.  
Chartered Accountants

( R.K. Gupta )  
Partner  
Membership.No .073846  
Firm Registration No.: 001526C

(Naresh Chand)  
Managing Director

(Neeraj Kumar Jain)  
Whole Time Director

Place : Bhiwadi  
Date:- 31st May 2013

(Puneet Jain)  
Whole Time Director

(Harun Rashid Ansari)  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03. 2013**

Particulars	Note	Amount in ` As at 31.03.2013	Amount in ` As at 31.03.2012
<b>INCOME</b>			
Gross Revenue from operations	20	3,019,450,991	3,005,508,250
Less Excise Duty		310,232,440	268,849,609
<b>Net Revenue from operations</b>		<b><u>2,709,218,551</u></b>	<b><u>2,736,658,641</u></b>
Other Income	21	19,325,713	1,181,769
<b>Total Revenue</b>		<b><u>2,728,544,264</u></b>	<b><u>2,737,840,410</u></b>
<b>EXPENDITURE:</b>			
Cost of materials consumed	22	2,147,632,965	2,171,141,390
Purchase of Stock-in-Trade		131,692,954	143,498,727
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	27,609,908	(25,935,768)
Employee Benefit Expense	24	18,714,786	16,722,182
Finance Costs	25	63,884,462	57,805,965
Depreciation and Amortisation		13,940,924	14,469,285
Other Expenses	26	323,854,127	324,825,898
<b>Total Expenses</b>		<b><u>2,727,330,125</u></b>	<b><u>2,702,527,679</u></b>
<b>Profit before Tax</b>		<b><u>1214139</u></b>	<b><u>35,312,731</u></b>
<b>Tax expense:</b>			
(1) Current tax		-	11,873,108
(2) Deferred tax		(235954)	(370953)
<b>Profit for the year</b>		<b><u>1450093</u></b>	<b><u>23,810,575</u></b>
<b>Earning per equity share of face value of Rs 10 each:</b>			
Basic and Diluted		0.34	5.59
Significant Accounting Policies Notes on Financial Statements	1 to 36		

As per Our Report of even date  
For S. SINGHAL & CO.  
Chartered Accountants

( R.K. Gupta )  
Partner  
Membership.No .073846  
Firm Registration No.: 001526C

(Naresh Chand)  
Managing Director

(Neeraj Kumar Jain)  
Whole Time Director

Place : Bhiwadi  
Date:- 31st May 2013

(Puneet Jain)  
Whole Time Director

(Harun Rashid Ansari)  
Company Secretary

**Notes on Financial Statement for the year ended 31st MARCH, 2013**

<b>Note : 1 Share Capital</b>					
<b>Sr. No</b>	<b>Particulars</b>	<b>Amount in `</b>			
		<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>		
<b>1.1</b>	<b>AUTHORIZED CAPITAL</b>				
	50,00,000 Equity Shares of Rs. 10/- each.	50,000,000	50,000,000		
		50,000,000	50,000,000		
<b>1.2</b>	<b>ISSUED</b>				
	44,64,800 Equity shares of Rs. 10/- each fully paid	44,648,000	44,648,000		
		44,648,000	44,648,000		
<b>1.3</b>	<b>SUBSCRIBED &amp; PAID UP CAPITAL</b>				
	44,64,800 Equity shares of Rs. 10/- each	44,648,000	44,648,000		
	Less: Calls in Arrear - from others	2,036,500	2,036,500		
	<b>Total</b>	<b>42,611,500</b>	<b>42,611,500</b>		
<b>1.4</b>	The Details of Shareholders holding more than 5% shares				
		<b>As at 31.03.2013</b>		<b>As at 31.03.2012</b>	
	<b>Name of shareholders</b>	<b>No. of Shares</b>	<b>% held</b>	<b>No. of Shares</b>	<b>% held</b>
	Puneet Jain	224600	5.03	224600	5.03
	Kamdhenu Steels & Alloys Ltd	280735	6.29	280735	6.29
<b>1.5</b>	The Reconciliation of the number of shares outstanding is set out below:				
	<b>Particulars</b>	<b>As at 31.03.2013</b>		<b>As at 31.03.2012</b>	
		<b>No. of Shares</b>		<b>No. of Shares</b>	
	Equity Shares at the beginning of the year	4464800		4464800	
	Addition during the year	NIL		NIL	
	Equity Shares at the end of the year	4464800		4464800	
<b>Note : 2 Reserve &amp; Surplus</b>					
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>		<b>As at 31.03.2012</b>	
<b>1</b>	<b>Surplus (Profit &amp; Loss Account)</b>				
	Balance brought forward from previous year	141,090,732		118,254,683	
	Add: Profit for the period	1450093		23,810,575	
	Less: Income tax of earlier years	397,685		974,526	
	<b>Total</b>	<b>142,143,140</b>		<b>141,090,732</b>	
<b>Note : 3 Long Term Borrowings</b>					
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>		<b>As at 31.03.2012</b>	
<b>1</b>	<b>Vehicle Loans Secured against Hypothecation of Vehicles:</b>				
	Tata Capital Ltd. Car Loan	-		51,437	
	BMW Financial Services Pvt. Ltd.	-		2,136,853	
	HDFC Bank Car Loan	-		184,891	
<b>2</b>	<b>Unsecured Loan from Related Parties</b>	129,474,638		103,521,241	
	<b>Total</b>	<b>129,474,638</b>		<b>105,894,422</b>	

