

Anil Special Steel Industries Ltd.

NOTICE

NOTICE is hereby given that the 44th Annual General Meeting of the members of Anil Special Steel Industries Limited will be held at the Registered Office of the Company at Karakpura, P.O. Meenawala, Jaipur - 302 012 on Saturday the 15th day of September 2012 at 11.00 AM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the financial year ended on 31st March 2012 and the audited Balance Sheet of the Company as on that date together with the Auditor's Report thereon and the Director's Report for the year ending on 31st March 2012.
2. To appoint a Director in place of Shri P.L. Bawa, who retired by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Shiv S. Sharma, who retired by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s S. S. Surana & Co., Chartered Accountants, Jaipur, the retiring Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company and to fix their remuneration, as may be mutually agreed upon between the Board of Directors and the Auditors.

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 applicable provisions of the Companies Act, 1956 or any amendment or re-enactment thereof, and pursuant to the article 134 of the Articles of Association of the Company, recommendation of the Board of Directors and subject to the Guidelines issued by the Securities Exchange Board of India (SEBI) in this behalf and subject to such approvals, consents, permissions and sanctions, as may necessary from appropriate authorities, consent of the members be and are hereby accorded to the Board of Directors of the Company to capitalize the amount standing to the credit of Share Premium Account and Capital Redemption Reserve Account and transferred to share capital account towards issue and allotment of equity shares of Rs.10/- each, as bonus shares credited as fully paid-up in the proportion of one (1) new fully paid-up equity shares of Rs. 10/- each for every ten (10) Equity Share of Rs.10/- each to members of company whose names stand in the register of members of the company on record date as the directors may determine and that the bonus shares so issued and allotted be treated for all purposes as an increase of the nominal amount of the Equity Share Capital of the Company held by each such member/ person and not as income."
"RESOLVED FURTHER THAT the new Equity Shares of Rs.10/- each to be issued and allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects and carry the same rights as the existing Equity Shares of the Company."
"RESOLVED FURTHER THAT no letters of Allotment shall be issued in respect of the Bonus Shares in case of members who hold equity shares or willing to receive the Bonus shares in dematerialized form, the bonus shares shall be credited to the respective beneficiary account with their respective depository participant and in case of members who hold equity shares in physical form, the Share Certificates in respect thereof shall be dispatched within such time as prescribed by law and the relevant authorities."
"RESOLVED FURTHER THAT the issue and allotment of fully paid-up bonus equity shares to non-resident members, foreign institutional investors and other foreign investors shall be subject to approval of the Reserve Bank of India, as may be necessary."
"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary or expedient to settle any question, doubt or difficulty that may arise in this regard as the board in its sole and absolute discretion may deem necessary and its decision shall be final and binding."
6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of section 269, 309, 310, 311 read with schedule XIII and other applicable provisions for the time being in force, if any of the Companies Act, 1956 and subject to the approval of the financial institutions (wherever required in terms of any agreement made with them) the company hereby approves the re-appointment with increase in salary and perquisites of Shri Sudhir

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Khaitan as Chairman And Managing Director of the Company for a period of 3 years with effect from 1st January 2013 up to 31st December 2015, upon the terms and conditions as set out in the draft agreement submitted before this meeting (a copy initialed by the Chairman for the purpose of identification) with the liberty of the directors to alter and vary the terms and conditions of re-appointment in such manner not being more advantageous to Shri Sudhir Khaitan."

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to schedule XIII of the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the Company and Shri Sudhir Khaitan be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting."

"RESOLVED FURTHER THAT the consent of the members be and are hereby accorded in terms of the applicable provisions of the Companies Act, 1956 for re-appointment and revision in terms of remuneration of Shri Sudhir Khaitan with effect from 1st January 2013 as given in explanatory statement for said re-appointment."

Jaipur 14th August 2012
Regd. Office & Works:
Kanakpura, P.O. Meenawala,
Jaipur - 302 012

By order of the Board
Sd/-
C.P.VAID
Company Secretary

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy, in order to be effective, proxy form should be duly stamped, filled, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. M/s MCS Limited is the Registrar and Share Transfer Agent (RTA) for physical shares and is also the depository interface of the Company with both CDSL and NSDL.
3. The Register of Members and Share Transfer Book of the Company shall remain closed from 13th Sept. 2012 to 15th Sept. 2012 (both days inclusive) for the financial year 2011-12.
4. Shareholders are requested to immediately notify to the RTA or the Company for any change in their address.
5. The shareholders, who have not converted their shares in demat form, are requested to do so as early as possible.
6. Members seeking any further information on the accounts and operations of the Company at the Annual General Meeting are requested to send their queries to the Company at the Registered Office at least seven days before the date of meeting so as to enable the Management to keep the information ready at the meeting.
7. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during working hours between 10.00 A.M. to 1.00 P.M. except on holidays.
8. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers on the attendance slip for easy identification of attendance at the meeting.
9. An explanatory statement pursuant to the section 173(2) of the Companies Act, 1956 in respect of the special business annexed hereto.

Details of the Directors seeking re-appointment at the forthcoming Annual General Meeting (Pursuant to clause 49 of the Listing Agreement)

Name of the Director	Shri Purshottam Lal Bawa
Date of Birth	24.02.1938
Date of Appointment	26.05.2005
Expertise in Specific Functional Areas	Administration & Liasoning
Qualifications	M.sc. Military Science
Directorship in other Public Limited Companies	NIL
Other positions	NIL
Membership of Committees in other Public Limited Companies	NIL
Number of shares held in the Company	200

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Details of the Directors seeking re-appointment at the forthcoming Annual General Meeting (Pursuant to clause 49 of the Listing Agreement)

Name of the Director	Shri Shiv Shankar Sharma
Date of Birth	27.08.1933
Date of Appointment	28.05.1992
Expertise in Specific Functional Areas	Administration & Management
Qualifications	IAS Retd. D.G. (Doordarshan)
Directorship in other Public Limited Companies	Creative Eye Limited
Other positions	NIL
Membership of Committees in other Public Limited Companies	NIL
Number of shares held in the Company	210

EXPLANATORY STATEMENT AS PER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

In pursuant to article 134 of the article of association of the Company the Board of Directors of your Company had considered and approved the capitalization of its reserve for paying up the unissued shares to be issued to members of the Company as fully paid bonus shares of Rs. 10/- each in the proportion of one (1) new fully paid-up equity shares of Rs. 10/- each for every ten (10) Equity Share of Rs.10/- each to members of company whose names stand in the register of members of the company on record date as the directors may determine after receiving In-principal approval from the stock exchange.

The proposal of issue of bonus shares is recommended after complying with the all the provisions, regulations of the Companies Act, 1956 and Listing Agreement made with Stock Exchange and subject to the Guidelines issued by the Securities Exchange Board of India (SEBI) and subject to such approvals, consents, permissions and sanctions, as may necessary from appropriate authorities.

The proposal to issue bonus shares is beneficial to the company in the following manner:

1. Increase in the market price of shares.
2. To create confidence for the investors/shareholders in the company.
3. Increases liquidity of shares.

The amount standing to the credit of following reserves may be utilized for the purpose of issue of bonus shares:

1. Share Premium Account
2. Capital Redemption Reserve Account

The new bonus Equity Shares so allotted shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects and carry the same rights as the existing Equity Shares of the Company.

Directors of your company may be deemed to be interested in this resolution including dividend with the existing equity shares of the company.

The issue of Bonus Shares to those members who are non-residents will require the permission of the Reserve Bank of India, as may necessary application will be submitted by the Company to the Reserve Bank of India in due course. The Board recommends the Resolution for approval of the shareholders.

ITEM NO. 6

Shri Sudhir Khaitan was elevated as Chairman & Managing Director of the Company w.e.f. 1st January 2010 and his tenure is ending on 31st December 2012, Shri Sudhir Khaitan is B.com and he is Promoter of the Company. During his tenure the Company has made impressive growth in all the fields both in volume and value as indicated in the financial performance and the company has also expand its operations by setting up a new TMT BAR Project, which is likely to be commenced in two months. Keeping in view his vast and rich experience in the field of the Steel Industries, the Remuneration Committee in their meeting held on 29th May 2012 approved the re-appointment as well as revision in the remuneration of Shri Sudhir Khaitan w.e.f. 1st January 2013 as Chairman & Managing Director subject to the approval of financial institutions (wherever it may requires in terms of the agreement made with them) and shareholders in the General Meeting, on the following terms and conditions: -

1. Period of agreement - 3 Years w.e.f. 1st January 2013

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2. Remuneration:

- a) Basic Salary Rs.2,20,000/-p.m. in the scale of 220000-100000-240000 in addition, Shri Sudhir Khaitan shall also be entitled for ex-gratia @ 20% per annum of his basic salary.
- b) Perquisites:- In addition to the aforesaid salary, he will be entitled:
 - i) For furnished accommodation, reimbursement of expenses or allowances for utilities such as gas/electricity/water and furnishings, medical reimbursement and leave travel concession for self and his family, club fee, personal accident etc. The monetary value of all such perquisites/allowances shall not exceed Rs. 12 Lacs per annum.
 - ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.
 - iii) He will be entitled to Company's Contribution towards P.F. up to the applicable limit prevailing at the time and such contribution shall not be included in the computation of limits for perquisites stated in paragraph (i) above to the extent it is not taxable under Income Tax Act, 1961.

The Chairman & Managing Director will be entitled for the gratuity as per rules of the company but not exceeding half month's salary for each completed year of service, which amount however will not be included in the computation of remuneration under section II of part II of Schedule XIII to the Act.

In the event of absence or inadequacy of profits, the remuneration by way of salary and perquisites as mentioned above shall be paid as minimum remuneration. This may be treated as abstract of the draft agreement between the Company and Shri Sudhir Khaitan pursuant to the section 302 of the Companies Act, 1956. None of the Directors of the Company is interested in passing of the aforesaid Special Resolution except Shri Sudhir Khaitan himself.

