

45th

**A** **NNUAL**  
**REPORT**  
**2012-2013**

**Anil Special Steel Industries Ltd.**

**DIRECTORS**

Krishan Murari Gangawat  
P.L. Bawa  
Rashmi Khaitan (Executive Director)  
Shiv Shankar Sharma  
V.B.L. Mathur

**CHAIRMAN & MANAGING DIRECTOR**  
Sudhir Khaitan

**AUDIT COMMITTEE**

P.L. Bawa  
Shiv Shankar Sharma  
V.B. L. Mathur

**PRESIDENT**

Suresh Sharma

**GM (FINANCE) & COMPANY SECRETARY**  
C.P. Vaid

**AUDITORS**

M/s S.S. Surana & Co., Jaipur

**BANKERS/FINANCIAL INSTITUTIONS**

Allahabad Bank  
Bank of Maharashtra  
Indian Overseas Bank  
State Bank of Bikaner & Jaipur  
Rajasthan State Industrial Development & Investment Corporation (RIICO)

**REGISTERED OFFICE**

Kanakpura, P.O. Meenawala, Jaipur-302 012

**WORKS**

Flat Rolled Products Division: Kanakpura, P.O. Meenawala, Jaipur-302 012  
TMT Rebar Division : Anantpura P.O. Govindgarh, Tehsil-Chomu, Jaipur-303 712

**REGISTRAR & SHARE TRANSFER AGENT**

M/s. MCS Limited  
F-65, 1st Floor, Okhla Indl. Area, Phase-I  
NEW DELHI - 110 020

## Anil Special Steel Industries Ltd.

### NOTICE

NOTICE is hereby given that the 45th Annual General Meeting of the members of Anil Special Steel Industries Limited will be held at the Registered Office of the Company at Kanakpura, P.O. Meenawala, Jaipur - 302 012 on Monday the 30th day of September 2013 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 2013 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 2013.
2. To appoint a Director in place of Shri Krishan Murari Gangawat, who retired by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Rashmi Khaitan, who retired by rotation and being eligible, offers herself 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.

Jaipur 30th May, 2013  
Regd. Office :  
Kanakpura, P.O. Meenawala,  
Jaipur - 302 012

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

### NOTICE

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 28th Sept. 2013 to 30th Sept. 2013 (both days inclusive) for the financial year 2012-13.
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.

## Anil Special Steel Industries Ltd.

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 Krishan Murari Gangawat |
| Date of Birth  | 05.09.1950                   |
| Date of Appointment  | 12.08.2011                   |
| Expertise in Specific Functional Areas                     | Administration               |
| Qualifications   | M.A.                         |
| 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                       | 110                          |

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                                       | Mrs. Rashmi Khaitan         |
| Date of Birth  | 30.06.1964                  |
| Date of Appointment  | 16.06.2011                  |
| Expertise in Specific Functional Areas                     | Administration & Management |
| Qualifications   | M.com                       |
| 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                       | 16500                       |

Jaipur 30th May, 2013  
Regd. Office :  
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 45th Annual Report of the Company together with the Audited Profit & Loss Account for the year ended on 31.03.2013 and the Balance Sheet as on that date. (as per Revised Schedule VI)

### FINANCIAL RESULTS

(Rs. in lacs)

|   | Year ending<br>31.03.2013 | Year ending<br>31.03.2012 |
|---|---------------------------|---------------------------|
| Turnover,   | 16026                     | 14577                     |
| Gross Profit before Finance Cost and Depreciation | 862                       | 1073                      |
| Finance Cost                                      | 461                       | 389                       |
| Profit after Finance Cost                         | 401                       | 684                       |
| Depreciation                                      | 361                       | 321                       |
| Net Profit before Tax                             | 40                        | 363                       |
| Tax   | 8                         | 73                        |
| Net Profit for the year                           | 32                        | 290                       |

### OPERATIONAL REVIEW

During the year Turnover for the financial year under review is Rs. 16026 lacs against Rs. 14577 lacs in the previous year hence an increase in turnover by 9.94% and Profit after tax for the year is Rs. 32 lacs as against Rs. 290 lacs for the previous year, the commercial production of TMT Rebar Division was commenced in the month of February, 2013 due to initial trial expenses and lower capacity utilization net loss of Rs. 267 Lacs of Unit-II (TMT REBAR Division) of the company is incurred. However, the Profit after tax of Unit-I is 299 Lacs as against 290 Lacs in the previous year that shows a growth by Rs. 9 lacs.

### 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.

### TMT REBAR PROJECT

During the year 2012-13 the Company has expanded / diversified its operation of business and set up a new TMT REBAR Unit (Fully Automated Rolling Mill) with latest technology and latest machines having a capacity to produce TMT Re-bars of 1,20,000 M.T. P.A. at Anantpura, Sikar Road, Chomu, Jaipur. The commercial production of the same has been started from 21.02.2013.

### DIVIDENDS

To consolidate the long-term resources for enhanced working capital 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

Company has successfully implemented the TMT Rebar Project and commercial production was commenced in the month of February, 2013. The project was financed by Term Loan from RIICO Rs. 17.15 Crores and Term Loan from Indian Overseas Bank of Rs. 15.50 Crores and Rs. 3.50 Crores Term Loan from Kotak Mahindra Bank Limited. The remaining amount around Rs. 22.50 Crores was brought by the Promoters in the shape of Equity / unsecured loans.

## Anil Special Steel Industries Ltd.

The Board of Directors of the Company in their meeting held on 5th November 2012 approved the sale of existing land of Unit-I bearing Khasra No. 317 admeasuring 52246.77 Sqm. and Khasra No. 115, 42/481, 43, 44, 45, 45/485 admeasuring 47044.61 Sqm. situated at Kanakpura, Meenawala, Jaipur and shifting of Unit-I to new location in the same district. Further the shareholder has approved the above through Postal Ballot as on 12th December 2012 and company has received NOC from all banks. The part sale proceeds will be utilized to pay the term loan of RIICO and Kotak Mahindra Bank Limited, this will reduce the interest burden and improve the liquidity of the Company.

### ALLOTMENT OF BONUS EQUITY SHARES

During the year the Board of Directors of the company with the consent of its members in their meeting held on 15.09.2012 has capitalized its reserves and allotted Bonus equity shares not exceeding 23,24,708 equity shares in the proportion of 1 fully paid bonus equity shares for every 10 fully paid equity shares to the members of the company whose name appears in the register of members as on record date i.e. 18.10.2012. In this connection the company has submitted required information and filed necessary forms to the ROC and has received Listing as well as trading approval from the Stock 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

Mrs. Rashmi Khaitan and Shri Krishan Murari Gangawat retired 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 themselves for re-appointment. The company has received notice from the Members for their re-appointment as directors 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.

### 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 judgement 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 a 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 9.94% over the previous year. The net profit for the current year is Rs.32.00 Lacs as compared to net profit of Rs.290.00 Lacs earned in previous year, the commercial production of TMT Rebar Division was commenced in the month of February, 2013 due to initial trial expenses and lower capacity utilization net loss of Rs. 267 Lacs of Unit-II (TMT REBAR Division) of the company is incurred. However, the Profit after tax of Unit-I is 299 Lacs as against 290 Lacs in the previous year that shows a growth by Rs. 9 lacs. 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 REBAR plant, which has commenced from February, 2013 in this Financial year so a lot of new opportunities shall 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 expanded its current line of business by setting up a new TMT REBAR project at Anathpura, Chimanpura, Tehsil Chomu, District Jaipur, which has commenced from February, 2013 in this Financial year. So the company has great opportunity to further strengthen its presence both in existing and new market and achieve higher sale targets.

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, projections, estimates and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either.

# Anil Special Steel Industries Ltd.

## 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.

#### (i) Flat Rolled Products Division

#### (A) Conservation of Energy

|   | 2012-13  | 2011-12  |
|---|----------|----------|
| <b>1. Electricity</b>                                     |          |          |
| (a) Purchased :   |          |          |
| Unit (Kwh.)   | 10873670 | 11628330 |
| Amount  | 63776822 | 60482258 |
| Rate/Unit (Rs.)   | 5.98     | 5.20     |
| (b) Own Generation:                                       |          |          |
| Through Diesel Generator:                                 |          |          |
| Unit (Kwh)  | 215958   | 320428   |
| Unit Produced per ltr. of Diesel oil                      | 3.12     | 3.12     |
| Cost / Unit (Direct Cost) (Rs.)                           | 14.68    | 12.12    |
| <b>2. Fuel in Oil Fired Annealing Furnaces:</b>           |          |          |
| Quantity (Ltrs)   | 332167   | 487576   |
| Total Cost (Rs.)  | 15222480 | 18100654 |
| Rate/Unit (Rs. /PMT)                                      | 1785.91  | 1808.02  |
| <b>(B) CONSUMPTION PER UNIT OF FLAT ROLLED PRODUCTION</b> |          |          |
| Electricity (kwh/ PMT)                                    | 1277.58  | 1193.53  |
| Fuel ( Ltr / PMT)   | 38.97    | 48.70    |
| <b>Other detail</b>                                       |          |          |
| HSD Cons. In D.G Sets (ltr)                               | 69178    | 102663   |
| HSD Cons. In D.G Sets (Rs.)                               | 3170275  | 3882114  |
| Production CRCA   | 762.50   | 869.37   |
| Production H&T  | 7761.15  | 9141.93  |
| Total Packed Production                                   | 8523.645 | 10011.30 |

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.