<b>Note : 4 Deferred Tax liabilities(net)</b>		<b>Amount in `</b>	<b>Amount in `</b>
<b>Sr.No.</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
	<b>Deferred Tax Liabilities</b>		
	On Diff. in WDV as per IT Act and as per Companies Act	11,896,318	12014927
	<b>Deferred Tax Assets on:-</b>		
	Gratuity(Unfunded)	315,501	198156
	Net Deferred Tax Liabilities	11,580,817	11,816,771
<b>Note : 5 Other Long Term Liabilities</b>			
<b>Sr.No.</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
1	Sundry Creditors -Capital goods	564,067	570,770
	<b>Total</b>	<b>564,067</b>	<b>570,770</b>
<b>Note : 6 Long Term Provisions</b>			
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
1	Gratuity Payable(Unfunded)	948,373	598,456
	<b>Total</b>	<b>948,373</b>	<b>598,456</b>
<b>Note :7 Short Term Borrowings</b>			
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
a	Secured Loan from Bank		
	Working Capital Loan	300,185,303	284,290,047
	From State Bank of Bikaner & Jaipur , Delhi secured by first charge on the entire current assets of the company, including raw material, store & spares, stock in process, finished goods, book debt and other current assets etc.		
	Additionally secured by the followings :-		
	a) Extension of first exclusive charge on Company' s Factory Land and Building at A-1116 &-A-1119/H-21,22 to 24 & 25, Phase III, Bhiwadi, Alwar, Rajasthan (Pertaining to furnace unit).		
	b) Extension of First Charge on Company's entire fixed assets other than land & building covered in (a)		
	c) Personal Guarrantee of two promoters directors		
b	Unsecured Loans		
	From Related Parties	147,732	22,158,037
	From Others	-	71,465
	<b>Total</b>	<b>300,333,035</b>	<b>306,519,549</b>
<b>Note : 8 Trade Payables</b>			
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
1	Sundry Creditors	384,862,725	217,369,550
	<b>Total</b>	<b>384,862,725</b>	<b>217,369,550</b>

<b>Note : 9 Other Current Liabilities</b>		<b>Amount in `</b>	<b>Amount in `</b>
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>1</b>	<b>Current Maturities of Vehicle Term Loans secured against the Vehicles:</b>		
	Tata Capital Ltd. Car Loan	51,437	617,020
	BMW Financial Services Pvt. Ltd.	2,136,853	2,344,784
	Kotak Mahindra Prime Ltd.	-	1,290,835
	HDFC Bank Car Loan	184,891	702,672
<b>2</b>	<b>Statutory Dues Payable</b>		
	Excise and Service Tax payable	52,929	40,471
	TDS Payable	2,865,917	2,265,805
	Vat Payable	15,767,970	17,095,317
<b>3</b>	<b>Employee Benefits Payable</b>		
	Salary Payable	799,902	609,075
	Bonus & Ex-Gratia Payable	489,582	405,165
	ESI Payable	46,499	40,555
	PF Payable	164,060	154,640
4	Advance from customers	92,327,992	86,171,647
5	Expenses Payable	547,924	342,352
6	Cheque in Reconciliation	-	5,597,477
	<b>Total</b>	<b>115,435,955</b>	<b>117,677,815</b>
<b>Note :10 Short Term Provisions</b>			
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
1	Wealth Tax Provision	168,233	149,099
2	Provision of Excise Duty on Closing Stock	1,394,057	6,207,706
3	Income Tax Provision		11,873,108
4	Gratuity Payable	24,046	12,288
5	Telephone Expenses payable	64,661	87,671
6	Power Expenses payable	6,776,191	3,444,493
7	Audit Fee Payable	129,050	129,050
8	ISI Expenses Payable	145,955	162,713
9	Professional Charges Payable	32,742	37,550
	<b>Total</b>	<b>8,734,935</b>	<b>22,103,678</b>