The details in compliance with the provisions of schedule XIII is given herein below:-

1. GENERAL INFORMATION:

a) Nature of Industry

Engaged in manufacturing of Cold Rolled Non Alloy Steel Strips.

b) Date of Incorporation: 04.05.1968

c) Financial performance

The Company has achieved turnover of Rs. 14577 Lacs and Net Profit of Rs.290 Lacs. The corresponding figures for the previous year was Rs.13778 Lacs and Rs.305 Lacs respectively.

d) Export performance

Years	2009-10	2010-11	2011-12
FOB value of Export (Rs. in lacs)	2606	3458	3861

e) Foreign Investment and collaboration if any:

NIL

2. INFORMATION ABOUT THE APPOINTEE:

a) Background details

B.com from Kolkata University and having vast experience of around 25 years in various fields of steel industry.

b) Past remuneration

Basic Rs. 150000 P.M. + Perks

c) Job profile and his suitability

Around 25 years rich experience in the field of steel industry.

d) Remuneration Proposed

Rs 220000 P.M. + Perks

e) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

Looking into the market scenario, industry standard, size of the company and Shri Sudhir Khaitan being responsible for the overall affairs of the company and also expanding and diversifying the operations of the company, the remuneration recommended by the Board of Directors are within the industry norms.

f) Pecuniary relationship directly or indirectly with the company

Promoter Director

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- g) **Number of Shares held in the Company**
12,30,280 Equity Shares

3. **OTHER INFORMATION:**

a) **Reasons of loss or inadequate profit**

In the current financial year due to higher finance cost and provision for taxation the net profit of the company is affected adversely. In spite of the Company has achieved Net Profit of Rs. 290 Lacs in the current financial year.

b) **Steps taken or proposed to be taken for improvement**

Your Company is focusing on increase productivity, better product mix and thrust on sales and better price realization. The company has also expanded its line of business by putting up a new unit for production of TMT BARS that is likely to be commenced in two months. So we are in the opinion that new market opportunities both in terms of domestic and international will be availed by the company. And the demand of our products would remain good in the current year.

c) **Expected increase in productivity and profits in measurable terms**

The company has expanded its line of business by putting up a new unit for production of TMT BARS. Therefore, the Company has great opportunity to further strength its presence both in domestic and international markets and achieve higher sales.

Jaipur 14th August 2012
Regd. Office & Works:
Kanakpura, P.O. Meenawala,
Jaipur - 302 012

By order of the Board
Sd/-
C.P.VAID
Company Secretary

Anil Special Steel Industries Ltd.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 44th Annual Report of the Company together with the Audited Profit & Loss Account for the year ended on 31.03.2012 and the Balance Sheet as on that date. (as per Revised Schedule VI)

FINANCIAL RESULTS

(Rs. in lacs)

	Year ending 31.03.2012	Year ending 31.03.2011
Turnover	14577	13778
Gross Profit before Finance Cost and Depreciation	1073	993
Finance Cost	389	372
Profit after Finance Cost	684	621
Depreciation	321	316
Net Profit before Tax	363	305
Tax	73	0
Net Profit for the year	290	305

OPERATIONAL REVIEW

During the year the Company has been improved in terms of sales, gross profit and net worth. Turnover for the year was Rs. 14577 lacs against Rs. 13778 lacs in the previous year hence an increase in turnover by 5.80% and Profit after tax for the year is Rs. 290 lacs as against Rs. 305 lacs for the previous year due to higher finance cost and provision for taxation during the year. However, the Profit before tax and Gross Profit of the company shows an impressive growth and has increased by Rs. 58 lacs and Rs. 80 lacs as against the previous year.

FINANCIAL CONDITION AND RESULTS OF OPERATION

Management discussion and analysis of Financial Condition and Results of operation of the company for the year under review, as stipulated in clause 49 of the listing agreement with the Stock Exchange, is given as a separate statement in the Annual Report.

DIVIDENDS

To consolidate the long-term resources for enhanced working capital for new TMT Bar Project and to maintain the growth in productivity, profitability and turnover, the Directors of your Company are constrained not to recommend any dividend for the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956, with Companies (Disclosure of particulars in respect of Board of Directors) Rules, 1988 is given in Annexure-A to this report and forms part of this report.

PARTICULARS OF EMPLOYEES

As none of the employee of the Company falls within the purview of information required under section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules 1975 as amended, the same is not furnished.

FINANCE

To meet the funding requirement of the TMT Bar Project in the Village of Anantpura, Chimanpura, Chomu, your Company has got sanction of Rs. 34.30 Crores (Term Loan Rs. 15.50 Crores and Working Capital Loan Rs. 18.80 Crores) from Indian Overseas Bank and Term Loan of Rs. 17.15 Crores from Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO) for financing the project.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the public.

CONVERSION OF CONVERTIBLE WARRANTS ISSUED ON PREFERENTIAL BASIS

The Board of Directors of the company has allotted 42,56,202 equity shares and 68,21,700 equity shares upon conversion of fully paid up convertible warrants issued upon preferential basis to the individuals and body

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corporate (other than promoters) in the meeting of Board of Directors of the company held on 05.09.2011 and 26.09.2011. In this connection the company has filed Form 2 for Return of Allotment to the ROC and the Listing Application is pending to the Exchange.

LISTING COMPLIANCES

Your Directors are pleased to inform you that during the year under review all compliances related to listing with the recognized stock exchange within India have been duly complied.

DIRECTORS

Shri P.L. Bawa and Shri Shiv S. Sharma retire by rotation from the Board pursuant to Section 255 of the Companies Act, 1956 read with Article 103 of Articles of Association of the Company and being eligible offers himself for re-appointment. The company has received notice from the Members for his re-appointment as director of the Company.

AUDITORS

M/s. S.S. Surana & Company, Chartered Accountants, Jaipur, Auditors of the Company is getting retired at the conclusion of the ensuing Annual General Meeting. M/s. S.S. Surana & Co. being eligible have offered themselves for re-appointment.

M/s M. Goya & Company, Cost Accountants, Jaipur have furnished a certificate of their eligibility for re-appointment Under Section 224 (1-B) of the Companies Act, 1956, Certificate for Independence and arm length relationship with the Company and are not disqualified for such appointment. The said cost accountants have been re-appointed by the Board of Directors of the Company on the recommendations of the Audit Committee, as the Cost Auditors of the Company for the financial year 2012-13, subject to the approval of the Central Government.

AUDITORS REPORT

The observations made in the Auditors Report are self explanatory from the notes on accounts and therefore do not call for any special comments.

THE CORPORATE GOVERNANCE REPORT

A separate section on Corporate Governance and a certificate from the Auditors of the Company has been obtained regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, form part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your Directors State:

- (i) that in the preparation of the annual accounts, the applicable accounting standards and Revised Schedule VI has been followed;
- (ii) that your Directors have selected such accounting policies and applied them consistently and made judgment 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 end of the Financial year and of the Profit or Loss of the Company for that year;
- (iii) that your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) that your Directors have prepared the annual accounts on an ongoing concern basis.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation and express their sincere thanks to the concerned Government Authorities, Financial Institutions, Banks and Shareholders for their help, co-operation and support to the company.

Your directors sincerely appreciate the commitment and dedication of employees at all levels and look forward for their continued support in the future as well.

For and on behalf of the Board of Directors
Sd/-

(Sudhir Khaitan)
Chairman & Managing Director

Anil Special Steel Industries Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERALL REVIEW, INDUSTRY OUTLOOK & COMPANY'S OUTLOOK

During the year under review, Company's gross turnover increased by 5.80% over the previous year. The net profit for the current year is Rs.290.00 Lacs as compared to net profit of Rs.305.00 Lacs earned in previous year due to higher finance cost and provision for taxation. Instead of this the Profit before tax and Gross Profit of the company has increased by Rs. 58 lacs and Rs. 80 lacs as compared to the previous year, which shows an impressive growth of the company. The Net Worth of the company has also increased by Rs. 1120 lacs as against the previous year. The increase in turnover is the extra efforts of the employees of the company and increasing goodwill in the International Market.

We are in the opinion that the demand for company's products would remain good in the current year in view of good industrial demand in both domestic and export market. And the company has also expanded its operation by putting up a new TMT BAR plant, which is expected to be commenced in this year so a lot of new opportunities can be availed by the company both in domestic and international market. Your company focusing on increased productivity, better product mix and thrust on sales and better price realization.

OPPORTUNITIES, THREATS AND CHALLENGES

The turnover has shown a reasonable growth and the trend is expected to continue. And the company has also expand its current line of business by setting up a new TMT BAR project at Anathpura, Chimanpura, Tehsil Chomu, Dist. Jaipur that is expected to be commence in two months. So the company has great opportunity to further strengthen its presence both in existing and new market and achieve higher sales.

The increased competition in the global and overall recession in the global market as well as domestic market especially in automobile sector is the main challenge to the company.

Company is quite competent to handle the competition successfully and gearing up itself to meet the challenge through continuous improvement in quality, reduction in costs, better marketing arrangements for higher value added products and expand its existing operations in the new market.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The company has adequate internal control system to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance of laws and regulations. Your company is committed to maintain internal control systems and procedures designed to provide reasonable assurance for orderly and efficient conduct of business and security of its assets.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Training and development, safety and security and good relationship with human resources is of paramount importance. A competent, committed and experienced HRD team has made the workforce more efficient through well-structured training programme. Industrial relations remain cordial during the year.

CAUTIONARY STATEMENT

Statement in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, protections, estimates and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either.

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ANNEXURE - A TO THE DIRECTORS' REPORT

A) CONSERVATION OF ENERGY

Energy conservation is an ongoing process in our organization. Continuous monitoring, planning, development and modifications for energy conservation are done at the plants. The various measures have contributed to maintain energy cost within the desired levels.

	Current year	Previous year
1. Electricity		
(a) Purchased :		
Unit (Kwh.)	11628330	11732490
Amount	60482258	53950357
Rate/Unit (Rs.)	5.20	4.60
(b) Own Generation:		
Through Diesel Generator:		
Unit (Kwh)	320428	200306
Unit Produced per ltr of Diesel oil	3.12	2.84
Cost / Unit (Direct Cost) (Rs.)	12.12	12.57
2. Fuel in Oil Fired Annealing Furnaces:		
Quantity (Ltrs)	487576	501859
Total Cost (Rs.)	18100654	15255941
Rate /Unit (Rs. /PMT)	1808.02	1518.72
B) CONSUMPTION PER UNIT OF FLAT ROLLED PRODUCTION		
Electricity (kwh/ PMT)	1193.53	1187.90
Fuel (Ltr / PMT)	48.70	49.96
Other detail		
HSD Cons. In D.G Sets (ltr)	102663	70522
HSD Cons. In D.G Sets (Rs.)	3882114	2517812
Production CRCA	869.37	1269.52
Production H&T	9141.93	8775.75
Total Packed Production	10011.30	10045.27

Consumption figures are not strictly comparable as Company produces wide varieties of strips and consumption norms change according to thickness / width of strips as well as grade of material produced.