#### (ii) TMT Rebar Division

#### (A) Conservation of Energy

|   | 2012-13  | 2011-12 |
|---|----------|---------|
| <b>1. Electricity</b>                     |          |         |
| (a) Purchased :                           |          |         |
| Unit (Kwh.)                               | 2407369  | -       |
| Amount                                    | 15412029 | -       |
| Rate/Unit (Rs.)                           | 6.40     | -       |
| (b) Own Generation:                       |          |         |
| Through Diesel Generator:                 |          |         |
| Unit (Kwh)                                | -        | -       |
| Unit Produced per ltr of Diesel oil       | -        | -       |
| Cost / Unit (Direct Cost) (Rs.)           | -        | -       |
| <b>2. Hard Coal in Re-Heating Furnace</b> |          |         |
| Quantity (Kgs.)                           | 369380   | -       |
| Total Cost (Rs.)                          | 2721225  | -       |
| Rate/Unit (Rs. /PMT)                      | 836.84   | -       |



## Anil Special Steel Industries Ltd.

### (B) CONSUMPTION PER UNIT OF TMT REBAR PRODUCTION

|                                  |             |       |
|----------------------------------|-------------|-------|
| Electricity (kwh/ PMT)           | 740.32      | -     |
| Fuel (Ltr/ PMT)                  | 113.59      | -     |
| <b>Other detail</b>              |             |       |
| HSD Cons. In D.G Sets (ltr)      | -           | -     |
| HSD Cons. In D.G Sets (Rs.)      | -           | -     |
| <br>Production of TMT Rebar (MT) | <br>3251.79 | <br>- |
| Total Packed Production          | 3251.79     | -     |

Consumption figures are not strictly comparable as Company produces wide varieties of TMT Grades and consumption norms change according to their size, length and hardness.

### B) 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.

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

|                         |            |
|-------------------------|------------|
|                         | (Rs./Lacs) |
| Foreign Exchange earned | 2988.56    |
| Foreign Exchange used   | 904.22     |

# Anil Special Steel Industries Ltd.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-2013

### 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, 7 Board Meetings were held on- 29.05.2012, 14.08.2012, 22.09.2012, 09.10.2012, 20.10.2012, 05.11.2012 and 09.02.2013.

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 | 6                              | Yes                            | -            | -            | -         |
| Mr. Shriv S. Sharma         | Independent Director          | 4                              | No                             | 1            | -            | 1         |
| Mr. V.B.L Mathur            | Independent Director          | 4                              | No                             | 2            | -            | 2         |
| Lt. Co. Purshotam Lal Bawa  | Independent Director          | 4                              | No                             | -            | -            | -         |
| Mrs. Rashmi Khaitan         | Executive Director            | 6                              | No                             | -            | -            | -         |
| Mr. Krishan Murari Gangawat | Independent Director          | 2                              | No                             | -            | -            | -         |

- 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.

## Anil Special Steel Industries Ltd.

### 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 29.05.2012, 14.08.2012, 05.11.2012 & 09.02.2013 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        | Independent Director | 4                    | 4                        | No                        |
| Mr. V.B.L. Mathur          | -Do-                 | 4                    | 4                        | No                        |
| Lt Col. Purshotam Lal Bawa | -Do-                 | 4                    | 4                        | 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 Subsection (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 judgement 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. A meeting of the Committee was held during the year on 29th May 2012 to review the re-appointment and remuneration of Shri Sudhir Khaitan, Chairman & Managing Director of the Company. 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. Pursholtem Lal Bawa                    | -Do-                    |
| During the year No. of meeting of the committee was held - | None                    |

Details of remunerations paid to Directors for the year.

The salary perquisites and commission paid for the year ended 31.3.2013 to Managing Personnel is as follows:

| S.No | Name                | Title                        | Salary    | Perquisites* |
|------|---------------------|------------------------------|-----------|--------------|
| 1    | Shri Sudhir Khaitan | Chairman & Managing Director | 20,10,000 | 7,24,335     |
| 2    | Mrs. Rashmi Khaitan | Executive Director           | 6,00,000  | 4,35,180     |

\* 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. Pursholtem Lal Bawa | 90,000          |
| 2     | Mr. Shiv S. Sharma           | 90,000          |
| 3     | Mr. V.B.L. Mathur            | 90,000          |
| 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: -

- Shri Sudhir Khaitan
- 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 share 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-materialization and re-materialization 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 Practising 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 31.3.2013:**

| Category   | No. of Shares      | % of Shares   |
|--|--------------------|---------------|
| Promoter's Holding (including foreign promoters and persons acting in concert) | 18,96,598          | 7.42          |
| Non Promoter's Holding:  |                    |               |
| a) Mutual Funds & UTI  | 5,841              | 0.02          |
| b) Banks, FIs and Insurance Company  | 14,46,142          | 5.66          |
| c) FIs   | Nil                | Nil           |
| Others   |                    |               |
| a) Bodies Corporate  | 1,50,45,383        | 58.83         |
| b) Individuals   | 71,62,722          | 28.01         |
| c) NRIs / OCBs   | 15,102             | 0.06          |
| <b>TOTAL</b>   | <b>2,55,71,788</b> | <b>100.00</b> |

Note: The Company had allotted 23,24,708 Bonus Equity Shares in proportion to 1:10 to its shareholders as on Record Date i.e. 18.10.2012. In this connection the Return of allotment has been filed to ROC and the same has been listed on Bombay Stock Exchange.

**(b) Distribution of Shareholding:**

| Range           | No. of Shareholders | % of Shareholders | No. of Shares      | % of Shares |
|-----------------|---------------------|-------------------|--------------------|-------------|
| Upto 500        | 6298                | 78.29             | 8,57,007           | 3.35        |
| 501 to 1000     | 649                 | 8.07              | 4,18,982           | 1.64        |
| 1001 to 2000    | 518                 | 6.44              | 6,48,596           | 2.54        |
| 2001 to 3000    | 184                 | 2.29              | 4,33,307           | 1.69        |
| 3001 to 4000    | 76                  | 0.94              | 2,59,781           | 1.02        |
| 4001 to 5000    | 40                  | 0.50              | 1,82,981           | 0.72        |
| 5001 to 10000   | 124                 | 1.54              | 8,40,287           | 3.29        |
| 10001 and above | 155                 | 1.93              | 2,19,30,847        | 86.75       |
| <b>TOTAL</b>    | <b>8044</b>         | <b>100%</b>       | <b>2,55,71,788</b> | <b>100%</b> |

**8. General Shareholder Information:**

**(a) Annual General Meeting**

Forthcoming Annual General Meetings will be held on or before end of September 2013 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 2013 to 31st March 2014)**

|  |   |
|--|---|
| <p>Audited Results for the year ending 31.03.2013</p> <p>Mailing of Annual Reports 2012-2013</p> <p>Financial Reporting for the quarter ending 30th June 2013.</p> <p>Financial Reporting for the quarter ending 30th September 2013.</p> <p>Financial Reporting for the quarter ending 31st December 2013.</p> <p>Financial Reporting for the quarter ending 31st March 2013.</p> <p>Secretarial Audit for the Quarter ending 30th June 2013.</p> <p>Secretarial Audit for the Quarter ending 30th September 2013.</p> <p>Secretarial Audit for the Quarter ending 31st December 2013.</p> <p>Secretarial Audit for the Quarter ending 31st March 2014.</p> <p>Half yearly compliance certificate regarding Transfer activities for the 1st half ended on 30th September 2013.</p> <p>Half yearly compliance certificate regarding Transfer activities for the 2nd half ended on 31st March 2014.</p> <p>Audit committee meetings</p> <p>Share Transfer-cum-Investor's grievances committee meeting</p> | <p>To be Approved and published on or May 2013.</p> <p>End of August 2013</p> <p>Mid of August 2013</p> <p>Mid of November 2013</p> <p>Mid of February 2014</p> <p>End of April 2014</p> <p>End of July 2013</p> <p>End of October 2013</p> <p>End of January 2014</p> <p>End of April 2014</p> <p>End of October 2013</p> <p>End of April 2014</p> <p>End of April 2013, Mid of August 2013, Mid of November 2013 &amp; Mid of February 2014.</p> <p>Monthly between 20th to 25th of every month</p> |
|--|---|