**Note : 11 FIXED ASSETS**

DESCRIPTION OF ASSETS	Amount in `									
	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2012 (Rs.)	Addition (Rs.)	Sale/ (Rs.)	As at 31.03.2013 (Rs.)	Up to 31.03.2012 (Rs.)	For the Year (Rs.)	Dep for Sale/Adjustm (Rs.)	Up to 31.03.2013 (Rs.)	As At 31.03.2013 (Rs.)	
<b><u>Tangible Assets</u></b>										
Leasehold Land	4,982,220	-	-	4,982,220	-	-	-	-	4,982,220	4,982,220
Building	25,070,431	-	-	25,070,431	8,595,173	820,481	-	9,415,655	15,654,776	16,475,258
Plant & Machinery	119,656,213	5,258,751	(2,267,620)	122,647,344	58,796,044	9,590,019	(2,267,620)	66,118,443	56,528,901	60,860,169
Electrical Installation	11,070,647	-	-	11,070,647	7,097,070	568,965	-	7,666,035	3,404,612	3,973,577
Laboratory Equipments	754,561	3,465	-	758,026	349,142	50,735	-	399,877	358,149	405,419
Office Equipments	1,643,722	97,550	-	1,741,272	552,015	79,043	-	631,059	1,110,213	1,091,707
Vehicles	32,068,452	3,097,101	(4,928,125)	30,237,428	7,212,642	2,809,900	(2,383,956)	7,638,585	22,598,843	24,855,809
Computers	328,550	-	-	328,550	308,347	7,027	-	315,374	13,176	20,203
Furniture & Fixtures	286,206	-	-	286,206	217,444	13,133	-	230,578	55,628	68,762
Tubwell	143,732	-	-	143,732	134,070	1,621	-	135,691	8,041	9,661
<b>Total</b>	<b>196,004,734</b>	<b>8,456,867</b>	<b>(7,195,745)</b>	<b>197,265,856</b>	<b>83,261,949</b>	<b>13,940,924</b>	<b>(4,651,576)</b>	<b>92,551,297</b>	<b>104,714,559</b>	<b>112,742,785</b>
<b><u>Intangible Assets</u></b>										
<b><u>Capital Work-in-progress P &amp; M</u></b>		<b>116,500</b>		<b>116,500</b>					<b>116,500</b>	
<b>Grand Total</b>	<b>196,004,734</b>	<b>8,573,367</b>	<b>(7,195,745)</b>	<b>197,382,356</b>	<b>83,261,949</b>	<b>13,940,924</b>	<b>(4,651,576)</b>	<b>92,551,297</b>	<b>104,831,059</b>	<b>112,742,785</b>
<b>Previous Year's Figures</b>	<b>223,073,127</b>	<b>10,002,848</b>	<b>(37,071,242)</b>	<b>196,004,734</b>	<b>99,234,057</b>	<b>14,469,285</b>	<b>(30,441,393)</b>	<b>83,261,949</b>	<b>112,742,785</b>	<b>123,839,070</b>

Note:- The Plant and Machinery i.e Rolls which have been exhausted and now not in use and which are 100 % Depreciated have been excluded from the Gross Block as well as from the accumulated Depreciation. The amount worked out is Gross Block Rs 2267620.00 and accumulated Depreciation amount Rs 2267620.00

**Note : 12 Non Current Investment**

Sr. No	Particulars	Amount in `	
		As at 31.03.2013	As at 31.03.2012
1	Investment in Equity Instrument Other Investment, Unquoted		
a	Investment in 2,500 Fully Paid Up Shares of Kamdhenu Imprade Pvt Ltd @ Rs.10/- Per Share	25,000	25,000
b	Shares of Krish Homes Pvt. Ltd. 172500 equity share of Rs. 10 each @ premium of Rs. 70 per share.	0	13800000
c	Shares of Surya Manufacturing India Ltd., Investment in 885150 Equity shares of Rs. 10 each @ Rs. 5 Premium Per share,	13,277,250	8,777,250
	<b>Total</b>	<b>13,302,250</b>	<b>22,602,250</b>

**Note : 13 Long Term Loans and Advances**

Sr. No	Particulars	As at 31.03.2013	As at 31.03.2012
1	<b>Security Deposit</b> Unsecured, Considered Good :	17,243,892	15,393,842
	<b>Total</b>	<b>17,243,892</b>	<b>15,393,842</b>

**Note : 14 Other Non Current Assets**

Sr. No	Particulars	As at 31.03.2013	As at 31.03.2012
	<b>Others Unsecured, considered good</b>	-	-
1	Advances for Capital goods	901,380	100,000
2	Income Tax Deposit against Demand	50,832,361	40,332,361
3	Service Tax Refund filed with Department	3,855,348	3,855,348
4	Vat Deposited against Demand	3,410,289	2,988,701
	<b>Total</b>	<b>58,999,378</b>	<b>47,276,410</b>