C) TECHNOLOGY ABSORPTION

a) Research and Development (R & D)

The company has no specific Research & Development Department. However it has Quality Assurance Department to check the quality of different products manufactured.

The company has been continuously improving the quality of the existing products and also been able to reduce the cost of production.

Management is committed to strengthen Quality Assurance Department, further to improve its competitiveness in times to come.

b) Expenditure on R & D

The company from time to time incurs expenditure, exposes itself to better technology and keeps abreast of technological improvements.

c) Technology Absorption, Adoption and Innovation

Modifications of process and products are carried out from time to time to suit market requirements and to improve operational efficiency.

The Company has no technical collaboration arrangement for manufacturing of flat Rolled Products and Circular Saws.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs./Lacs)
Foreign Exchange earned	3596.92
Foreign Exchange used	105.28

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CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-2012

1. Company's Philosophy on Corporate Governance

The Company's Philosophy on Corporate Governance is to ensure transparency in all dealings and maintain highest standards of professionalism, integrity, accountability, social responsibility, fairness and business ethics. We consider ourselves as trustees of the shareholders and relentlessly attempt to maximize long-term shareholder value.

Your Directors confirm the practice of good corporate Governance codes by the Company in true spirit and are pleased to present below the Report on Corporate Governance

2. Board of Directors

The present strength of the Board is Six, comprising of one Executive Chairman & Managing Director, one Executive Director and four Non-executive Directors (All are independent). The strength of the independent director is 66.66% of the total Board members leading to an "Independent" Board characteristic. None of the independent director is below the age of 21 years.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees, which is in compliance of Clause 49(1)(d) of the Listing Agreement.

During the year, eight - Board Meetings were held on- 30.04.2011, 16.06.2011, 16.07.2011, 12.08.2011, 05.09.2011, 26.09.2011, 11.11.2011 and 13.02.2012.

Composition of Directors and the attendance at the Board Meeting during the year and the last AGM as also other directorships and Committee Memberships are given below:

Name of Director	Category of Directorship	No. of Board meetings Attended	Whether Attendance At last AGM	Other Boards		
				Directorship	Chairmanship	Committee
Mr. Sudhir Khaitan	Promoter & Executive Director	5	Yes	-	-	-
Mr. Shiv S. Sharma	Independent Director	4	No	1	-	1
Mr. V.B.L Mathur	Independent Director	3	No	2	-	2
Lt. Co. Purshottem Lal Bawa	Independent Director	4	No	-	-	-
Mrs. Rashmi Khaitan*	Executive Director	3	No	-	-	-
Mr. Krishan Murari Gangawat*	Independent Director	2	No	-	-	-

★ Mrs. Rashmi Khaitan was appointed as an Executive Director on the Board in the Meeting of Board of Directors of the Company held on 16.06.2011.

★ Mr. Krishan Murari Gangawat was appointed as an Independent Director on the Board in the Meeting of Board of Directors of the Company held on 12.08.2011.

➤ The Company places before the Board, all the relevant and necessary information for seeking the necessary consents and suggestions on the operation and plans of the Company.

➤ The Information as required under Annexure 1 of Clause 49 of the Listing Agreement is being made available to the Board.

➤ The details of pecuniary relationship / transactions with Non-executive Directors during the year is given in the Annual Report.

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3. Board Committees

Your Company's Board has three Committees

- > Audit Committee
- > Remuneration Committee
- > Shares Transfer Cum-Investors Grievance Committee

A. Audit Committee

The Board of the Company has constituted an Audit Committee on 29th June 2002.

The Committee met on 30.04.2011, 12.08.2011, 11.11.2011 and 13.02.2012 during the year.

The constitution of the Audit Committee and the details of the attendance are as under.

Name of the Director	Category	No. of Meetings Held	No. of Meetings Attended	Whether Last AGM attended
Mr. Shiv. S. Sharma	Non-Executive & Independent	4	4	No
Mr. V.B.L. Mathur	-Do-	4	2	No
Lt. Col. Purshottem Lal Bawa	-Do-	4	3	No

The Quorum is two Members present in person.

The secretary of the Company acts as the Secretary of the Committee.

The Finance Head and the Chief Internal Auditor are permanent invitees.

Terms of Reference:

The role of the audit committee shall include the following: -

- a) Review of the Company's financial reporting process and the disclosure of adequate and accurate financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment of statutory auditor, fixation of audit fees and also approval for payment of any other services.
- c) Reviewing the annual financial statements in consultation with the management before submission to the board, focusing primarily on:
 - i. Matters required to be included in the Director's Responsibility Statement which forms a part of the Director's Report pursuant to Sub-section (2AA) of Section 217 of the Companies Act, 1956.
 - ii. Changes, if any, in accounting policies and practices and reasons for the same
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management
 - iv. Significant adjustments made in the financial statements arising out of audit findings
 - v. Compliance with listing and other legal requirements relating to financial statements
 - vi. Disclosure of any related party transactions
 - vii. Qualifications in the draft audit report
- d) Reviewing the adequacy of internal control systems with the management, external and internal auditors.
- e) Reviewing the adequacy of internal audit function, including the structure of the internal control systems.
- f) Discussion with internal auditors on any significant findings and follow up there on.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h) Discussion with external auditor before the audit commence, nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- i) Reviewing the company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

B. Remuneration Committee

The Remuneration Committee of the Company was constituted in accordance with Schedule XIII of the Companies Act, 1956 to carry out functions as envisaged under the said Schedule. The committee was constituted on 29th June 2002. No any meeting of the Committee was held during the year. The Company does not have any employees' stock option scheme.

Anil Special Steel Industries Ltd.

Composition of the Committee

The Remuneration Committee consists of the following Directors

Name	Designation
(i) Shri V.B.L. Mathur	Non Executive Directors
(ii) Shri Shiv S. Sharma	-Do-
(iii) Shri Lt. Col. Purshottem Lal Bawa	-Do-
	None

During the year No. of meeting of the committee was held -

Details of remunerations paid to Directors for the year.

The salary perquisites and commission paid for the year ended 31.3 2012 to Managing Personnel is as follows:

S.No	Name	Title	Salary	Perquisites*
1	Shri Sudhir Khaitan	Chairman & Managing Director	18,00,000	6,83,375

* Perquisites include housing allowance, medical reimbursement, LTA, Club Fees, Bonus, Personal Accident Insurance, Gas and Electricity, use of movable assets and contribution to gratuity and provident funds. No stock options were issued.

The Sitting Fees paid to the non-executive Directors during the year is as follows.

S.No.	Name of the Director	Amount Paid Rs.
1	Lt. Col. Purshottem Lal Bawa	70,000
2	Mr. Shiv S. Sharma	80,000
3	Mr. V.B.L. Mathur	50,000
4	Mr. Krishan Murari Gangawat	20,000

C) Share Transfer / Investors Grievances Committee

a) Composition of the Committee:

The Company has formed a Shareholder/Investor Grievance Committee consisting of the following Director and Company Secretary: -

1. Shri Sudhir Khaitan
2. Shri C. P. Vaid

As per SEBI Guidelines, the powers of processing of the share transfers both physical and de-mat mode have been delegated to M/s MCS LTD, New Delhi (Share Transfer Agents) in order to expedite the process of shares transfers, issue of duplicate certificates and certificates after splits/consolidation renewal and re-materialization.

b) Terms of Reference:

The terms of reference of the Investor Grievance Committee are as follows: -

- Ensure redressal of Shareholders and Investors complaints relating to transfer of shares
 - Redressal of Investors complaints in respect of de-mat / re-mat and all other complaints whatever their nature.
- The company confirms that there were no share transfers lying pending as on 31st March 2012 and all requests for de-materialisation and re-materialisation of shares as on that date were confirmed/rejected into the NSDL/ CDSL System.

4. Compliance Officer

Shri C.P. Vaid, Company Secretary is the Compliance Officer of the company for complying with the requirements of Listing Agreement entered into with the Stock Exchange as also of SEBI (Prohibition of Insider Trading) Regulation 1992. The E-mail ID of Mr. C.P. Vaid is cpvaid@anilspecialsteel.com

5. Whistle Blower Policy

The company at present does not have Whistle Blower Policy

6. Secretarial Audit

The company has appointed a qualified Practicing Company Secretary to conduct quarterly secretarial audit of the company for reconcile the admitted capital with National Securities Depositories Limited (NSDL) and Central Depositories Services Limited (CDSL) and the total issue and the listed capital. The secretarial audit reports confirm that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

The Audit committee reviews the quarterly reports of the secretarial audit.

7. Share Transfer System

As per the SEBI guidelines, the company's share transfers, both physical and de-mat mode has been carried by the share transfer agents i.e. M/s. MCS Ltd, Delhi, and all requests for Transfer / De-mat are disposed off within the stipulated time.

Anil Special Steel Industries Ltd.

(a) Shareholding Pattern as on 31.3.2012:

Category	No. of Shares	% of Shares
Promoter's Holding (including foreign promoters and persons acting in concert)	17,24,180	7.42
Non Promoter's Holding:		
a) Mutual Funds & UTI	5,310	0.02
b) Banks, FIs and Insurance Company	13,14,675	5.66
c) FIs	Nil	Nil
Others		
a) Bodies Corporate	1,43,01,670	61.52
b) Individuals	58,87,592	25.33
c) NRIs / OCBs	13,653	0.06
TOTAL	2,32,47,080	100.00

Note: The Company had allotted 42,56,202 & 68,21,700 Equity Shares upon conversion of fully paid up convertible warrants in the meeting of Board of Directors of the Company held on 05.09.2011 & 26.09.2011. In this connection the Return of allotment has been filed to ROC and the Listing is pending to the Exchange.