## 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 2012-13 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, 12     | 9.59                    | 6.50                   |
| May, 12       | 6.50                    | 6.52                   |
| June, 12      | 8.75                    | 6.86                   |
| July, 12      | 11.20                   | 7.06                   |
| August, 12    | 9.85                    | 4.58                   |
| September, 12 | 7.20                    | 5.44                   |
| October, 12   | 7.43                    | 5.39                   |
| November, 12  | 8.41                    | 5.16                   |
| December, 12  | 8.83                    | 7.15                   |
| January, 13   | 8.89                    | 6.75                   |
| February, 13  | 8.14                    | 5.71                   |
| March, 13     | 6.45                    | 3.83                   |

**(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, 2013, over 2,19,85,254 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: 2,55,71,788

Total No. of Share Holders: 8,044

| Mode of Shareholding | No. of Shares      | % to Equity Shares | No. of Shareholders | % of No. of Shareholders |
|----------------------|--------------------|--------------------|---------------------|--------------------------|
| Physical             | 35,86,534          | 14.02              | 3537                | 43.97                    |
| Electronic           | 2,19,85,254        | 85.98              | 4507                | 56.03                    |
| <b>TOTAL</b>         | <b>2,55,71,788</b> | <b>100%</b>        | <b>8044</b>         | <b>100%</b>              |

**(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                                   |
|----------------|--|
| 2012-13        | 15.09.2012 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.) |
| 2011-12        | 30.09.2011 AT 11.00 A.M. at Registered office (A.G.M.) |

## Anil Special Steel Industries Ltd.

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

1. Annual General Meeting held on 15.09.2012
  - a) 2 Special Resolutions were passed in the Meeting to approve the Allotment of Bonus Equity Shares and Re-appointment of Shri Sudhir Khaitan as Chairman & Managing Director of the Company.
2. 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.
3. Annual General Meeting held on 30.09.2011
  - a) No any Special Resolution was passed in the Meeting.

Postal Ballot : Ordinary Resolutions u/s 293(1)(a) was passed as on 12.12.2012 through postal ballot in the last financial year to approve the sale of existing land of the Company.

Compliance Officer: C.P. VAID

(i) **Disclosures:**

- a. Related Party Transactions have been disclosed under Schedule No. 33 of Notes on financial statement 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, as 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 and Financial Advisor have placed certificate for the period ended on 31st March, 2013 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.  
Anantpura, P.O. Govindgarh, Tehsil-Chomu, Jaipur-303 712

(m) **Address for correspondence:**

Correspondence with company

Anil Special Steel industries Limited  
Kanakpura, P.O. Meenawala, Jaipur 302012  
Tel: -2470211,12,15 Fax: - 0141-2470863,2470299  
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 2013 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 abovementioned 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  
Sd/-  
PRAHALAD GUPTA  
(Partner)  
Membership No.: - 74458

Place: JAIPUR  
Date: 30.05.2013

### **AUDITORS' REPORT**

TO THE MEMBERS OF THE ANIL SPECIAL STEEL INDUSTRIES LIMITED  
Report on the Financial Statements

We have audited the accompanying financial statements of Anil Special Steel industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk



## Anil Special Steel Industries Ltd.

assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Basis for Qualified Opinion

- a) 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.2,30,071/- and leave pay accrued up to 31st March 2013 Rs.41,69,655/- as per actuarial valuation, remain un-provided for. (Refer Note No. 1(J) and 1(I)).
- b) Nonpayment/provision of contribution to Gratuity fund with Life Insurance Corporation of India (up to 31st March, 2013) Rs.2,89,37,384/-. (Refer Note No. 1(I)).
- c) Non ascertainment of diminution in value of unquoted investment of Rs.34,70,000 and provision required to be made. (Refer Note No.12.1).
- d) Non reversal of Deferred Tax Asset for the year Rs. 16,43,880/- and Cumulative Rs. 1,55,46,013/- up to 31st March 2013. (Refer Note No. 13.2)

### Qualified Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note no. 5.1 that company is relocating its industrial undertaking from Kanakpura, Jaipur and has entered into sale agreement for sale of land & building and has taken advance amount of Rs. 1 crore. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

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

**For S.S.Surana & Co.**  
Chartered Accountants  
FRN-001079C  
(Pralhad Gupta)  
Partner  
Membership No.74458  
Place: Jaipur  
Date: 30th May, 2013

## Anil Special Steel Industries Ltd.

### Annexure to the Auditors' Report

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

Referred to in paragraph under the heading of "Report on other Legal & Regulatory Requirements" of our report of even date to the Members of ANIL SPECIAL STEEL INDUSTRIES LIMITED:

- (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. However, the company is relocating its industrial undertaking from Kanakpura, Jaipur and entered into sale agreement and received an advance of Rs. 1 crore for sale of land & building.
- (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 loans from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 5,43,15,828/- and year ended balance is Rs.1,13,49,560/-.
- 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 weakness in internal control system.
- (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 is 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.
- (ix) a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund,

## Anil Special Steel Industries Ltd.

Investor Education and Protection Fund, Employee State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty and other statutory dues with the appropriate authorities to the extent applicable, except the amount towards Provident Fund of Rs. 37,21,812/- which is outstanding for more than 6 months as at the end of financial year.

- 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     |
| The Central Excise Act, 1944    | Excise Duty on stock 2012-13                       | 30,08,388/- | Pending with Excise Deptt.     |

However, the company has paid Rs.10,52,185/- against the demand of Central Sales Tax and Rs. 30,08,388/- against excise duty on stock.

- (x) The Company has no accumulated losses as on 31st March 2013. 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 2013.
- (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) The Company has maintained proper records of the transactions and contracts in respect of dealing in mutual funds and timely entries have been made there in. All the investments have been held by the company in its own name. As informed to us the Company is not dealing/trading in shares, debentures and other investments.
- (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, considering the effect of current maturities of long term borrowings 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 not made any preferential allotment of shares during the year.
- (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/-  
(Prahlaad Gupta)  
Partner  
Membership No. 74458  
Place: Jaipur  
Date: 30th May, 2013

# Anil Special Steel Industries Ltd.

## BALANCE SHEET AS AT 31ST MARCH, 2013

|                                     | Note No. | Rupees      | As at 31.03.2013<br>Rupees | As at 31.03.2012<br>Rupees |
|-------------------------------------|----------|-------------|----------------------------|----------------------------|
| <b>I EQUITIES &amp; LIABILITIES</b> |          |             |                            |                            |
| <b>1 Shareholders' Funds</b>        |          |             |                            |                            |
| a) Share Capital                    | 2        | 255,717,880 | 232,468,940                |                            |
| b) Reserves & Surplus               | 3        | 240,600,292 | 496,318,172                | 263,114,272                |
|                                     |          |             |                            | 495,583,212                |
| <b>2 Non Current Liabilities</b>    |          |             |                            |                            |
| a) Long term Borrowings             | 4        | 299,372,427 | 337,459,931                |                            |
| b) Other Long Term Liabilities      | 5        | 10,000,000  | -                          |                            |
| c) Long Term Provisions             | 6        | 6,178,183   | 315,550,610                | 3,939,162                  |
|                                     |          |             |                            | 341,399,093                |
| <b>3 Current Liabilities</b>        |          |             |                            |                            |
| a) Short term Borrowings            | 7        | 327,677,301 | 224,226,141                |                            |
| b) Trade Payables                   | 8        | 163,305,221 | 130,194,531                |                            |
| c) Other Current Liabilities        | 9        | 202,353,664 | 66,788,358                 |                            |
| d) Short term Provisions            | 10       | 8,053,836   | 701,390,021                | 7,260,277                  |
|                                     |          |             | <u>1,513,258,803</u>       | <u>1,265,451,612</u>       |
| <b>II ASSETS</b>                    |          |             |                            |                            |
| <b>1 Non-Current Assets</b>         |          |             |                            |                            |
| a) Fix Assets                       | 11       |             |                            |                            |
| i) Tangible Assets                  |          | 845,317,490 | 295,539,548                |                            |
| ii) Capital Work-in-progress        |          | -           | 341,114,012                |                            |
| 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       | 10,726,895  | 161,265,492                |                            |
| e) Other non-current assets         | 15       | 282,526     | 877,390,911                | 726,083                    |
|                                     |          |             |                            | 819,709,135                |
| <b>2 Current Assets</b>             |          |             |                            |                            |
| a) Inventories                      | 16       | 286,309,743 | 200,210,347                |                            |
| b) Trade Receivables                | 17       | 134,042,057 | 156,690,137                |                            |
| c) Cash & Bank Balances             | 18       | 16,222,239  | 8,326,715                  |                            |
| d) Short-term loans and advances    | 19       | 199,293,853 | 635,867,892                | 80,515,278                 |
|                                     |          |             | <u>1,513,258,803</u>       | <u>1,265,451,612</u>       |