**Note : 15 Inventories**

Sr. No	Particulars	As at 31.03.2013	As at 31.03.2012
1	Raw Material	66,167,968	68,995,305
2	Work-in-Progress	1,517,961	1,762,592
3	Finished Goods	22,475,516	51,672,316
4	Stock of Traded Goods	1,311,106	588,422
5	Stores & Spares	3,934,295	5,400,339
6	Waste and Scrap & Runner Riser	2,103,570	1,264,633
7	Miscellaneous Scrap (Scrapped Rolls and consumables)	787,425	517,523
8	Others (Furnace Oil, Ferro Alloys, Coal)	7,201,152	4,354,211
	<b>Total</b>	<b>105,498,993</b>	<b>134,555,340</b>

**Note : 16 Trade Recievables**

Sr. No	Particulars	As at 31.03.2013	As at 31.03.2012
1	<b>Outstanding for more than six months</b> Unsecured, Considered Good :	134,083,140	85,792,246
2	<b>Others (less than six months)</b> Unsecured, Considered Good :	537,354,371	343,203,680
	<b>Total</b>	<b>671,437,511</b>	<b>428,995,926</b>

**Note : 17 Cash & Cash Equivalent**

Sr. No	Particulars	Amount in `	
		As at 31.03.2013	As at 31.03.2012
<b>1</b>	<b>Cash in Hand</b>		
	Cash Balance	8,164,508	8,953,728
<b>2</b>	<b>Bank Balance</b>		
	In Current Accounts	3607810	4,129,539
	Fixed Deposits with Bank	20,007,889	3,380,403
	<b>Total</b>	<b>31,780,207</b>	<b>16,463,670</b>

**Note :18 Short Terms Loans and Advances**

Sr. No	Particulars	As at 31.03.2013	As at 31.03.2012
1	Advance Recoverable in cash or in kind or for value to be considered good		
	-Related parties	77,822,934	63,115,597
	- Others	3,314,539	38,039,482
2	Balance with Excise & Service Tax Department	1,732,106	2,697,061
3	Advance Income Tax and TDS/TCS	8,227,904	8,877,834
4	FBT Refundable	46,151	46,151
5	Prepaid Expenses	1,006,670	813,570
	<b>Total</b>	<b>92,150,304</b>	<b>113,589,695</b>

**Note :19 Other Current Assets**

Sr No.	Particulars	As at 31.03.2013	As at 31.03.2012
1	Balance with Sales Tax Department	3,666,019	-
2	Advance to Suppliers	36,232,235	73,786,472
3	Interest Receivable on JVVNL Security	1373014	784,118
4	Insurance Premium Refundable	174323	62,735
	<b>Total</b>	<b>41,445,591</b>	<b>74,633,325</b>

**Note : 20 Revenue from Operations**

Sr. No	Particulars	As at 31.03.2013	As at 31.03.2012
1	Gross Sale of Products	2,962,705,874	2,994,637,241
2	Other Operating Revenue :		
	Power Subsidy	-	9,260,076
	Profit on Commodities & Currency Derivatives	51,720,293	-
	Commission on Consignment Sale	5,024,824	1,610,933
	<b>Gross Revenue</b>	<b>3,019,450,991</b>	<b>3,005,508,250</b>
	Less Excise Duty	310,232,440	268,849,609
	<b>Net Revenue from operation</b>	<b>2,709,218,551</b>	<b>2,736,658,641</b>

**Note : 21 Other Income**

Sr. No	Particulars	As at 31.03.2013	As at 31.03.2012
1	Interest Income	1,558,213	1,181,769
2	Dividend Received	13,110,000	-
3	Profit on sale of Investment	4,657,500	-
	<b>Total</b>	<b>19,325,713</b>	<b>1,181,769</b>

<b>Note : 22 Cost of Material Consumed</b>		<b>Amount in `</b>	<b>Amount in `</b>
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
1	<b>Opening Stock</b>		
	Raw Material-M.S Scrap and Sponge	23,336,361	16,732,619
	Raw Material-M.S Ingots	45,658,944	159,326,150
2	<b>Add: -PURCHASES</b>		
	Raw Material-M.S Scrap and Sponge	457,662,878	523,288,206
	Raw Material-M.S Ingots	1,687,142,750	1,540,789,720
3	<b>Less:- Closing Stock</b>		
	Raw Material-M.S Scrap and Sponge	20,888,770	23,336,361
	Raw Material- M.S Ingots	45,279,198	45,658,944
	<b>Raw Material consumed</b>	<b>2,147,632,965</b>	<b>2,171,141,390</b>