(b) Distribution of Shareholding:

Range	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 500	6,708	83.78	10,04,306	4.32
501 to 1000	558	6.97	4,88,447	2.10
1001 to 2000	299	3.73	4,73,913	2.04
2001 to 3000	125	1.56	3,20,353	1.38
3001 to 4000	46	0.58	1,66,996	0.72
4001 to 5000	58	0.72	2,78,051	1.20
5001 to 10000	94	1.17	7,05,128	3.03
10001 and above	119	1.49	1,98,09,886	85.21
TOTAL	8,007	100%	2,32,47,080	100%

8. General Shareholder Information:

(a) Annual General Meeting

Forthcoming Annual General Meetings will be held on or before end of September 2012 at the Company's Registered Office at Kanakpura P.O. Meenawala, Jaipur. The Separate Notice will be issued to Shareholders in due time.

b) Financial Calendar (Tentative) (April 1st 2012 to 31st March 2013)

Audited Results for the year ending 31.03.2012	To be Adopted and published on 29th May 2012.
Mailing of Annual Reports 2011-2012	End of August 2012
Financial Reporting for the quarter ending 30th June 2012.	Mid of August 2012
Financial Reporting for the quarter ending 30th September 2012.	Mid of November 2012
Financial Reporting for the quarter ending 31st December 2012.	Mid of February 2013
Financial Reporting for the quarter ending 31st March 2013.	End of April 2013
Secretarial Audit for the Quarter ending 30th June 2012.	End of July 2012
Secretarial Audit for the Quarter ending 30th September 2012.	End of October 2012
Secretarial Audit for the Quarter ending 31st December 2012.	End of January 2013
Secretarial Audit for the Quarter ending 31st March 2013.	End of April 2013
Half yearly compliance certificate regarding Transfer activities for the 1st half ended on 30th September 2012.	End of October 2012
Half yearly compliance certificate regarding Transfer activities for the 2nd half ended on 31st March 2013.	End of April 2013
Audit committee meetings	End of April 2012, Mid of August 2012, Mid of November 2012 & Mid of February 2013.
Share Transfer-cum-Investor's grievances committee meeting	Monthly between 20th to 25th of every month.

Anil Special Steel Industries Ltd.

c) Listing of Equity Shares on Stock Exchange:

The shares of the company are listed at Bombay Stock Exchange. The Listing Fees for the year 2011-12 has already been paid to the respective Stock Exchange.

d) Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Ltd. Dalal Street, Mumbai - 400 001	504629

e) Market Price Data:

MONTH	HIGH AT B.S.E. (in Rs.)	LOW AT B.S.E. (in Rs.)
April, 11	11.50	8.67
May, 11	11.95	9.60
June, 11	10.98	9.05
July, 11	9.94	9.05
August, 11	9.55	7.25
September, 11	10.39	7.90
October, 11	9.50	8.10
November, 11	9.43	7.51
December, 11	8.35	6.02
January, 12	8.69	6.07
February, 12	8.76	6.81
March, 12	7.75	6.51

f) De-materialization of Shares:

Liquidity - Shares of the company are under the category of compulsory delivery of dematerialized mode by all categories of investors.

The company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, as on March 31, 2012, over 1,97,96,011 Nos. of shares of the company are already dematerialized.

The status as the dematerialized of the equity shares of the company is furnished below:

Total No. of Equity Shares: 2,32,47,080

Total No. of Share Holders: 8,007

Mode of Shareholding	No. of Shares	% to Equity Shares	No. of Shareholders	% of No. of Shareholders
Physical	34,51,069	14.85	3573	44.62
Electronic	1,97,96,011	85.15	4434	55.38
TOTAL	2,32,47,080	100%	8007	100%

g) Registrar and Share Transfer Agent (For physical and de-mat segment)

M/s. MCS Ltd.
F-65, 1st Floor, Okhla Industrial Area,
Phase-I, New Delhi 110 020.
TEL NO: - 011-41406149
FAX: - 011-41709881
Email: - admin@mcsdel.com

h) General Body Meetings :

Following General Meetings held in the financial year.

Financial Year	Date, Time and Venue
2011-12	30.09.2011 AT 11.00 A.M. at Registered office (A.G.M.)
2011-12	12.03.2012 AT 11.00 A.M. at Registered office (E.G.M.)

Anil Special Steel Industries Ltd.

The details of last Three General Meetings are as under: -

- 1 Extra ordinary General Meeting held on 12.03.2012
 - a) Special Resolution passed by the shareholders of the company to re-issue the 10,990 forfeited equity shares in rectification of the previous Board Resolution passed in this regard.
- 2 Annual General Meeting held on 30.09.2011
 - a) No any Special Resolution was passed in the Meeting.
- 3 Annual General Meeting held on 29.09.2010
 - a) No any Special Resolution was passed in the Meeting.

Postal Ballot : No special resolutions were required to be put through postal ballot last year.

Compliance Officer: C.P. VAID

i) Disclosures:

- a. Related Party Transactions have been disclosed under Note No. 33 to the Notes on Financial Statements for the year under review.
- b. The Company has complied with all the requirements of the Listing Agreements with the Stock exchanges as well as regulation and guidelines of SEBI, if applicable,
- c. There were no instance of non-compliance on any law or regulations (during the last three years) and hence, no penalties/strictures.
- d. CEO/CFO Certification: - The Chairman & Managing Director & CEO (the CEO) and Financial Advisor have placed certificate for the period ended on 31st March, 2012 before the Board in accordance with Clause 49(V) of the Listing Agreement.

J) Means of Communication:

The quarterly/un-audited/annually audited financial results of the Company are sent to the Stock Exchanges immediately after the Board of Directors approved them.

The financial results are published in prominent daily newspapers in English and in Hindi.

The Annual Reports are posted to every shareholder of the company.

All developments, which have a major impact on the Company's financial, or operations are informed to the Stock Exchanges.

Management Discussion and Analysis forms part of the Annual Report and Accounts sent to the shareholders.

k) Re-appointment of Director also include

- (a) Companies where he is a director
- (b) Companies in which he is a member of the committee chairman

l) Plant Location:

Factory Location

Anil Special Steel Industries Limited
Kanakpura, P.O. Meenawala, Jaipur 302012.

m) Address for correspondence:

Correspondence with company

Anil Special Steel Industries Limited
Kanakpura, P.O. Meenawala, Jaipur 302012
Tel: -2470211,12,15 Fax: - 0141-2470863,2470014
cpvaid@anilspecialsteel.com
Website: www.anilspecialsteel.com

Correspondence with Registrar

M/s MCS Limited
F-65, 1st Floor, Okhla Industrial Area,
Phase - I, New Delhi - 110 020
TEL NO: - 011-41406149 FAX: - 011-41709881
Email: - admin@mcsdel.com

Anil Special Steel Industries Ltd.

Auditor's Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the members of Anil Special Steel Industries Limited

1. We have examined the compliance of conditions of Corporate Governance by Anil Special Steel Industries Limited for the year ended on 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement
4. We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / investors' Grievance Committee.
5. We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.S. Surana & Co.
Chartered Accountants
FRN-001079C

Sd/-
R.N GOYAL
Partner
Membership No.: - 70331

Place: JAIPUR
Date: 29.05.2012

Anil Special Steel Industries Ltd.

AUDITORS' REPORT

TO THE MEMBERS OF THE ANIL SPECIAL STEEL INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of M/S ANIL SPECIAL STEEL INDUSTRIES LIMITED as at 31st March 2012 and also the Statement of Profit and Loss for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
 4. Further to our comments in the Annexure referred to in paragraph (3) above:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except otherwise stated.
 - (e) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with Notes on Financial Statements give the information required by the Companies Act, 1956 in the manner so required and subject to
 - (i) The Company is accounting the bonus & leave pay on cash basis. The accounting policy not being in consonance with accrual method of accounting. Accordingly bonus accrued for the year Rs.7,50,711/- and leave pay accrued up to 31st March 2012 Rs.42,57,585/- as per actuarial valuation, remain un-provided for. (Refer Note No. 1(J) and 1(I))
 - (ii) Non payment/provision of contribution to Gratuity fund with Life Insurance Corporation of India (up to 31st March, 2012) Rs.2,34,02,604/- (Refer Note No.1(I))
 - (iii) Non ascertainment of the value of unquoted investments of Rs.34,70,000/- resulting into diminution in value of investment and provision required to be made. (Refer Note No.12.1).
 - (iv) Investment of Rs.8,55,000/- on account of Life Insurance Policy taken in favour of Managing Director of the Company. (Refer Note No.12.2)
 - (v) Non reversal of Deferred Tax Asset for the year Rs. 33,05,027/- and Cumulative Rs. 139,02,133/- up to 31st March 2012. (Refer Note No. 13.2)
- give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - ii. in the case of the Statement of Profit and Loss, of the profit of the Company 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.

For **S.S.Surana & Co.**
Chartered Accountants
FRN-001079C
Sd/-
(R.N Goyal)
Partner
Membership No. 70331
Place: Jaipur
Date: 29th May, 2012

Anil Special Steel Industries Ltd.

Annexure to the Auditors' Report

(Referred to in paragraph (3) of our report of even date)

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- b) A major portion of the assets has been physically verified by the Management in accordance with a phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- c) There was no substantial disposal of fixed assets during the year, which affect the going concern status of the Company.
- (ii) a) The inventory of finished goods and work in progress and raw materials at works have been physically verified during the year by the Management at reasonable intervals. In respect of stores and spare parts and stocks at branches, the Company has a programme of verification of stocks at the end of year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the Books of Accounts.
- (iii) a) In our opinion and according to information and explanation given to us, the Company has not granted any loan secured or unsecured to the Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year, hence, clause (b),(c),(d) of the order is not applicable to the company.
- (e) In our opinion and according to information and explanations given to us, the Company has taken unsecured/secured loans from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum outstanding during the year was Rs. 5,69,39,265/- and year ended balance is Rs.5,43,15,828/-.
- (f) The terms on which such loan is taken, are not prima facie prejudicial to the interest of the Company as these are interest free.
- (g) The repayment of principal is being done as per stipulation.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed major weaknesses in internal control systems.
- (v) a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contract or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanation given to us, there were no transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year.
- (vi) As per explanation given to us, the company has availed temporary interest free unsecured loans from the related parties, bodies corporate and others to maintain margins required by the bankers/ Financial Institutions. In our opinion the company has yet to comply with the provisions of section 58 A of the Companies Act, 1956 and Rules made thereunder
- (vii) In our opinion, the Company is having internal audit system, however same need to be strengthened so as to be commensurate with the size and nature of its business.
- (viii) As per information given to us, the company has maintained cost records, as prescribed under section 209(1)(d) of the Companies Act, 1956, as prescribed by the Central Government. However we have not made detailed examination of such records.