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/-  
Prahalaad Gupta  
Partner  
M.No. 74458

Place : Jaipur  
Date : 30th May, 2013

Sd/-  
C.P.VAID  
Company Secretary

For and on behalf of the Board

Sd/-  
SUDHIR KHAITAN  
Chairman & Managing Director

Directors  
Sd/-  
P.L. BAWA

## Anil Special Steel Industries Ltd.

### STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars   | Note<br>No. | Year Ended<br>31.03.2013<br>Rupees | Year Ended<br>31.03.2012<br>Rupees |
|---|-------------|------------------------------------|------------------------------------|
| <b>Income</b>   |             |                                    |                                    |
| Revenue from Operations                                       | 20          | 1,532,216,942                      | 1,400,887,651                      |
| Other Income  | 21          | 2,466,693                          | 7,665,729                          |
| <b>Total Revenue</b>  |             | <u>1,534,683,635</u>               | <u>1,408,553,380</u>               |
| <b>Expenditure</b>  |             |                                    |                                    |
| Cost of Materials Consumed                                    | 22          | 1,174,122,756                      | 1,020,469,593                      |
| Changes in Inventories of Finished Goods,<br>Work-in-progress | 23          | (70,279,784)                       | (20,637,898)                       |
| Employees Benefit Expenses                                    | 24          | 118,559,537                        | 99,053,881                         |
| Finance Costs   | 25          | 46,114,642                         | 38,861,037                         |
| Depreciation and Amortization Expenses                        | 26          | 36,088,212                         | 32,086,512                         |
| Other Expenses  | 27          | 226,111,297                        | 202,431,973                        |
| <b>Total Expenses</b>   |             | <u>1,530,716,660</u>               | <u>1,372,265,098</u>               |
| <b>Profit Before Tax</b>                                      |             | <b>3,966,975</b>                   | <b>36,288,282</b>                  |
| <b>Tax Expenses</b>   | 28          |                                    |                                    |
| Current Tax   |             | 793,558                            | 7,260,277                          |
| Deferred Tax  |             | -                                  | -                                  |
| <b>Profit for the year</b>                                    |             | <u>3,173,417</u>                   | <u>29,028,005</u>                  |
| <b>Earning per Share</b>                                      | 29          |                                    |                                    |
| Basic   |             | 0.12                               | 1.42                               |
| Diluted   |             | 0.12                               | 1.42                               |
| 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/-  
**Prahalad Gupta**  
Partner  
M.No. 74458

Place : Jaipur  
Date : 30th May, 2013

Sd/-  
**C.P.VAID**  
Company Secretary

For and on behalf of the Board

Sd/-  
**SUDHIR KHAITAN**  
Chairman & Managing Director

Directors  
Sd/-  
**P.L. BAWA**

# Anil Special Steel Industries Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### (A) Basis of Preparation of Financial Statement

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 project 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 dispatch 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 Weighted 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 2013

### (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 benefits

Cenvat/VAT 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. 3,51,15,567/- up to 31/03/13 against which Gratuity Rs.22,39,021/- for the current year (Previous year Rs.20,41,055/-) on estimation basis has been charged to Statement of Profit and Loss and liability is provided for and balance Rs.2,89,37,384/- 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.24,28,826/- on account of Leave Pay during the current year (Previous year Rs.15,39,560/-). However Leave Pay accrued Rs.41,69,655/- up to 31st March 2013 as per actuarial valuation, remain un-provided for.

### (J) Bonus

Bonus to employees is being accounted for on cash basis. Bonus Accrued Rs. 2,30,071/- for the year ended 31/03/13 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 to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

### (L) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes on financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

# Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

|  | As at<br>31.03.2013<br>Rupees | As at<br>31.03.2012<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>2. SHARE CAPITAL</b>  |                               |                               |
| <b>Authorised :</b>  |                               |                               |
| 27,000,000 (P.Y.27,000,000) Equity Shares of Rs.10/- each                        | 270,000,000                   | 270,000,000                   |
|  | 270,000,000                   | 270,000,000                   |
| <b>Issued</b>  |                               |                               |
| 25,571,788 (Previous year 23,247,080) Equity Shares of Rs. 10 each               | 255,717,880                   | 232,470,800                   |
|  | 255,717,880                   | 232,470,800                   |
| <b>Subscribed &amp; Paid up</b>  |                               |                               |
| 25,571,788 (Previous year 23,247,080) Equity Shares of Rs. 10 each Fully paid up | 255,717,880                   | 232,470,800                   |
| <b>Less : Calls in Arrears</b>   | -                             | 1,860                         |
|  | 255,717,880                   | 232,468,940                   |

**2.1 The details of shareholding more than 5% shares**

|                                    | No. of shares | % Held | No. of shares | % Held |
|------------------------------------|---------------|--------|---------------|--------|
| Sudhir Khaitan                     | 1403072       | 5.49   | 1230280       | 5.29   |
| Stressed Assets Stabilization Fund | 1378928       | 5.39   | 1253571       | 5.39   |
| Agro Chemical & Fertilizers Ltd.   | 3890506       | 15.21  | 3475000       | 14.95  |
| Mahalaxmi Saws Pvt. Ltd.           | 2701220       | 10.56  | 3476700       | 14.96  |
| Pooja Wintrade Pvt. Ltd.           | 2206822       | 8.63   | 2006202       | 8.63   |
| Reliance Sheet Works Pvt. Ltd.     | 3715800       | 14.53  | 3378000       | 14.53  |
|                                    | 15296348      |        | 14819753      |        |

**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           | 23,247,080    | 12,169,175    |
| Add: Share issued/Converted                         | 2,324,708     | 11,077,902    |
| Less: Shares cancelled on buy back of equity shares | -             | -             |
| Equity share at the end of the year                 | 25,571,788    | 23,247,080    |

**2.3** The Company has allotted 23,24,708 equity shares as bonus shares by capitalisation of Securities Premium Reserves.

**2.4** 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 NIL (P.Y.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 Nil(P.Y.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 2013

|   | As at<br>31.03.2013<br>Rupees | As at<br>31.03.2012<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>3. RESERVES &amp; SURPLUS</b>                            |                               |                               |
| <b>Capital Reserve</b>                                      |                               |                               |
| As per last Balance Sheet                                   | 49,525                        | 49,525                        |
| <br><b>Capital Redemption Reserve</b>                       |                               |                               |
| As per last Balance Sheet                                   | 1,500,000                     | 1,500,000                     |
| <br><b>Securities Premium Reserve</b>                       |                               |                               |
| As per last Balance Sheet                                   | 143,563,993                   | 126,903,180                   |
| Add : On conversion of Share Warrants                       |                               | 16,616,853                    |
| Add : On Re-issue of forfeited Shares                       |                               | 43,960                        |
| Less : issue of bonus shares                                | <u>(23,247,080)</u>           | <u>143,563,993</u>            |
| <br><b>Statement of Profit &amp; Loss Account (Surplus)</b> |                               |                               |
| As per last Balance Sheet                                   | 87,103,150                    | 58,075,145                    |
| Add: Profit for the year                                    | <u>3,173,417</u>              | <u>90,276,567</u>             |
|   | 90,276,567                    | 29,028,005                    |
|   | <u>28,457,287</u>             | <u>30,897,604</u>             |
| <br><b>Revaluation Reserve(Refer Note No. 11.4)</b>         |                               |                               |
| As per last Balance Sheet                                   | 30,897,604                    | 33,337,921                    |
| Less : Transferred to Depreciation & Amortization           | <u>2,440,317</u>              | <u>2,440,317</u>              |
|   | <u>28,457,287</u>             | <u>30,897,604</u>             |
|   | <u>240,600,292</u>            | <u>263,114,272</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 Nil (P.Y.10990) equity shares has been received from respective shareholders and credited to Securities Premium Reserve.