<b>Note : 23 Change in Inventories</b>		<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Sr. No</b>	<b>Particulars</b>		
1	Opening Stock of Finished Goods and Stock in Trade	52,260,738	27,046,022
	Opening Stock of Runner Riser and W & S, Scrapped rolls	1,782,156	1,555,340
	Opening Stock of Stock in Process	1,762,592	1,268,357
	<b>Total</b>	<b>55,805,486</b>	<b>29,869,719</b>
2	Closing Stock of Finished Goods and Stock in Trade	23,786,622	52,260,738
	Closing Stock of Runner Riser and W & S, scrapped rolls	2,890,995	1,782,156
	Closing Stock of Stock in Process	1,517,961	1,762,592
	<b>Total</b>	<b>28,195,578</b>	<b>55,805,486</b>
	<b>Total</b>	<b>27,609,908</b>	<b>(25,935,768)</b>

<b>Note : 24 Employee Benefit Expense</b>		<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Sr. No</b>	<b>Particulars</b>		
1	Salaries and Wages	6,297,775	5,263,929
2	House Rent Allowance	1,078,894	1,167,646
3	Labour Charges Contractor	3,448,202	2,894,298
4	Conveyance Allowance	423,700	406,636
5	Contribution to PF & EDLI Charges	581,405	480,366
6	Contribution to ESI	213,553	202,230
7	Directors Remuneration	5,820,000	5,820,000
8	Staff Welfare Expenses	-	11,455
9	Gratuity	361,675	70,457
10	Bonus and Ex-Gratia	489,582	405,165
	<b>Total</b>	<b>18,714,786</b>	<b>16,722,182</b>

**Defined Contribution Plan**

As per Accounting Standard 15 "Employee Benefits" the disclosures as defined in the Accounting Standard are given below:-

Contribution to Defined Contribution Plans, recognised as expenses for the year is as under:

	Amount in 2012-13	Amount in 2011-12	
Employers Contribution to Provident fund	512,614	423,535	
Employers Contribution to ESI	213,553	202,230	
<b>Defined Benefit Plan</b>			
The Present Value of obligation of Gratuity is determined based on actuarial valuation.			
Reconciliation of opening and closing balances of Defined Benefit obligation			
		<b>Gratuity</b>	
	<b>2012-13</b>	<b>2011-12</b>	
<b>Defined Benefit obligation at the beginning of the year</b>	<b>610,744</b>	<b>540,287</b>	
Interest cost	50,248	47,275	
Current Service Cost	178,487	126,451	
Benefits Paid	-	-	
Actuarial Gain/loss	132940	(103269)	
<b>Defined Benefit obligation at the end of the year</b>	<b>972,419</b>	<b>610,744</b>	
<b>Funded Status</b>			
Present Value of the obligation at the end of the year	972,419	610,744	
Fair Value of plan assets at end of the year	-	-	
Net Liability (asset) recognised in Balance Sheet and related analysis	972,419	610,744	
Funded Status	(972419)	(610744)	
<b>Expenses Recognised during the year</b>	<b>2012-13</b>	<b>2011-12</b>	
Interest cost	50,248	47,275	
Current Service Cost	178,487	126,451	
Expended Return on plan assets	-	-	
Actuarial Gain/loss	132940	(103269)	
<b>Expenses recognised in the profit and loss account</b>	<b>361,675</b>	<b>70,457</b>	
<b>Actuarial Assumptions</b>			
Discount Rate (in %)	8.25	8.75	
Salary Growth rate (in %)	5.00	5.00	
Mortality LIC	1994-96- Ultimate	1994-96- Ultimate	
Expected rate of return	-	-	
withdrawal rate (in %) per annum	2	2	
The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.			
The above information is certified by the actuary.			
<b>Note :25 Finance Cost</b>			
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
1	Interest Expenses	62,192,464	54,330,081
2	Other Borrowing Costs	1517939	3351191
3	Bank & other Financial Charges	174,059	124,693
	<b>Total</b>	<b>63,884,462</b>	<b>57,805,965</b>