Anil Special Steel Industries Ltd.

- (ix) a.) The Company is generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service tax, Custom duty and other statutory dues with the appropriate authorities to the extent applicable. According to the information and explanations given to us, there are no undisputed statutory dues outstanding as at last day of the financial year concerned for a period of six months from the date these became payable.
- b.) According to the records of the Company, there are no dues of Income Tax, Wealth Tax, Custom Duty, Excise Duty, Sales Tax and Service Tax which have not been deposited on account of any dispute, other than the following.

Name of the Statute	Nature of the dues	Amount	Forum where dispute is pending
The Central Sales Tax Act, 1956	Sales tax & penalty 1985-86	6,13,340/-	Pending with Tax Board
The Central Sales Tax Act, 1956	Sales tax & penalty 1986-87	4,38,845/-	Pending with Tax Board
The Central Excise Act, 1944	Export Benefits claim 2005-06	12,21,097/-	Pending with CESTAT, Delhi
The Central Excise Act, 1944	Duty demand on insurance claim of Gear Box 2001-02	89,600/-	Pending with CESTAT, Delhi

However, the company has paid Rs.10,52,185/- against the demand of Central Sales Tax.

- (x) The Company has no accumulated losses as on 31st March 2012. The Company has not incurred any cash losses during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks as on 31st March 2012.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion, the Company has not given guarantees for loans taken by others.
- (xvi) As per explanation given to us the Company has raised new term loans during the year, As per information and explanations given to us, the same has been used for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term assets.
- (xviii) According to the information and explanations given to us, the company has converted Share Warrants into Equity Shares which were allotted on preferential basis to parties and Companies covered in the Register maintained under Sec.301 of the Companies Act, 1956. In our opinion, the price at which Share Warrants had been issued is not prejudicial to the interest of the company.
- (xix) The company has not issued any debentures during the year.
- (xx) During the year covered by our audit report, the Company has not raised any money by public issues.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.S.Surana & Co.
Chartered Accountants
FRN-001079C

Sd/-
(R.N Goyal)
Partner
Membership No. 70331

Place: Jaipur
Date: 29th May, 2012

Anil Special Steel Industries Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	Rupees	As at 31.03.2012 Rupees	Rupees	As at 31.03.2011 Rupees
I EQUITIES & LIABILITIES					
1 Shareholders' Funds					
a) Share Capital	2	232,468,940		121,689,920	
b) Reserves & Surplus	3	263,114,272		219,865,771	
c) Money recd. agst. share warrants	4	--	495,583,212	42,036,370	383,592,061
2 Non Current Liabilities					
a) Long term Borrowings	5	337,459,931		55,809,400	
b) Long Term Provisions	6	3,939,162	341,399,093	1,898,107	57,707,507
3 Current Liabilities					
a) Short term Borrowings	7	224,226,141		223,707,000	
b) Trade Payables	8	130,194,531		118,321,353	
c) Other Current Liabilities	9	66,788,358		61,014,403	
d) Short term Provisions	10	7,260,277	428,469,307	--	403,042,756
			<u>1,265,451,612</u>		<u>844,342,324</u>
II ASSETS					
1 Non-Current Assets					
a) Fix Assets	11				
i) Tangible Assets		295,539,548		323,330,568	
ii) Capital Work-in-progress		341,114,012		47,564,874	
b) Non-Current Investments	12	4,364,000		4,364,000	
c) Deferred Tax Assets (Net)	13	16,700,000		16,700,000	
d) Long term Loans & Advances	14	161,265,492		33,363,327	
e) Other non-current assets	15	726,083	819,709,135	1,169,640	4,26,492,409
2 Current Assets					
a) Inventories	16	200,210,347		179,548,125	
b) Trade Receivables	17	156,690,137		169,135,202	
c) Cash & Bank Balances	18	8,326,715		12,906,509	
d) Short-term loans and advances	19	80,515,278	445,742,477	56,260,079	417,849,915
			<u>1,265,451,612</u>		<u>844,342,324</u>

Notes to the Accounts 1 to 36

As per our attached report of even date
For S.S.Surana & Co.
Chartered Accountants
FRN-001079C

Sd/-
R.N.GOYAL
Partner
M.No. 70331

Sd/-
C.P.VAID
Company Secretary

For and on behalf of the Board

Sd/-
SUDHIR KHAITAN
Chairman & Managing Director
Directors
Sd/-
P.L. BAWA
SHIV SHANKAR SHARMA
V.B.L. MATHUR

Place : Jaipur
Date : 29th May, 2012

Anil Special Steel Industries Ltd.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	Year Ended	Year Ended
		31.03.2012	31.03.2011
		Rupees	Rupees
Income			
Revenue from Operations	20	1,400,887,651	1,322,110,373
Other Income	21	7,665,729	7,822,652
Total Revenue		1,408,553,380	1,329,933,025
Expenditure			
Cost of Materials Consumed	22	1,020,469,593	949,022,234
Changes in Inventories of Finished Goods, Work-in-progress	23	(20,637,898)	(12,834,523)
Employees Benefit Expenses	24	99,053,881	95,995,207
Finance Costs	25	38,861,037	37,222,263
Depreciation and Amortization Expenses	26	32,086,512	31,640,373
Other Expenses	27	202,431,973	198,418,736
Total Expenses		1,372,265,098	1,299,464,290
Profit Before Tax		36,288,282	30,468,735
Tax Expenses	28		
Current Tax		7,260,277	—
Deferred Tax		—	—
Profit for the year		29,028,005	30,468,735
Earning per Equity Share of face value of Rs. 10/- Each			
Basic	29	1.60	2.50
Diluted		1.60	1.93
Notes on Financial Statement	1 to 36		

As per our attached report of even date
For S.S.Surana & Co.
Chartered Accountants
FRN-001079C

Sd/-
R.N.GOYAL
Partner
M No. 70331

Sd/-
C.P.VAID
Company Secretary

For and on behalf of the Board

Sd/-
SUDHIR KHAITAN
Chairman & Managing Director

Place : Jaipur
Date : 29th May, 2012

Directors
Sd/-
P.L. BAWA
SHIV SHANKAR SHARMA
V.B.L. MATHUR

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Accounting

The Accounts of the Company are prepared under the historical cost convention and in accordance with applicable accounting standards except where otherwise stated. For recognition of income and expenditure, accrual basis of accounting is followed except certain expenditure / income which are accounted for on payment/receipt basis on account of uncertainties.

(B) Fixed Assets

- (i) Fixed Assets are stated at cost (including additions in value due to revaluation as mentioned in note no. 11.4 below) / less accumulated depreciation. The cost of an asset comprises its purchase price (net of discount and Cenvat and Vat) and directly attributable cost of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the Statement of Profit and Loss.
- (ii) Pre-operative expenses relating to new and expansion projects incurred during the construction are allocated to Plant & Machinery and Building on commencement of commercial production.
- (iii) Depreciation is provided on straight line Method at the rates specified in Schedule XIV and provisions made therein of Companies Act, 1956 (as amended), on the Original cost of assets. Lease rental on Leasehold land is amortized over the period of lease. Depreciation on incremental value arising on account of revaluation of assets has been charged to Revaluation Reserve Account.
- (iv) As per technical opinion from expert, the Company had identified certain Plant & Machineries as "Continuous Process Plant" during financial year 2006-07 and depreciation on the same is being provided for at the rates specified under Schedule XIV of the Companies Act, 1956 (as amended) for continuous process plant.

(C) Investments

Long Term Investments are stated at cost and dividend, if any, thereon is accounted for as and when received. No provision for diminution in the value of investments has been made as the same are held for long term investment unless there is permanent decline in the value of investment.

(D) Foreign Currency Transactions

Transaction in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency assets and liabilities are translated at exchange rates prevailing at the date of Balance sheet. The loss or gain arising out of the said translations are adjusted to the Statement of Profit and loss except those arising in respect of liabilities for acquisition of fixed assets where the same is adjusted to the cost of assets. Profit/ Loss arising on cancellation of the forward contract is recognised as income & expense for the year.

(E) Revenue Recognition

Revenue from sale of goods is recognised on despatch from the factory / branches. Insurance claims are accounted for on admittance of the claims by the relevant authorities. Export benefits are being accounted on accrual basis. The sales are inclusive of excise duty, sales tax, other incidental charges and export benefits. Interest on NSC is recognised on receipt basis.

(F) Inventories

Inventories are valued at "cost", at "estimated cost", at "lower of cost or market price" or at "estimated realisable value", depending on the nature of various inventories. The Basis of Valuation of Inventories being followed is as under:-

- (i) Stores & Spares - At Weighed Average Cost
- (ii) Raw Materials - At Cost on FIFO basis
- (iii) Work-in-Process - At Estimated Cost
- (iv) Finished Goods - At lower of Cost or net realisable value
- (v) Scrap - At Realisable Value

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(G) Excise Duty and Sales Tax

Excise duty has been accounted on the basis of both payments made in respect of goods cleared as well as on provision made for goods lying in bonded ware house. Sales Tax realisation from the parties has been included in the Sales account and correspondingly figure of sales tax has been shown as an item of expenditure.

(H) Cenvat/VAT/Service Tax benefits

Cenvat/VAT/Service Tax benefits on purchase of inputs has been credited to respective Materials account. On capital goods, it has been credited to Fixed assets.

(I) Retirement benefits

Contribution to the employee's provident fund are made in accordance with the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952. Such contributions are charged to the Statement of Profit and Loss of the year in which the related services are rendered by the employees.

An irrevocable gratuity fund has been created for the benefit of employees of the Company with effect from 1st March, 1983, as per Group Gratuity cum Life Assurance Scheme of Life Insurance Corporation of India. The additional contribution for the fund has been estimated on projected unit credit method at Rs. 273,41,766/- up to 31/03/12 against which Gratuity Rs. 20,41,055/- for the current year (Previous year Rs.18,98,107/-) on estimation basis has been charged to Statement of Profit and Loss and liability is provided for and balance Rs.2,34,02,604/- remain unprovided. Due to paucity of funds the company has not paid contribution to LIC. Due to insufficient information disclosure as per AS-15 has not been made.