## Anil Special Steel Industries Ltd.

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

|  | As at<br>31.03.2013<br>Rupees | As at<br>31.03.2012<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>4 LONG TERM BORROWINGS</b>  |                               |                               |
| <b>Secured</b>   |                               |                               |
| Term Loan from Bank  | 124,000,000                   | 156,708,589                   |
| Term Loan from Financial Institution   | 137,200,000                   | 114,300,000                   |
| Hire Purchase Loans from Banks/ others   | 22,024,867                    | 7,335,514                     |
|  | <b>283,224,867</b>            | <b>278,344,103</b>            |
| <b>Unsecured</b>   |                               |                               |
| Loan from related parties  | 11,349,560                    | 54,315,828                    |
| Loan from Bodies Corporate   | 1,198,000                     | 1,200,000                     |
| Loan from Others   | 3,600,000                     | 3,600,000                     |
|  | <b>16,147,560</b>             | <b>59,115,828</b>             |
|  | <b>299,372,427</b>            | <b>337,459,931</b>            |
| 4.1 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.   |                               |                               |
| 4.2 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 & Smt. Rashmi Khaitan, Executive Director.  |                               |                               |
| 4.3 Hire purchase loan from Banks/ others are secured by respective Vehicle/Equipment financed by them, except loan from Kotak Mahindra Bank Limited which is secured by registered mortgage of Land measuring 1088.80 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, Executive Director. |                               |                               |
| 4.4 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 FY 2013-14 Rs. 1,66,02,759/- & in FY 2014-15 Rs. 1,42,85,656/- & in FY 2015-16 Rs.77,39,211/-  |                               |                               |
| 4.5 Unsecured loans are interest free.   |                               |                               |
| <b>5. OTHER LONG TERM LIABILITIES</b>  |                               |                               |
| Advance for sale of Land & Building  | 10,000,000                    | -                             |
|  | <b>10,000,000</b>             | <b>-</b>                      |
| 5.1 The company is relocating its industrial undertaking from Kanakpura, Jaipur and has entered into sale agreement for sale of Land & Building of an industrial undertaking situated at Kanakpura, Jaipur.  |                               |                               |
| <b>6. LONG TERM PROVISIONS</b>   |                               |                               |
| Provision for Gratuity   | 6,178,183                     | 3,939,162                     |
|  | <b>6,178,183</b>              | <b>3,939,162</b>              |

# Anil Special Steel Industries Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

|  | As at<br>31.03.2013<br>Rupees | As at<br>31.03.2012<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>7. SHORT TERM BORROWINGS</b>  |                               |                               |
| <b>Secured</b>   |                               |                               |
| Working Capital Borrowings from Banks<br>(Loans repayable on demand)   | 327,677,301                   | 224,226,141                   |
|  | <u>327,677,301</u>            | <u>224,226,141</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 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.   |                               |                               |
| <b>8. TRADE PAYABLES</b>   |                               |                               |
| Trade Payable  | 163,305,221                   | 130,194,531                   |
|  | <u>163,305,221</u>            | <u>130,194,531</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.  |                               |                               |
| <b>9. OTHER CURRENT LIABILITIES</b>  |                               |                               |
| Current maturities of long term liabilities  | 81,902,759                    | 14,856,620                    |
| Interest Accrued but not due on borrowings   | 5,422,619                     | 1,828,564                     |
| Interest Accrued and due on borrowings   | 4,416,647                     | 271,958                       |
| Money received for allotment of securities and due for refund<br>(from selected group of persons)  | -                             | 7,479,600                     |
| Capital Creditors  | 11,444,772                    | 10,710,445                    |
| Advance from customer  | 61,020,887                    | 9,759,253                     |
| Other liabilities  | 38,145,980                    | 21,881,918                    |
|  | <u>202,353,664</u>            | <u>66,788,358</u>             |
| 9.1 Other liabilities include statutory dues.  |                               |                               |
| <b>10. SHORT TERM PROVISIONS</b>   |                               |                               |
| Provision for Current Income Tax   | 8,053,835                     | 7,260,277                     |
|  | <u>8,053,835</u>              | <u>7,260,277</u>              |

# Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

## SCHEDULE 11 : FIXED ASSETS

### i. Tangible Assets

| Description of Assets            | Gross Block               |                                  |                                  | Depreciation                   |                      |                           | Net Block                   |                        |                        |
|----------------------------------|---------------------------|----------------------------------|----------------------------------|--------------------------------|----------------------|---------------------------|-----------------------------|------------------------|------------------------|
|                                  | Cost as at 1st April 2012 | Addition during the year 2012-13 | Total Cost upto 31st March, 2013 | Provided upto 31st March, 2012 | For the year 2012-13 | Less on Sales/Adjustments | Total upto 31st March, 2013 | As at 31st March, 2013 | As at 31st March, 2012 |
| Land- Leasehold                  | 15,142,408                | -                                | 15,142,408                       | 59,161                         | 1,740                | -                         | 60,901                      | 15,081,508             | 15,083,245             |
| Land & Site Development-Freehold | -                         | 12,816,251                       | 12,816,251                       | -                              | -                    | -                         | -                           | 12,816,251             | -                      |
| Land- Freehold                   | 22,500,000                | -                                | 22,500,000                       | -                              | -                    | -                         | -                           | 22,500,000             | 22,500,000             |
| Factory Building                 | 74,669,151                | 208,580,706                      | 283,249,857                      | 38,929,277                     | 3,094,979            | -                         | 42,024,256                  | 241,225,604            | 35,739,874             |
| Plant & Machinery                | 718,204,291               | 363,169,097                      | 1,081,373,388                    | 505,574,015                    | 34,388,896           | -                         | 539,962,911                 | 541,410,477            | 212,630,276            |
| Furniture & Fixtures             | 8,909,511                 | 381,034                          | 9,290,545                        | 6,869,819                      | 125,283              | -                         | 6,995,102                   | 2,295,443              | 2,039,692              |
| Office Equipments                | 8,928,169                 | 2,473,877                        | 11,401,846                       | 7,276,459                      | 267,253              | -                         | 7,543,712                   | 3,858,134              | 1,651,710              |
| Vehicles                         | 7,173,806                 | 1,097,735                        | 8,271,541                        | 1,279,055                      | 650,378              | -                         | 1,929,433                   | 6,342,108              | 5,894,751              |
| Total                            | 855,527,334               | 588,518,500                      | 1,444,045,834                    | 569,987,786                    | 38,528,529           | -                         | 608,516,315                 | 845,317,490            | 295,539,548            |
| Previous year figures            | 849,529,410               | 7,375,516                        | 856,904,926                      | 526,198,842                    | 34,526,829           | -                         | 560,725,671                 | 295,539,548            | -                      |

### ii. Capital work in Progress

| Description of Assets  | Cost as at 1st April 2012                  | Addition during the year 2012-13 | Total Cost upto 31st March, 2013 | Less: Sale/adjustment during the year | Net Cost upto 31st March, 2013 |
|------------------------|--|----------------------------------|----------------------------------|---------------------------------------|--------------------------------|
|                        | Land & Site Development -Freehold Building | 12,198,501                       | 617,750                          | 12,816,251                            | -                              |
| Office Equipments      | 117,853,880                                | 47,455,919                       | 165,309,799                      | 82,237                                | 83,072,562                     |
| Vehicles               | 33,050                                     | 49,157                           | 82,207                           | -                                     | 82,207                         |
| Plant & Machinery      | 798,836                                    | 297,897                          | 1,096,733                        | -                                     | 1,096,733                      |
| Furniture & Fixtures   | 178,300,329                                | 107,791,199                      | 286,091,528                      | -                                     | 286,091,528                    |
| Office Equipments      | 0  | 375,968                          | 375,968                          | -                                     | 375,968                        |
| Pre Operative Expenses | 31,928,414                                 | 86,226,798                       | 118,155,212                      | -                                     | 118,155,212                    |
| Total                  | 341,114,012                                | 245,042,847                      | 586,156,859                      | -                                     | 586,156,859                    |
| Previous year figures  | 47,564,874                                 | 293,549,138                      | 341,114,012                      | -                                     | 341,114,012                    |

Capital Work in Progress are in relation to TMT BAR Division at Village Anantpura, Chimanpura, Tehsil Chomu, Distt. Jaipur, Rajasthan.

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 (Previous year Rs. 87.47 lacs) since transferred to company at value of Rs. 1/- and Plant & Machinery have been revalued as at 01/04/1998. It had resulted in an increase in gross cost of Leasehold land by Rs. 1,489,700/- Building Rs. 1,442,800/-

11.4 Certain fixed assets have been revalued (Net of sale of Rs. 106,93,008/-). Consequent to the said revaluation there is additional charge of Depreciation of Rs. 2,44,03,171/- (Previous year Rs. 2,44,03,171/-) for the year and cumulative Depreciation upto 31/03/2013 Rs. 8,95,87,405/- has been withdrawn from Revaluation reserve. There is no impact on profit for the year.