**Note : 26 Other Expenses**

Sr. No	Particulars	Amount in `	Amount in `
		As at 31.03.2013	As at 31.03.2012
<b>1</b>	<b>Manufacturing Expenses:</b>		
	Consumption of Stores and spares	24,922,058	22,742,392
	Power and Fuel	237,355,970	215,503,455
	Factory Expenses	5,414,039	4,786,466
	Insurance Plant and Machinery	547060	505771
	Repair to Plant and Machinery	612,236	1,039,230
	Increase/Decrease in Provision of Excise		
	Duty on Closing Stock of finished goods	(4813649)	3,235,525
<b>2</b>	<b>Other Administrative Expenses:</b>		
	Auditors Remuneration:		
	Statutory Audit Fee	70,000	70,000
	Tax Audit	30,000	30,000
	Taxation matter	30,000	30,000
	Insurance Others	1,559,359	1,471,735
	Repair others	136,927	152,164
	Rent	2,905,100	2,242,392
	Miscellaneous Expenses	514,669	426,268
	Donation	274,700	1,725,400
	Vehicle Running Expenses	1,096,748	1,070,674
	Loss on Sale of Vehicle	322,169	1,259,848
	Legal & Professional Charges	400,660	291,170
	Printing and Stationery Expenses	200,056	233,762
	Telephone Expenses	882,865	970,127
	Provision for Wealth Tax	168,233	149,099
	Rates, Fee & Taxes	562,853	613,121
<b>3</b>	<b>Selling and Distribution Expenses:</b>		
	Brokerage and Commission on Sale	10,890,067	10,551,090
	Service Tax on outward freight	687,412	473,755
	Freight outward and loading unloading charges	28,339,794	27,433,865
	Sales promotion expenses	5,077,516	4,736,044
	Advertisement expenses	4,693,557	23,216,075
	Sundry balances w/o	503,137	(585511.00)
	Rebate and Discounts	8,910	53,283
	Packing Material	461,681	398,698
	Total	323,854,127	324,825,898

**Note 27 Earning per shares (EPS)**

	2012-13	2011-12
Net Profit after tax as per P & L statement	1450093	23810575
Weighted average number of equity shares used as denominator for calculating EPS	4261150	4261078
EPS (Rs.) -Basic and Diluted	0.34	5.59
Face Value per equity share in Rs.	10	10

**Note 28 Related Party disclosures as per Accounting Standard - 18 are as Follow :**

<b>(a)</b>	<b>Related Parties and their relationships</b>
<b>(i)</b>	<b>Related Companies and Other Juristic Entities</b> M/s Kamdhenu Steels & Alloys Ltd M/s Ashiana Commodities & Derivatives P Ltd M/s I Dreams Impex Pvt. Ltd. M/s Ashiana Manufacturing India Ltd. Chandi Prasad Sukhbir Singh Jain (HUF) Naresh Chand (HUF) Puneet Jain (HUF) V.K.Jain & Sons (HUF) Neeraj Kumar Jain HUF Sanjay Kumar Jain HUF
<b>(ii)</b>	<b>Key Managerial Personnel</b> Naresh Chand (Managing Director) Neeraj Kumar Jain (Whole Time Director) Sanjay Kumar Jain (Whole Time Director) Puneet Jain (Whole Time Director) Sukhbir Singh Jain (Director)
<b>(iii)</b>	<b>Relatives of Key Managerial Personnel</b> Disha Jain Divya Jain Kiran Mala Jain Kritika Jain Naman Jain Abhishek Jain Renu Jain Sudha Jain Swati Jain Tripti Agarwal Uma Jain Vandana Jain

**Note : Related party relationship is as identified by the Company and relied upon the Auditors.**

(b) Transactions with related parties	Amount in `	Amount in `
<b>Nature of Transactions</b>	<b>2012-13</b>	<b>2011-12</b>
Interest given on Unsecured Loans	21722007	18123440
Unsecured loans taken	46125000	47710000
Repayment of Unsecured loans	61731713	46193089
Remunerations Paid to Directors	5,820,000	5820000
Advances given	77,822,934	63115597
Rent Paid	840000	600000
Purchases made	76004247	21875873
Sale made	40068425	73331148
Commission received	5024824	1610933

**Note : Details of remuneration to key managerial personnel are give below :**

<b>Name of Person</b>	<b>2012-13</b>	<b>2011-12</b>
Naresh Chand	1500000	1500000
Neeraj Kumar Jain	1440000	1440000
Sanjay Kumar Jain	1440000	1440000
Puneet Jain	1440000	1440000

**Note 29 Segment Reporting**

The Company is manufacturing TMT Bars and Ingots, but M.S. Ingots is used as raw material of TMT Bars i.e. captively consumed, as both the product are inter related cover in single segment of Iron & Steel. Hence, Accounting Standard -17 "Segment Reporting" issued by ICAI is not applicable on the Company.

**Note 30 Provisions for Deferred Tax**

Deferred Tax Assets & Liabilities in accordance with the AS-22 :Accounting for Taxes on Income" issued by the Council of ICAI. The major component of deferred tax assets and deferred tax liabilities as at 31st March 2013 subject to the consideration of prudence of timing differences are shown in note no 4.

**Note 31** The Company has not received information from vendors regarding their status under the micro, small and medium enterprises development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid/payable under this Act, have not been given.