Leave Pay is being accounted for on cash basis. The Company has charged a sum of Rs.15,39,560/- on account of Leave Pay during the current year (Previous year Rs.14,86,434/-). However Leave Pay accrued Rs.42,57,585/- up to 31st March'2012 as per actuarial valuation, remain un-provided for.

(J) Bonus

Bonus to employees is being accounted for on cash basis. Bonus Accrued Rs. 7,50,711/- for the year ended 31/03/12 remain un-provided for.

(K) Impairment of Assets

An asset is treated as impaired when carrying cost of assets exceeds its recoverable value. An impairment loss is charged when an asset is identified as impaired.

(L) Treatment of Contingent Liabilities

Contingent liabilities are not provided but disclosed in notes on Financial Statements.

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
2. SHARE CAPITAL		
Authorised :		
27,000,000 (P.Y.:27,000,000) Equity Shares of Rs.10/- each	270,000,000	270,000,000
	<u>270,000,000</u>	<u>270,000,000</u>
Issued		
23,247,080 (Previous year 12,169,178) Equity Shares of Rs. 10 each	<u>232,470,300</u>	<u>121,691,780</u>
Subscribed & Paid up		
23,247,080 (Previous year 12,169,178) Equity Shares of Rs. 10 each Fully paid up	232,470,300	121,691,780
Less : Calls in Arrears	1,360	1,860
	<u>232,468,940</u>	<u>121,689,920</u>

2.1 The details of shareholding more than 5% shares

	No. of shares	% Held	No. of shares	% Held
Sudhir Khaitan	1230280	5.29	1230280	10.11
Stressed Assets Stabilization Fund	1253571	5.39	1253571	10.30
Agro Chemical & Fertilizers Ltd.	3475000	14.95	1720000	14.13
Mahalaxmi Saws Pvt. Ltd.	3476700	14.96	1060000	8.71
Pooja Wintrade Pvt. Ltd.	2006202	8.53	-	-
Reliance Sheet Works Pvt. Ltd.	3378000	14.53	-	-
	<u>14819753</u>		<u>5263851</u>	

2.2 The Reconciliation of number of share outstanding is set out below

	No. of shares	No. of shares
Equity share at the beginning of the year	12,169,178	12,169,178
Add: Share issued/Converted	11,077,902	-
Less: Shares cancelled on buy back of equity shares	-	-
Equity share at the end of the year	23,247,080	12,169,178

2.3 The Company had issued 1,21,78,302 Equity Share Warrants on preferential basis to selected group of persons at a price of Rs. 11.50 per warrant, compulsorily convertible in Equity Share of Rs. 10/- each at a premium of Rs. 1.50 per share within 18 months from 30.03.2010 which has approval of BSE vide letter dated 19/03/2010 out of this, the Company has converted 1,10,77,902 Equity Share Warrants into Equity Shares of Rs. 10/- each on premium of Rs. 1.50 per share and decided to refund the amount received against 11,00,400 Equity Share Warrants in the board meeting.

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

As at	As at		31.03.2011	
	31.03.2012		Rupees	
	Rupees		Rupees	
3. RESERVES & SURPLUS				
Capital Reserve				
As per last Balance Sheet		49,525		49,525
Capital Redemption Reserve				
As per last Balance Sheet		1,500,000		1,500,000
Securities Premium Reserve				
As per last Balance Sheet	126,903,180		126,903,180	
Add : On conversion of Share Warrants	16,616,853		--	
Add : On Re-issue of forfeited Shares	<u>43,960</u>	143,563,993	--	126,903,180
Profit & Loss Account (Surplus)				
As per last Balance Sheet	58,075,145		27,606,410	
Add: Profit for the year	<u>29,028,005</u>	87,103,150	<u>30,468,735</u>	58,075,145
Revaluation Reserve(Refer Note No. 11.4)				
As per last Balance Sheet	33,337,921		35,778,238	
Less : Transferred to Depreciation & Amortization	<u>2,440,317</u>	30,897,604	<u>2,440,317</u>	33,337,921
		<u>263,114,272</u>		<u>219,865,771</u>

3.1 Company had forfeited 10990 Equity shares which were reissued at Rs. 25/- Per share as approved in the Board meeting held on 7th May 2005. Now the issue price has been reworked at Rs. 29/- Per equity share as per SEBI (ICDR) Regulations and accordingly difference amount Rs. 4/- per share on 10990 equity shares has been received from respective shareholders and credited to Securities Premium Account.

4. MONEY RECEIVED AGAINST SHARE WARRANTS

-	42,036,370
-	<u>42,036,370</u>

The Company had issued 1,21,78,302 Equity Share Warrants on preferential basis to selected group of persons at a price of Rs. 11.50 per warrant, compulsorily convertible in Equity Share of Rs. 10/- each at a premium of Rs. 1.50 per share within 18 months from 30.03.2010 which has approval of BSE vide letter dated 19/03/2010 out of this, the Company has converted 1,10,77,902 Equity Share Warrants into Equity Shares of Rs. 10/- each on premium of Rs. 1.50 per share and decided to refund the amount received against 11,00,400 Equity Share Warrants in the board meeting.

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
5 LONG TERM BORROWINGS		
Secured		
Term Loan from Bank	156,708,589	-
Term Loan from Financial Institution	114,300,000	-
WCTL from Bank	-	2,727,208
Hire Purchase Loans from Banks/ others	7,335,514	16,451,672
	<u>278,344,103</u>	<u>19,178,880</u>
Unsecured		
Loan from related parties	54,315,828	7,067,693
Loan from Bodies Corporate	1,200,000	24,023,860
Loan from Others	3,600,000	5,538,967
	<u>59,115,828</u>	<u>36,630,520</u>
	<u>337,459,931</u>	<u>55,809,400</u>
5.1	Term loan from Bank is secured by first pari passu charge over movable and immovable assets of the company situated at Ananthpura & Kanakpura. It is also guaranteed by Shri Sudhir Khaitan, CMD of the company.	
5.2	Term loan from Financial institutions is secured by first pari passu charge over movable and immovable assets of the company situated at Ananthpura & Kanakpura and also guaranteed by Shri Sudhir Khaitan, CMD of the company & Rashmi Khaitan, Director.	
5.3	Hire purchase loan from Banks/ others are secured by respective Vehicle/Equipment financed by the them, except loan from Kotak Mahindra Bank Limited which is secured by registered mortgage of Land measuring 1C88.80 Sq. yards and all the present and future super structure known as plot no. 2/17 Kalyan Kunj, Civil Lines, Jaipur and guaranteed by Shri Sudhir Khaitan CMD of the company and Smt Rashmi Khaitan, Director.	
5.4	Terms of Repayment are given below:-	
	a) Term loan from Bank is repayable in 20 quarterly installments of Rs. 77,50,000/- commencing from May, 2013.	
	b) Term loan from Financial Institution is repayable in 20 quarterly installments of Rs. 85,75,000/- commencing from May, 2013.	
	c) Hire Purchase loans are repayable in the year 2013-14 Rs. 70,65,011/- & in FY 2014-15 Rs. 2,70,503/-	
5.5	Unsecured loans are interest free.	
6. LONG TERM PROVISIONS		
Provision for Gratuity	3,939,162	1,898,107
	<u>3,939,162</u>	<u>1,898,107</u>

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
7. SHORT TERM BORROWINGS		
Secured		
Working Capital Borrowings from Banks (Loans repayable on demand)	224,226,141	223,707,000
	<u>224,226,141</u>	<u>223,707,000</u>
7.1 Working Capital limits of Unit-I is secured by First charge over current assets of the company (Present and future) situated at Kanakpura ranking Pari Passu among the consortium bankers. It is further secured by way of second charge on the entire fixed assets (Movable and immovable) of company situated at Kanakpura and Ananthpura both present and future ranking pari passu among consortium bankers and personal guarantee of Shri Sudhir Khaitan, CMD of the company.		
7.2 Working capital limits of Unit II (Outstanding Rs. Nil) from bank is secured by first charge over Current assets of the company (both existing and future) situated at village Ananthpura, Chimanpura, Tehsil-Chomu, District-Jaipur & Second Pari passu charge among consortium Bank on the fixed assets of the company, situated at Kanakpura and Ananthpura and personal guarantee of Shri Sudhir Khaitan, CMD of the company.		
8. TRADE PAYABLES		
Trade Payable	130,194,531	118,321,353
	<u>130,194,531</u>	<u>118,321,353</u>
As per information available with the Company from the suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006), there were no overdues payable to any of the supplier.		
9. OTHER CURRENT LIABILITIES		
Current maturities of long term liabilities	14,856,620	26,796,063
Interest Accrued but not due on borrowings	1,823,564	213,777
Interest Accrued and due on borrowings	271,958	-
Money received for allotment of securities and due for refund (from selected group of persons)	7,479,600	-
Capital Creditors	10,710,445	-
Advance from customer	9,759,253	19,625,517
Other liabilities	21,881,918	14,379,046
	<u>66,788,358</u>	<u>61,014,403</u>
10. SHORT TERM PROVISIONS		
Provision for Current Income Tax	7,260,277	-
	<u>7,260,277</u>	<u>-</u>