## Anil Special Steel Industries Ltd.

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

|  | As at<br>31.03.2013<br>Rupees | As at<br>31.03.2012<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>12. NON CURRENT INVESTMENTS</b>   |                               |                               |
| Long term Investment at cost   |                               |                               |
| Other Investments  |                               |                               |
| In Equity Shares- quoted, fully paid up  |                               |                               |
| 480 (PY 480) Fully paid Equity Shares of Rs.10 each<br>in Industrial Development Bank of India Ltd.  | 39,000                        | 39,000                        |
| In Equity Shares- unquoted, Fully paid up  |                               |                               |
| 34,500 (PY 34,500) fully paid Equity Shares of Rs. 100 each in<br>Gautam International Ltd.  | 3,450,000                     | 3,450,000                     |
| 2,000 (PY 2,000) fully paid Equity Shares of Rs.10 each in<br>Satya Sons Services Ltd.   | 20,000                        | 20,000                        |
| Other non-current investment   |                               |                               |
| Kotak Life Insurance   | 855,000                       | 855,000                       |
|  | <b>4,364,000</b>              | <b>4,364,000</b>              |
| Market Value of Quoted Shares as on 31st March 2013  | 38,520                        | 50,256                        |
| <br>   |                               |                               |
| 12.1 Provision required to be made on account of Diminution in the value of Unquoted investment has not been 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. The market value of investment as on 31st March, 2013 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. |                               |                               |
| <br>   |                               |                               |
| <b>13 DEFERRED TAX ASSETS (NET)</b>  |                               |                               |
| Deferred Tax Assets  | 16,700,000                    | 16,700,000                    |
| <b>13.1 Deferred Tax Assets</b>  |                               |                               |
| i Tax impact of unabsorbed depreciation<br>Subject to Appeals and rectification.   | 42,194,026                    | 28,991,707                    |
| ii Tax impact of expenses charged off in the Financial<br>statement but allowance under Tax laws deferred  | 207968                        | 199718                        |
| Deferred Tax Liability   |                               |                               |
| iii Tax impact due to difference between tax<br>Depreciation and book Depreciation   | (41248007)                    | (26393558)                    |
|  | <b>1153987</b>                | <b>2797867</b>                |
| <br>   |                               |                               |
| 13.2 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. 1,87,00,000/- up to 31/03/2009. The reversal of deferred tax asset for the year Rs.16,43,880 /- and cumulative up to 31/03/13 amounting to Rs 155,46,013/- has not been done. Management has deferred the reversal till the deferred tax liability arises.  |                               |                               |
| <br>   |                               |                               |
| <b>14 LONG TERM LOANS &amp; ADVANCES</b><br>(Unsecured and Considered Good)  |                               |                               |
| Capital advances   | -                             | 141,817,701                   |
| Deposit with Govt. Deptts. & Others  | 10,726,895                    | 19,447,791                    |
|  | <b>10,726,895</b>             | <b>161,265,492</b>            |

# Anil Special Steel Industries Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

|   | As at<br>31.03.2013<br>Rupees | As at<br>31.03.2012<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>15 OTHER NON-CURRENT ASSET</b>   |                               |                               |
| <u>Deferred Revenue Expenditure</u>   |                               |                               |
| (a) -Processing Fee & Legal charges<br>on loans from Banks  | 161,030                       | 322,060                       |
| Less : Written off 1/5th  | 161,030                       | 161,030                       |
| (c) Capital Issue Expenses  | 565,053                       | 847,580                       |
| Less:- Written off 1/5th  | 282,527                       | 282,527                       |
|   | 282,528                       | 565,053                       |
|   | 282,528                       | 726,083                       |
| 15.1 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.  |                               |                               |
| 15.2 Capital issue expenses Rs. 14,12,634/- are being amortized over 5 years. Accordingly a sum of 2,82,527/- has been written off during the year.   |                               |                               |
| <b>16 INVENTORIES</b>   |                               |                               |
| (As taken, valued and certified by the Management)  |                               |                               |
| Raw Material  | 4,882,922                     | -                             |
| Stores & Spares (including Capital Stores)  | 25,483,590                    | 14,346,900                    |
| Work in Progress  | 176,887,038                   | 171,891,607                   |
| Finished Goods  |                               |                               |
| At Factory  | 77,903,048                    | 13,752,548                    |
| In transit  | 134,358                       | 219,292                       |
| Scrap   | 1,618,787                     | -                             |
|   | 286,309,743                   | 200,210,347                   |
| <b>17 TRADE RECEIVABLES</b>   |                               |                               |
| (Unsecured-Considered good)   |                               |                               |
| Over Six months   | 18,170,232                    | 37,269,002                    |
| Others  | 115,871,825                   | 119,421,135                   |
|   | 134,042,057                   | 156,690,137                   |
| 17.1 No provision has been made for debts of Rs.31,73,582/- (previous year Rs.31,73,582/-) 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 |                               |                               |
| <b>18 CASH &amp; BANK BALANCES</b>  |                               |                               |
| Cash in hand  | 865,208                       | 285,815                       |
| Balance with Schedule Banks:-   |                               |                               |
| In Current Account  | 432,452                       | 3,076,936                     |
| In Fixed Deposits/ Margin Money Account<br>(Against LC and Bank Guarantee)  | 14,922,679                    | 4,656,442                     |
| Cheques/Draft in hand   | -                             | 305,722                       |
| Saving Account with Post office   | 2,000                         | 2,000                         |
|   | 16,222,239                    | 8,326,715                     |
| <b>19 SHORT TERM LOANS &amp; ADVANCES</b>   |                               |                               |
| (Unsecured and considered good)   |                               |                               |
| Prepaid expenses  | 866,683                       | 2,238,587                     |
| Sales Tax /VAT Advance  | 16,367,013                    | 15,049,003                    |
| Excise duty Advance   | 42,314,834                    | 19,257,762                    |
| Income Tax Advance/TDS  | 1,077,093                     | 1,405,883                     |
| Advances for goods & services   | 81,673,180                    | 4,081,978                     |
| Employee Advance  | 1,523,377                     | 1,718,729                     |
| Other Receivables   | 56,471,673                    | 36,763,336                    |
|   | 199,293,853                   | 80,515,278                    |

# Anil Special Steel Industries Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

|  | As at<br>31.03.2013<br>Rupees | As at<br>31.03.2012<br>Rupees |                      |                         |
|--|-------------------------------|-------------------------------|----------------------|-------------------------|
| <p>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.</p> <p>19.2 The Income tax being deducted at source by the parties are being accounted on receipt of TDS certificates from parties.</p> |                               |                               |                      |                         |
| <b>20 REVENUE FROM OPERATIONS</b>  |                               |                               |                      |                         |
| Sale of Products   | 1,571,911,937                 | 1,422,024,056                 |                      |                         |
| Others(Scrap Sales)  | 27,904,639                    | 33,021,444                    |                      |                         |
| Sale of Services(Job work)   | <u>2,828,570</u>              | <u>2,703,647</u>              |                      |                         |
|  | 1,602,645,146                 | 1,457,749,147                 |                      |                         |
| Less : Excise Duty   | <u>70,428,204</u>             | <u>56,861,496</u>             |                      |                         |
| <b>Total Revenue from Operations</b>   | <u><b>1,532,216,942</b></u>   | <u><b>1,400,887,651</b></u>   |                      |                         |
| <b>21 OTHER INCOME</b>   |                               |                               |                      |                         |
| Dividend   | 720                           | 960                           |                      |                         |
| Miscellaneous Income   | 1,597,926                     | 2,292,795                     |                      |                         |
| Profit on Sale of Fixed Assets   | -                             | 129,293                       |                      |                         |
| Interest Received  | 1,486,900                     | 1,809,836                     |                      |                         |
| Foreign Exchange Gain / (Loss)   | <u>(618,853)</u>              | <u>3,432,845</u>              |                      |                         |
|  | <u><b>2,466,693</b></u>       | <u><b>7,665,729</b></u>       |                      |                         |
| <b>22 COST OF MATERIALS CONSUMED</b>   |                               |                               |                      |                         |
| Opening Stock  | -                             | -                             |                      |                         |
| Purchase during the year   | 1,178,805,678                 | 1,020,469,593                 |                      |                         |
| Closing Stock  | <u>4,682,922</u>              | <u>-</u>                      |                      |                         |
| <b>Consumption during the year</b>   | <u><b>1,174,122,756</b></u>   | <u><b>1,020,469,593</b></u>   |                      |                         |
| <b>22.1 Value of materials consumed</b>  | <b>Rupees</b>                 | <b>% of Consumption</b>       | <b>Rupees</b>        | <b>% of Consumption</b> |
| Imported   | 104,122,824                   | 8.87                          | 8,763,567            | 0.86                    |
| Indigenous   | 1,069,999,932                 | 91.13                         | 1,011,706,026        | 99.14                   |
|  | <u>1,174,122,756</u>          | <u>100.00</u>                 | <u>1,020,469,593</u> | <u>100.00</u>           |
| <b>23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS</b>   |                               |                               |                      |                         |
| Opening Stock:   |                               |                               |                      |                         |
| Finished Goods   | 13,971,840                    |                               | 7,922,800            |                         |
| Work in Progress   | 171,891,607                   |                               | 157,298,381          |                         |
| Scrap  | -                             | <u>185,863,447</u>            | <u>4,368</u>         | 165,225,549             |
| Closing Stock :  |                               |                               |                      |                         |
| Finished Goods   | 78,037,406                    |                               | 13,971,840           |                         |
| Work in Progress   | 176,587,038                   |                               | 171,891,607          |                         |
| Scrap  | <u>1,518,787</u>              | <u>256,143,231</u>            | <u>-</u>             | <u>185,863,447</u>      |
|  |                               | <u>(70,279,784)</u>           |                      | <u>(20,637,898)</u>     |