**Note 32 Contingent Liabilities : Claims against the company / disputed demands not acknowledged as debts.**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes as given below:-

Particulars	Amount in `	
	2012-13	2011-12
Sales Tax	2487462.00	6290807.00
Income Tax	83075016	78554876
Excise Duty	102000	317000
Service Tax	3855348	3855348

**Note 33 Value of imported and indigenous Raw materials, Spares and components consumed and the percentage of each the total consumption :**

Particulars	2012-13		2011-12	
	Amount in `	Percentage	Amount in `	Percentage
Raw Material - Imported	0.00	0.00%	0.00	0.00%
Raw Material - Indigenous	2147632965	100.00%	2171141390	100.00%
Spares & Consumables - Imported	0.00	0.00%	0.00	0.00%
Spares & Consumables- Indigenous	24922058	100.00%	22742392	100.00%

Note 34 CIF Value of Import are as under :-	2012-13		2011-12	
	Amount in `	Percentage	Amount in `	Percentage
	NIL		NIL	
Note 35 Expenditure incurred in Foreign Currency	NIL		NIL	

**Note 36** Financial figures are rounded off to nearest rupees and figures have been regrouped/rearranged/reclassified where ever necessary.

As per Our Report of even date  
For S. SINGHAL & CO.  
Chartered Accountants

( R.K. Gupta )  
Partner  
Membership.No .073846  
Firm Registration No.: 001526C

(Naresh Chand)  
Managing Director

(Neeraj Kumar Jain)  
Whole Time Director

Place : Bhiwadi  
Date:- 31st May 2013

(Puneet Jain)  
Whole Time Director

(Harun Rashid Ansari)  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR YEAR ENDED 31ST MARCH 2013

Particulars	Amount in ` 2012-13	Amount in ` 2011-12
<b>[ A ] CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	1,214,139	35,312,731
<b>Adjustments For :-</b>		
Depreciation	13,940,924	14,469,285
Interest Paid	63,884,462	57,805,965
Profit on sale of Investment	(4,657,500)	-
Loss on Sale of Vehicle	322,169	1,259,848
<b>Operating Profit Before Working Capital Changes</b>	<b>74,704,194</b>	<b>108,847,829</b>
<b>Increase ( Decrease ) in working Capital</b>		
Trade & Other Receivables	(201,387,479)	(212,172,866)
Inventories	29,056,346	84,887,743
Trade Payables & Other Liabilities and provisions	152,225,786	13,400,746
<b>Cash from Operation</b>	<b>54,598,848</b>	<b>(5,036,548)</b>
Income Tax Paid	0	(8,877,834)
<b>Cash Flow Before Extraordinary Items</b>	<b>54,598,848</b>	<b>(13,914,382)</b>
Income Tax Paid for earlier year	(397,685)	(974,526)
<b>Net Cash From Operating Activities</b>	<b>54,201,163</b>	<b>(14,888,908)</b>
<b>[ B ] CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase Of Fixed Assets	(8,573,367)	(10,002,848)
Sale of Fixed Assets	2,222,000	5,370,000
Sale of Investment	18,457,500	-
Purchase of Investment	(4,500,000)	(8,777,250)
<b>Cash Used in Investing Activities</b>	<b>7,606,133</b>	<b>(13,410,098)</b>
<b>[ C ] CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Paid	(63,884,462)	(53,805,965)
Increase in share capital (Call in Arrear received)	-	391,000
Proceeds From Long/ Short Term Borrowings	17,393,702	95,368,243
<b>Cash Used/ Generated in Financing Activities</b>	<b>(46,490,760)</b>	<b>37,953,278</b>
<b>Net Increase/ (Decrease) In Cash and Cash Equivalents</b>	<b>15,316,537</b>	<b>9,654,272</b>
Cash and Cash Equivalents (Opening Balances)	16,463,670	6,809,398
<b>Cash and Cash Equivalents (Closing Balances)</b>	<b>31,780,207</b>	<b>16,463,670</b>
<b>Note to cash flow statement:</b>		
1 Cash Flow Statement has been prepared as per AS-3 issued by the ICAI.		
2 Figures in Bracket represents outflows.		
3 Previous year figure have been regrouped/reclassified wherever applicable		
4 Cash and Cash Equivalents included in the cash flow statement comprise the following:		
<b>Balance Sheet Amount</b>		
Cash in Hand	8,164,508	8,953,728
balance with banks:		
-Current Accounts	3,607,810	4,129,539
-Fixed Deposits	20,007,889	3,380,403
	<b>31,780,207</b>	<b>16,463,670</b>

As per Our Report of even date  
For S. SINGHAL & CO.  
Chartered Accountants

( R.K. Gupta )  
Partner  
Membership.No .073846  
Firm Registration No.: 001526C

Place : Bhiwadi  
Date:- 31st May 2013

(Naresh Chand)  
Managing Director

(Puneet Jain)  
Whole Time Director

(Neeraj Kumar Jain)  
Whole Time Director

(Harun Rashid Ansari)  
Company Secretary

## Significant Accounting policies

### 1 **Basis of Accounting**

The financial statements are prepared under historical cost convention on a going concern basis in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956

### 2 **Use of Estimates**

The Preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period.