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

SCHEDULE 11 : FIXED ASSETS

Tangible Assets

Description of Assets	Gross Block				Depreciation		Net Block		
	Cost as at 1st April 2011	Addition during the year 2011-12	Less: Sale/adjustment during the year	Total Cost upto 31st March, 2012	For the year 2011-12	Less on Sales/Adjustments	Total upto 31st, March 2012	As at 31st March, 2012	As at 31st March, 2011
Land- Leasehold	15,142,456	-	-	15,142,456	1,745	-	53,161	15,083,245	15,064,565
Land- Freehold	22,500,000	-	-	22,500,000	-	-	-	22,500,000	22,500,000
Factory Building	74,099,250	569,901	-	74,669,151	2,341,085	-	38,929,277	35,739,874	37,511,058
Plant & Machinery	714,615,013	3,589,278	-	718,204,291	31,164,970	-	505,574,015	212,630,276	240,205,968
Furniture & Fixtures	7,823,824	1,085,687	-	8,909,511	90,045	-	6,869,819	2,039,692	1,044,050
Office Equipments	8,737,462	190,707	-	8,928,169	266,883	-	7,276,459	1,651,710	1,727,886
Vehicles	6,611,455	1,939,943	1,377,592	7,173,806	662,106	7,37,885	1,279,055	5,894,751	5,256,621
Total	849,529,410	7,375,516	1,377,592	855,527,334	34,526,829	737,885	559,987,786	295,539,548	323,330,568
Capital Work in Progress	(840,767,557)	(15,366,179)	(6,604,326)	(849,529,410)	(34,080,690)	(4,075,306)	(526,188,842)	(323,330,568)	(344,574,099)
Capital Work in Progress	47,564,874	293,549,138	-	341,114,012	-	-	-	341,114,012	47,564,874
Capital Work in Progress	(23,898,280)	(23,666,594)	-	(47,564,874)	-	-	-	(47,564,874)	(23,898,280)
11.1 Lease hold land being Written off proportionately									
11.2 Depreciation has been provided on original cost of all assets on straight line method in accordance with provisions of section 205 and 350 read with schedule XIV of Companies Act, 1956.									
11.3 Plant & Machinery includes assets taken on lease for value of Rs. 87.47 lacs (P.Y. RS. 87.47 lacs) since transferred to company at value of Re. 1/-									
11.4 The Gross Block of Fixed Assets includes Rs.14887000/- (P.Y.Rs.14887000/-) on Leasehold land, Rs.14428000/- (P.Y.Rs.14428000/-) on Building and Rs.8729692/- (P.Y.Rs.8729692/-) on Plant & Machinery (Net of sale of Rs.10649308/-) on account of revaluation as on 1.4.1998. Consequent to the said revaluation there is additional charge of Depreciation of Rs. 2440317/- (P.Y. Rs. 2440317/-) and an equivalent has been withdrawn from Revaluation reserve. There is no impact on profit for the year.									
11.5 Capital Work in Progress are in relation to TMT BAR Division at Village Anaptura, Chimanpura, Tehsil Chomu, Distt. Jaipur, Rajasthan.									
				As at 31.3.2012				As at 31.3.2011	
Land and Building				130,052,381			41,563,510		
Office Equipments				33,050			-		
Vehicles				799,838			-		
Plant & Machinery				178,300,329			-		
Pre Operative Expenses				31,928,414			6,001,364		
				341,114,012			47,564,874		

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
12. NON CURRENT INVESTMENTS		
Long term Investment at cost		
Other Investments		
In Equity Shares- quoted, fully paid up		
480 Fully paid Equity Shares of Rs.10 each in Industrial Development Bank of India Ltd.	39,000	39,000
In Equity Shares- unquoted, Fully paid up		
34,500 fully paid equity shares of Rs. 100 each in Gautam International Ltd.	3,450,000	3,450,000
2,000 fully paid equity shares of Rs.10 each in Satya Sons Services Ltd.	20,000	20,000
Other non-current investment		
Kotak Life Insurance	855,000	855,000
	<u>4,364,000</u>	<u>4,364,000</u>
Market Value of Quoted Shares as on 31st March	50,256	68,376
12.1 Provision required to be made on account of Diminution in the value of Unquoted investment has not ascertained & provided for as the financial statements of these companies are not available.		
12.2 Investment of Rs. 8,55,000/- has been done in Kotak Smart Advantage plan of Kotak Life Insurance. The amount of investment consist the life insurance premium and other charges, paid on the life of Managing Director of the company has not been charged to revenue.		
The investment has been made in view of stipulation of Kotak Mahindra Bank Ltd. for sanction of Term Loan of Rs. 4,00,00,000/-. The market value of investment as on 31st March, 2012 is not ascertainable as the policy to be kept in force for duration of 10 years. The Managing Director has given an undertaking to assign all policy benefits in favour of the company.		
13 DEFERRED TAX ASSETS (NET)		
Deferred Tax Assets	16,700,000	16,700,000
13.1 Deferred Tax Assets		
i Tax impact of unabsorbed depreciation Subject to Appeals and rectification.	28991707	39062575
ii Tax impact of expenses charged off in the Financial statement but allowance under Tax laws deferred	199718	211331
Deferred Tax Liability		
iii Tax impact due to difference between tax Depreciation and book Depreciation	(26393558)	(32671012)
	<u>2797867</u>	<u>6602894</u>
13.2 Deferred Tax Assets are recognised and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Asset can be realised. Accordingly the company has recognised Deferred Tax Asset Rs. 1,67,00,000/- up to 31/03/2009. The reversal of deferred tax asset for the year Rs. 38,05,027/- and cumulative up to 31/03/12 amounting to Rs. 139,02,133/- has not been done. Management has deferred the reversal till the deferred tax liability arises.		

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
14 LONG TERM LOANS & ADVANCES (Unsecured and Considered Good)		
Capital advances	141,817,701	26,549,711
Deposit with Govt. Deptts. & Others	19,447,791	6,813,616
	161,265,492	33,363,327
15 OTHER NON-CURRENT ASSET <u>Deferred Revenue Expenditure</u>		
(a) Interest/premium paid on one time settlement to SASF	-	13,433,638
to NICL	-	279,980
	-	13,713,618
Less:- Amortized during the year	-	13,713,618
	-	-
(b) Processing Fee & Legal charges on loans from Banks	322,060	774,666
Less:- Written off 1/5th	161,030	452,606
	161,030	322,060
(c) Capital Issue Expenses	847,580	1,130,107
Less:- Written off 1/5th	282,527	282,527
	565,053	847,580
	726,083	1,169,640
15.1 Deferred Revenue Expenditure of Rs.2,46,84,514/- determined in earlier years in respect of interest paid on one time settlement has been amortized in 18 monthly installments w.e.f. 01.08.2009.		
15.2 Processing and legal charges on borrowings are being amortized over five years from the year in which these are incurred. Accordingly a sum of Rs. 1,61,030/- has been amortized during the year.		
15.3 Capital issue expenses Rs. 14,12,634/- are being amortized over 5 years. Accordingly a sum of Rs. 2,82,527/- has been written off during the year.		
16 INVENTORIES (As taken, valued and certified by the Management)		
Stores & Spares (including Capital Stores)	14,346,900	14,322,576
Work in Progress	171,891,607	157,298,381
Finished Goods		
At Factory	13,752,543	7,440,207
In transit	219,292	482,593
Scrap	-	4,368
	200,210,347	179,548,125
17 TRADE RECEIVABLES (Unsecured-Considered good)		
Outstanding for a period exceeding Six months	37,269,002	17,004,682
Others	119,421,135	152,130,520
	156,690,137	169,135,202
	156,690,137	169,135,202

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
17.1	No provision has been made for debts of Rs.31,73,582/- (previous year Rs.33,00,168/-) which are under litigation. As per legal opinion taken by the Company, these debts are good for recovery. The Provision/write off will be done on final ascertainment.	
18 CASH & BANK BALANCES		
Cash in hand	285,615	304,322
Balance with Schedule Banks:-		
In Current Account	3,076,936	1,022,618
In Fixed Deposits/ Margin Money Account (Against LC and Bank Guarantee)	4,656,442	9,180,289
Cheques/Draft in hand	305,722	2,397,280
Saving Account with Post office	2,000	2,000
	<u>8,326,715</u>	<u>12,906,509</u>
19 SHORT TERM LOANS & ADVANCES (Unsecured, considered good)		
Prepaid expenses	2,238,587	1,219,869
Sales Tax /VAT Advance	15,049,003	8,030,368
Excise duty Advance	19,257,762	6,340,623
Income Tax Advance/TDS	1,405,883	1,717,366
Advances for goods & services	4,081,978	4,338,134
Employee Advance	1,718,729	1,911,305
Other Receivables	36,763,336	32,702,414
	<u>80,515,278</u>	<u>56,260,079</u>
19.1	Other Receivable includes security deposit of Rs. 98,00,000/- given against hiring of premises at Mumbai which has been called back by the company. However, till the amount is received back the property is being occupied and rent has not been provided since Jan 2002 in the books of accounts. Premium / deficit on Security Deposit will be accounted for on final settlement with the property owner.	
19.2	Income tax Advance/TDS includes Rs. 13,92,646/- which has been claimed for refund. The income tax being deducted at source by the parties are being accounted on receipt of TDS certificates from parties.	
20 REVENUE FROM OPERATIONS		
Sale of Products	1,422,024,056	1,345,841,628
Others(Scrap Sales)	33,021,444	29,931,174
Sale of Services(Job work)	2,703,647	2,079,886
	<u>1,457,749,147</u>	<u>1,377,852,688</u>
Less : Excise Duty	56,861,496	55,742,315
Total Revenue from Operations	<u>1,400,887,651</u>	<u>1,322,110,373</u>
21 OTHER INCOME		
Dividend	960	1,440
Miscellaneous Income	2,292,795	1,187,872
Sundry Balances / Provisions w/back(Net)	-	1,219,964
Profit on Sale of Fixed Assets	129,293	451,179
Break Down Insurance Claims	-	705,992
Interest Received	1,809,836	1,837,550
Foreign Exchange Gain / (Loss)	3,432,845	2,418,655
	<u>7,665,729</u>	<u>7,822,652</u>

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31.03.2012 Rupees		As at 31.03.2011 Rupees	
22 COST OF MATERIALS CONSUMED				
Opening Stock		--		--
Purchase during the year		1,020,469,593		949,022,234
Closing Stock		--		--
Consumption during the year		<u>1,020,469,593</u>		<u>949,022,234</u>
22.1 Value of materials consumed	Rupees	% of Consumption	Rupees	% of Consumption
Imported	8,763,567	0.86	5,847,729	0.62
Indigenous	1,011,706,026	99.14	943,174,505	99.38
	<u>1,020,469,593</u>	<u>100.00</u>	<u>949,022,234</u>	<u>100.00</u>
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS				
Opening Stock:				
Finished Goods	7,922,800		10,275,907	
Work in Progress	157,298,381		142,110,751	
Scrap	4,368	165,225,549	4,368	152,391,026
Closing Stock :				
Finished Goods	13,971,840		7,922,800	
Work in Progress	171,891,607		157,298,381	
Scrap	--	185,863,447	4,368	165,225,549
		<u>(20,637,898)</u>		<u>(12,834,523)</u>
24 EMPLOYEE BENEFIT EXPENSES				
Salaries ,Wages, Allowances		86,681,793		83,921,012
Contribution to Provident Fund & Other Fund		9,012,823		8,971,414
Employees Welfare Expenses		3,359,265		3,102,781
		<u>99,053,881</u>		<u>95,995,207</u>
24.1 Bonus to employees is being accounted for on cash basis.{Refer Note No. 1(J)}				
24.2 Leave pay is being accounted for on cash basis. Gratuity partly remain unprovided for. {Refer Note No. 1(I)}				
25 FINANCE COST				
Interest Expense		36,021,645		34,181,536
Bank Charges		2,839,392		3,040,727
		<u>38,861,037</u>		<u>37,222,263</u>
26 DEPRECIATION & AMORTIZATION				
Depreciation		34,526,829		34,080,690
Less: Transferred from Revaluation Reserve		2,440,317		2,440,317
		<u>32,086,512</u>		<u>31,640,373</u>