# Anil Special Steel Industries Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

|   | As at<br>31.03.2013<br>Rupees | As at<br>31.03.2012<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>24 EMPLOYEE BENEFIT EXPENSES</b>   |                               |                               |
| Salaries, Wages, Allowances   | 104,258,038                   | 86,681,793                    |
| Contribution to Provident Fund & Other Fund   | 8,041,213                     | 9,012,823                     |
| Employees Welfare Expenses  | 6,260,286                     | 3,359,265                     |
|   | <u>118,559,537</u>            | <u>99,053,881</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)) |                               |                               |
| <b>25 FINANCE COST</b>  |                               |                               |
| Interest Expense  | 41,599,697                    | 36,021,645                    |
| Bank Charges  | 4,514,945                     | 2,839,392                     |
|   | <u>46,114,642</u>             | <u>38,861,037</u>             |
| <b>26 DEPRECIATION &amp; AMORTIZATION</b>   |                               |                               |
| Depreciation  | 38,528,529                    | 34,526,829                    |
| Less: Transferred from Revaluation Reserve  | 2,440,317                     | 2,440,317                     |
|   | <u>36,088,212</u>             | <u>32,086,512</u>             |
| <b>27 OTHER EXPENSES</b>  |                               |                               |
| Consumption of stores & spares  | 46,087,376                    | 34,777,515                    |
| Power and fuel  | 97,581,605                    | 82,465,026                    |
| Job Work charges  | 606,487                       | 1,178,252                     |
| Repairs & Maintenance to:   |                               |                               |
| Plant & Machinery   | 10,843,084                    | 11,508,552                    |
| Building  | 479,017                       | 540,831                       |
| Others  | 977,643                       | 646,676                       |
| Rent  | 1,248,442                     | 1,117,932                     |
| Rates & Taxes   | 143,337                       | 237,261                       |
| Directors Travelling Expenses   | 152,712                       | 1,016,268                     |
| Travelling - Others   | 935,924                       | 1,605,284                     |
| Insurance   | 1,091,473                     | 1,180,940                     |
| Directors Meeting Fees  | 290,000                       | 220,000                       |
| Payment to Statutory Auditors   | 229,000                       | 234,500                       |
| General Expenses  | 7,807,376                     | 5,963,479                     |
| Loss on sale of Fixed Assets  | 62,029                        | -                             |
| Sales Tax   | 20,137,950                    | 16,929,274                    |
| Advertisement   | 1,313,052                     | 253,929                       |
| Sales Promotion   | 101,825                       | 96,171                        |
| Freight, Forwarding & Export expenses   | 31,039,122                    | 35,575,369                    |
| Commission on Sales   | 2,121,892                     | 1,238,693                     |
| Trade & Other Selling Expenses  | 2,418,394                     | 5,202,464                     |
| Miscellaneous Exp. Written off  | 443,557                       | 443,557                       |
|   | <u>226,111,297</u>            | <u>202,431,973</u>            |
| <b>27.1 VALUE OF STORES &amp; SPARES CONSUMED</b>   |                               |                               |
|   | Rupees % of Consumption       | Rupees % of Consumption       |
| Imported  | 1,720,777      3.73           | 420,991      1.21             |
| Indigenous  | 44,366,599      96.27         | 34,356,524      98.79         |
|   | <u>46,087,376      100.00</u> | <u>34,777,515      100.00</u> |



## Anil Special Steel Industries Ltd.

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

|  | As at<br>31.03.2013<br>Rupees | As at<br>31.03.2012<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>27.2 PAYMENT TO AUDITORS</b>  |                               |                               |
| For Audit Fee  | 150,000                       | 150,000                       |
| For Tax Audit  | 50,000                        | 35,000                        |
| For Audit Expenses<br>in other capacity  | 14,000                        | 12,500                        |
| a) For Tax Assessments / Appeals   | -                             | 22,000                        |
| b) For certification and other matters   | 15,000                        | 15,000                        |
|  | <b>229,000</b>                | <b>234,500</b>                |
| <b>28 TAX EXPENSES</b>   |                               |                               |
| Current tax  | 793,558                       | 7,260,277                     |
| Deferred tax (Refer Note No. 13)   | -                             | -                             |
| <b>28.1</b> 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. |                               |                               |
| <b>28.2</b> The liability of Income tax for earlier years, if any is being accounted for on crystallisation in view of Legal opinion and various appeals, rectifications pending.                  |                               |                               |
| <b>29 EARNING PER SHARE</b>  |                               |                               |
| i Net Profit after tax as per Statement of Profit and Loss<br>Attributable to equity shareholders  | 3,173,417                     | 29,028,005                    |
| ii Weighted Average number of equity share<br>used as denominator for calculating BEPS   | 25,571,788                    | 20,444,642                    |
| iii Weighted Average Number of Diluted equity shares   | 25,571,788                    | 20,444,642                    |
| iv Basic Earning per share (Rs.)   | 0.12                          | 1.42                          |
| v Diluted Earning per share (Rs.)  | 0.12                          | 1.42                          |
| vi Face value per equity share (Rs.)   | 10.00                         | 10.00                         |
| <b>30 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF:</b>   |                               |                               |
| Raw Materials  | 104,651,273                   | 8,330,151                     |
| Stores & Spares  | 1,362,492                     | 421,100                       |
| Capital Goods  | -                             | -                             |
| <b>31 EXPENDITURE IN FOREIGN CURRENCY</b>  |                               |                               |
| Commission on Sales  | 2,121,892                     | 1,105,637                     |
| Travelling   | 68,060                        | 671,830                       |
| <b>32 EARNINGS IN FOREIGN EXCHANGE</b>   |                               |                               |
| F.O.B. Value of Exports  | 298,855,568                   | 359,692,521                   |

## Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

|   | As at<br>31.03.2013<br>Rupees | As at<br>31.03.2012<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>33 RELATED PARTY DISCLOSURE</b>  |                               |                               |
| <b>Names and Relationship of related parties</b>  |                               |                               |
| i) Key Management personnel and relatives   |                               |                               |
| <b>Name of Related Party</b>  | <b>Relationship</b>           |                               |
| 1) Mr. Sudhir Khaitan   | Chairman & Managing Director  |                               |
| 2) Mrs. Rashmi Khaitan  | Executive Director            |                               |
| <br><b>Transactions during the year with related parties</b>  |                               |                               |
| <b>1 Remuneration:</b>  | <b>Rupees</b>                 |                               |
| a) Mr. Sudhir Khaitan   | 2,734,335                     | 2,483,375                     |
| b) Mrs. Rashmi Khaitan  | 1,035,180                     | 917,618                       |
| <b>2 Interest free borrowings as on 31.03.2013</b>  |                               |                               |
| a) From Mr. Sudhir Khaitan  | 11,349,560                    | 54,315,828                    |
| <br><b>34 CONTINGENT LIABILITIES AND COMMITMENTS</b>  |                               |                               |
| <b>a. Contingent Liabilities</b>  |                               |                               |
| i. Bank Guarantees(Margin their against 175187/-)   | 8,940,307                     | 4,675,187                     |
| ii. Against Sales Tax Cases for earlier years under Appeal<br>(amount paid their against Rs. 1052185/-) | 1,052,185                     | 1,052,185                     |
| iii Against Excise matter being disputed<br>(amount paid their against Rs. 30,08,388/- (Py NIL)         | 4,319,085                     | 1,310,697                     |
| <b>b. Commitments</b>   |                               |                               |
| i) Estimated amount of contracts remaining to be<br>executed on Capital Account and not provided for    | 4,285,352                     | 180,890,644                   |
| ii) Advances paid in respect thereof  | -                             | 141,817,701                   |