### 3 **System of Accounting**

The Company adopts the accrual basis in the preparation of accounts

### 4 **Fixed Asset**

(a) Fixed Asset are stated at cost less accumulated depreciation. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost.

(b) Expenditure on renovation/ modernization relating to existing fixed assets is added to the cost of such assets where it increases its performance / life significantly.

### 5 **Investment**

Investment are carried at cost. Profit or loss, if any would be accounted for on actual realization.

### 6 **Inventories Valuation**

(a) Raw Material , Stock in- Process and stores and spares and Traded Goods are valued at cost.

(b) Waste and Scrap & Runner / Risers are valued at realizable value including the excise duty in value.

(c) Finished Goods are valued at cost or market price whichever is less.

The Value of finished goods is included excise duty as applicable on the closing stock.

### 7 **Depreciation**

(a) Cost of Lease Hold Land is not amortized since Lease is for a Long Period.

(b) Deprecation on fixed assets is provided on straight line method on prorata & actual shift working basis in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

### 8 **Sale / Revenue Recognition**

(a) Sales are net of Sales tax and sales returns. Revenue from sales is recognized when risk and reward of ownership are transferred to the customers.

(b) Interest income is recognized on time proportion basis.

(c) Dividend income is recognised when right to receive is established.

(d) Other Revenue Income are recognised as and when accrued to the Company.

### 9 **Impairment of Assets**

There are no indication of overall impairment in assets hence the need to make an estimation of re-coverable amount does not arise.

As per Our Report of even date

For S. SINGHAL & CO.

Chartered Accountants

( R.K. Gupta )

Partner

Membership.No .073846

Firm Registration No.: 001526C

Place : Bhiwadi

Date:- 31st May 2013

(Naresh Chand)  
Managing Director

(Neeraj Kumar Jain)  
Whole Time Director

(Puneet Jain)  
Whole Time Director

(Harun Rashid Ansari)  
Company Secretary



**AUDITOR'S CERTIFICATE**

The above Cash Flow Statement has been compiled from and is based on the audited accounts of ASHIANA ISPAT LIMITED for the year ended 31st March, 2013 reported upon by us on **31st May 2013**. According to the informations and explanations given, the aforesaid Cash Flow Statement has been prepared in accordance with Clause 32 of the Listing Agreement and reallocations required for the purpose are as made by the Company.

**For S. Singhal & Co.**

Chartered Accountants

**(R. K. Gupta)**

Partner

M.S. No. 073846

**Place : Bhiwadi**

**Date:- 31st May 2013**

## ASHIANA ISPAT LIMITED

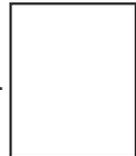
Regd Office : A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301 019, Distt. Alwar (Rajasthan)

### FORM OF PROXY

I/We.....of.....in the district of.....being a member/members of the **ASHIANA ISPAT LIMITED**, hereby appoint Mr/Mrs/Miss.....of.....in the district of.....or failing him/her Mr/Mrs/Miss.....of.....in the district of .....as my/our Proxy to vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held on **Monday, the 30<sup>th</sup> day of September, 2013 at 11.30 A.M.** or at any adjournment thereof.

Signed this.....day of.....2013

Signature.....



Folio No.....

DP ID .....

Client ID.....

Note : If a member is unable to attend the meeting, he/she may fill this form and send it to the Registered Office of the Company so as to reach atleast 48 hours before the time for holding the meeting./

## ASHIANA ISPAT LIMITED

Regd Office : A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301 019, Distt. Alwar (Rajasthan)

### ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the Entrance of the Hall. Only Members or their Proxies are entitled to be present at the meeting.

Name and Address of the Member	Folio No.
	Client ID No.
	DP ID No.
	No. of Shares Held

I hereby record my presence at the 21st Annual General Meeting of the Company at the Registered Office of the Company, on **Monday, the 30<sup>th</sup> day of September, 2013 at 11.30 A.M.**

Signature of the Shareholder	Signature of the Proxy

- Note :**
1. The copy of Annual Report may please be brought to the Meeting Hall.
  2. Briefcase, Hand Bags etc. are not allowed inside the Meeting Hall.
  3. Please note that no gifts will be distributed at the meeting.

**BOOK POST**  
(Printed Material)



**ASHIANA ISPAT LIMITED**

Regd. Office & Works: A-1116  
RIICO Industrial Area, Phase-III  
Bhiwadi301019 Distt. Alwar (Rajasthan)

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