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
27 OTHER EXPENSES		
Consumption of stores & spares	34,777,515	32,141,026
Power and fuel	82,465,026	71,724,110
Job Work charges	1,178,252	669,184
Repairs & Maintenance to:		
Plant & Machinery	11,508,552	9,324,528
Building	540,831	484,129
Others	646,676	1,200,177
Rent	1,117,932	1,184,278
Rates & Taxes	237,261	264,078
Directors Travelling Expenses	1,016,268	897,666
Travelling - Others	1,605,284	1,172,304
Insurance	1,180,940	1,287,148
Directors Meeting Fees	220,000	198,000
Payment to Statutory Auditors	234,500	187,200
General Expenses	5,963,479	4,800,432
Sales Tax	16,929,274	18,825,861
Advertisement	253,929	287,395
Sales Promotion	96,171	36,196
Freight, Forwarding & Export expenses	35,575,369	34,644,671
Commission on Sales	1,238,693	587,803
Trade & Other Selling Expenses	5,202,464	4,053,799
Miscellaneous Exp. Written off	443,557	14,448,751
	<u>202,431,973</u>	<u>198,418,736</u>

27.1 VALUE OF STORES & SPARES CONSUMED

	Rupees	% of Consumption	Rupees	% of Consumption
Imported	420,991	1.21	363,372	1.13
Indigenous	34,356,524	98.79	31,777,654	98.87
	<u>34,777,515</u>	<u>100.00</u>	<u>32,141,026</u>	<u>100.00</u>

27.2 PAYMENT TO AUDITORS

For Audit Fee	150,000	100,000
For Tax Audit	35,000	30,000
For Audit Expenses	12,500	11,200
In other capacity		
a) For Tax Assessments / Appeals	22,000	31,000
b) For certification and other matters	15,000	15,000
	<u>234,500</u>	<u>187,200</u>

28 TAX EXPENSES

Current tax	7,260,277	-
Deferred tax (Refer Note No. 13)	-	-

28.1 Income tax for current year has been calculated as per applicable provisions of Section 115JB of Income Tax Act, 1961 as the tax on book profit is higher than tax on business income.

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
28.2	The liability of Income tax for earlier years, if any is being accounted for on crystalisation in view of Legal opinion and various appeals, rectifications pending.	
29 EARNING PER SHARE		
i Net Profit after tax as per Statement of Profit and Loss	29,028,005	30,468,735
Attributable to equity shareholders		
ii Weighted Average number of equity share used as denominator for calculating BEPS	18,119,934	12,169,178
iii Weighted Average Number of Diluted equity shares	18,119,934	15,324,254
iv Basic Earning per share (Rs.)	1.60	2.50
v Diluted Earning per share (Rs.)	1.60	1.93
vi Face value per equity share (Rs.)	10.00	10.00
30 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF:		
Raw Materials	8,330,151	5,846,619
Stores & Spares	421,100	892,628
Capital Goods	--	2,036,048
31 EXPENDITURE IN FOREIGN CURRENCY		
Commission on Sales	1,105,637	587,803
Travelling	671,830	331,841
32 EARNINGS IN FOREIGN EXCHANGE		
F.O.B. Value of Exports	359,692,521	324,419,438
33 RELATED PARTY DISCLOSURE		
Names and Relationship of related parties		
i) Key Management personnel and relatives		
Name of Related Party	Relationship	
1) Mr. Sudhir Khaitan	Chairman & Managing Director	
2) Mrs. Rashmi Khaitan	Director	
Transactions during the year with related parties		
1 Remuneration:	Rupees	
a) Mr. Sudhir Khaitan	2,483,375	2,363,063
b) Mrs. Rashmi Khaitan	917,618	835,648
2 Interest free borrowings at end of the year		
a) From Mr. Sudhir Khaitan	54,315,828	7,067,693
34 CONTINGENT LIABILITIES AND COMMITMENTS		
a. Contingent Liabilities		
i. Bank Guarantees (Margin their against 175187/-)	4,675,187	5,875,187
ii. Against Sales Tax Cases for earlier years under Appeal (amount paid their against Rs. 1052185/-)	1,052,185	1,052,185
iii. Against Excise matter being disputed	1,310,697	1,778,133
b. Commitments		
i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	180,890,644	268,700,000
ii) Advances paid in respect thereof	141,817,701	26,549,711

Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

As at
31.03.2012
Rupees

As at
31.03.2011
Rupees

35 SEGMENT REPORTING (AS-17)

Segment information for the year ended 31st March, 2012

A BUSINESS SEGMENT

For the Year 2011-12

For the Year
2010-11

Particulars	Rolled Products	TMT BAR	Total	Rolled Products
Revenue				
Sales	1,400,887,651	-	1,400,887,651	1,322,110,373
Other Income	7,665,729	-	7,665,729	7,822,652
Total Revenue	1,408,553,380	-	1,408,553,380	1,329,933,025
Results				
Profit Before Interest, Tax and Dividend income	70,499,131	-	70,499,131	62,811,281
Dividend Income	960	-	960	1,440
Interest(Net)	(34,211,809)	-	(34,211,809)	(32,343,986)
Provision for tax	7,260,277	-	7,260,277	-
Net Profit	29,028,005	-	29,028,005	30,468,735
Other Information				
Segment Assets	793,422,963	472,028,649	1,265,451,612	844,342,324
Segment Liabilities	563,356,035	206,512,365	769,868,400	460,750,263
Capital Expenditure	7,375,516	293,549,138	300,924,654	39,032,773
Depreciation	32,086,512	-	32,086,512	31,640,373
Other Non Cash Expenses : Misc. Expenses W/off	443,557	-	443,557	14,448,751

Previous year figures have been given for whole enterprise as there was no other reportable segment during last year.

B GEOGRAPHICAL SEGMENT

Revenue	As at 31.03.2012		As at 31.03.2011	
	In India	Outside India	In India	Outside India
Sales	1,014,786,760	386,100,891	976,300,514	345,809,859
Other Income	7,665,729	-	7,822,652	-
Total Revenue	1,022,452,489	386,100,891	984,123,166	345,809,859

36 These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year Figures have been regrouped/ restated.

As per our attached report of even date

For S.S.Surana & Co
Chartered Accountants
FRN-001C79C

Sd/-
R.N.GOYAL
Partner
M.No. 70331

Place : Jaipur
Date : 29th May, 2012

For and on behalf of the Board

Sd/-
C.P.VAID
Company Secretary

Sd/-
SUDHIR KHAITAN
Chairman & Managing Director
Directors
Sd/-
P.L. BAWA
SHIV SHANKAR SHARMA
V.B.L. MATHUR

Anil Special Steel Industries Ltd.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

Particulars	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	36,288,282	30,468,736
Adjustment for :		
Depreciation and Amortization expenses	32,086,512	31,640,373
Dividend received	(960)	(1,440)
Interest Paid	38,861,037	34,181,536
Interest received	(1,809,836)	(1,837,550)
(Profit)/Loss on Sale of Fixed Assets	(129,293)	(451,179)
Deferred Revenue Expenses Written off	443,557	14,448,751
Operating profit before working capital changes	105,739,299	108,449,227
Adjustment for:-		
(Increase) / Decrease in Inventories	(20,662,222)	(15,103,690)
(Increase) /Decrease in Trade Receivables	12,445,065	1,933,366
(Increase) /Decrease in Short and Long Term Loans & Advances	(152,468,847)	(6,116,336)
(Increase) / Decrease in Other Current Assets	-	(4,291,934)
Increase/(Decrease) in Trade Payables, Other Current Liabilities and Provisions	19,688,188	10,265,936
Adjustment for / Payment of Tax	311,483	(286,023)
Changes in Working capital (Net)	(140,686,333)	(13,598,681)
Net Cash from operating activities	(34,947,034)	94,850,546
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed asset(Net of Revaluation) (Including CWIP)	(300,924,654)	(65,840,180)
Sale of Fixed Asset	769,000	2,980,200
Purchase of Investment	-	(275,000)
Interest received	1,809,836	1,837,550
Dividend received	960	1,440
Net Cash used in Investing activities	(298,344,858)	(61,295,990)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital/Share Warrants	68,742,650	7,023,750
Increase in Share Premium	16,660,813	-
Proceeds from Term Loan (Net)	268,281,381	(45,146,581)
Increase /(Decrease) in Hire Purchase Finance	(9,116,158)	(249,375)
Increase / (Decrease) in Unsecured loans	22,485,308	8,510,478
Proceeds from short term borrowings (Net)	519,141	31,029,806
Interest Paid	(38,861,037)	(34,181,536)
Net cash used in financing activities	328,712,098	(33,013,458)
Net Increase/(Decrease) in cash and cash equivalents	(4,579,794)	541,098
Opening Balance of Cash and Cash equivalents	12,906,509	12,365,411
Closing Balance of Cash and Cash equivalents	8,326,715	12,906,509

For S.S.Surana & Co.
Chartered Accountants
FRN-001079C

Sd/-
R.N.GOYAL
Partner
M.No. 70331

Sd/-
C.P.VAID
Company Secretary

For and on behalf of the Board

Sd/-
SUDHIR KHAITAN
Chairman & Managing Director
Directors
Sd/-
P.L. BAWA
SHIV SHANKAR SHARMA
V.B.L. MATHUR

Place : Ja pur
Date : 29th May, 2012