## Anil Special Steel Industries Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

**35 SEGMENT REPORTING (AS-17)**

Segment information for the year ended 31<sup>st</sup> March, 2013

**A BUSINESS SEGMENT**

For the Year 2012-13

| Particulars                                     | Rolled Products | TMT BAR      | Total         |
|---|-----------------|--------------|---------------|
| <b>Revenue</b>                                  |                 |              |               |
| Sales (External)                                | 1,470,993,269   | 61,223,673   | 1,532,216,942 |
| Other Income                                    | 2,107,892       | 358,801      | 2,466,693     |
| Total Revenue                                   | 1,473,101,161   | 61,582,474   | 1,534,683,635 |
| <b>Results</b>                                  |                 |              |               |
| Profit Before Interest, Tax and Dividend income | 64,800,553      | (20,721,501) | 44,079,052    |
| Dividend Income                                 | 720             | -            | 720           |
| Interest(Net)                                   | (34,091,854)    | (6,020,943)  | (40,112,797)  |
| Provision for tax                               | -               | -            | 793,558       |
| Net Profit                                      | 30,709,418      | (26,742,444) | 3,173,417     |
| <b>Other Information</b>                        |                 |              |               |
| Segment Assets                                  | 702,605,674     | 792,876,036  | 1,495,481,710 |
| Unallocated corporate assets                    |                 |              | 17,777,093    |
| Total assets                                    |                 |              | 1,513,258,803 |
| Segment Liabilities                             | 399,357,041     | 609,529,755  | 1,008,886,796 |
| Unallocated corporate liabilities               |                 |              | 8,053,835     |
| Total Liabilities                               |                 |              | 1,016,940,631 |
| Capital Expenditure                             | 2,361,640       | 586,156,860  | 588,518,500   |
| Depreciation                                    | 31,629,111      | 4,459,101    | 36,088,212    |
| Other Non Cash Expenses :                       | -               | -            | -             |
| Misc. Expenses W/off                            | 443,557         | -            | 443,557       |

For the Year 2011-12

|   |               |             |               |
|---|---------------|-------------|---------------|
| <b>Revenue</b>                                  |               |             |               |
| Sales (External)                                | 1,400,887,651 | -           | 1,400,887,651 |
| Other Income                                    | 7,665,729     | -           | 7,665,729     |
| Total Revenue                                   | 1,408,553,380 | -           | 1,408,553,380 |
| <b>Results</b>                                  |               |             |               |
| Profit Before Interest, Tax and Dividend Income | 70,499,131    | -           | 70,499,131    |
| Dividend Income                                 | 960           | -           | 960           |
| Interest(Net)                                   | (34,211,809)  | -           | (34,211,809)  |
| Provision for tax                               | 7,260,277     | -           | 7,260,277     |
| Net Profit                                      | 29,028,005    | -           | 29,028,005    |
| <b>Other Information</b>                        |               |             |               |
| Segment Assets                                  | 775,317,080   | 472,028,649 | 1,247,345,729 |
| Unallocated corporate assets                    | -             | -           | 18,105,883    |
| Total assets                                    | 775,317,080   | 472,028,649 | 1,265,451,612 |
| Segment Liabilities                             | 563,356,035   | 206,512,365 | 769,868,400   |
| Unallocated corporate liabilities               | -             | -           | 7,260,277     |
| Total Liabilities                               | 563,356,035   | 206,512,365 | 777,128,677   |
| Capital Expenditure                             | 7,375,516     | 293,549,138 | 300,924,654   |
| Depreciation                                    | 32,086,512    | -           | 32,086,512    |
| Other Non Cash Expenses :                       | -             | -           | -             |
| Misc. Expenses W/off                            | 443,557       | -           | 443,557       |

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

## Anil Special Steel Industries Ltd.

**B GEOGRAPHICAL SEGMENT**

| Revenue       | As at 31.03.2013 |               | As at 31.03.2012 |               |
|---------------|------------------|---------------|------------------|---------------|
|               | In India         | Outside India | In India         | Outside india |
| Sales         | 1,210,755,656    | 321,461,287   | 1,014,786,760    | 386,100,891   |
| Other Income  | 2,466,693        | -             | 7,665,729        | -             |
| Total Revenue | 1,213,222,348    | 321,461,287   | 1,022,452,489    | 386,100,891   |

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 wherever necessary.

As per our attached report of even date  
 For S.S.Surana & Co.  
*Chartered Accountants*  
 FRN-001079C  
 Sd/-  
 Prahalad Gupta  
 Partner  
 M.No. 74458

Sd/-  
 C.P.VAID  
 Company Secretary

For and on behalf of the Board

Sd/-  
 SUDHIRKHAITAN  
 Chairman & Managing Director  
 Directors  
 Sd/-  
 P.L. BAWA

Place : Jaipur  
 Date : 30th May, 2013

## Anil Special Steel Industries Ltd.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013  
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

| Particulars   | As at<br>31.03.2013<br>Rs. | As at<br>31.03.2012<br>Rs. |
|---|----------------------------|----------------------------|
| <b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>                                  |                            |                            |
| Net Profit before tax and extra ordinary items                                  | 3,966,975                  | 36,288,282                 |
| <b>Adjustment for :</b>   |                            |                            |
| Depreciation and Amortization expenses  | 36,088,212                 | 32,086,512                 |
| Dividend received   | (720)                      | (960)                      |
| Interest Paid   | 46,114,642                 | 38,861,037                 |
| Interest received   | (1,486,900)                | (1,809,836)                |
| (Profit)/Loss on Sale of Fixed Assets   | 62,029                     | (129,293)                  |
| Deferred Revenue Expenses Written off   | 443,557                    | 443,557                    |
| <b>Operating profit before working capital changes</b>                          | <b>85,187,795</b>          | <b>105,739,299</b>         |
| <b>Adjustment for:-</b>   |                            |                            |
| (Increase) / Decrease in Inventories  | (86,099,396)               | (20,662,222)               |
| (Increase) /Decrease in Trade Receivables                                       | 22,648,080                 | 12,445,065                 |
| (increase) /Decrease in Short and Long Term Loans & Advances                    | 31,431,232                 | (152,468,847)              |
| (Increase) / Decrease in Other Current Assets                                   | -                          | -                          |
| Increase/(Decrease) in Trade Payables, Other Current Liabilities and Provisions | 170,915,017                | 19,688,188                 |
| Adjustment for / Payment of Tax   | 328,790                    | 311,483                    |
| <b>Changes in Working capital (Net)</b>   | <b>139,223,723</b>         | <b>(140,686,333)</b>       |
| <b>Net Cash from operating activities</b>                                       | <b>224,411,518</b>         | <b>(34,947,034)</b>        |
| <b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>                                  |                            |                            |
| Purchase of Fixed asset( Net of Revaluation) (Including CWIP)                   | (247,404,488)              | (300,924,654)              |
| Sale of Fixed Asset   | 150,000                    | 769,000                    |
| Advance for sale of land & building   | 10,000,000                 | -                          |
| Interest received   | 1,486,900                  | 1,809,836                  |
| Dividend received   | 720                        | 960                        |
| <b>Net Cash used in Investing activities</b>                                    | <b>(235,766,868)</b>       | <b>(298,344,858)</b>       |
| <b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>                                  |                            |                            |
| Increase in Share Capital/Share Warrants  | 1,860                      | 68,742,650                 |
| Increase in Share Premium   | -                          | 16,660,813                 |
| Proceeds from Term Loan (Net)   | (9,808,589)                | 268,281,381                |
| Increase /(Decrease) in Hire Purchase Finance                                   | 14,689,353                 | (9,116,158)                |
| Increase / (Decrease) in Unsecured loans  | (42,968,268)               | 22,485,308                 |
| Proceeds from short term borrowings (Net)                                       | 103,451,160                | 519,141                    |
| Interest Paid   | (46,114,642)               | (38,861,037)               |
| <b>Net cash used in financing activities</b>                                    | <b>19,250,874</b>          | <b>328,712,098</b>         |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b>                     | <b>7,896,524</b>           | <b>(4,579,794)</b>         |
| Opening Balance of Cash and Cash equivalents                                    | 8,326,715                  | 12,906,509                 |
| <b>Closing Balance of Cash and Cash equivalents</b>                             | <b>16,222,239</b>          | <b>8,326,715</b>           |

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

Sd/-  
**Prahalad Gupta**  
Partner  
M.No. 74458

Place : Jaipur  
Date : 30th May, 2013

Sd/-  
**C.P.VAID**  
Company Secretary

For and on behalf of the Board

Sd/-  
**SUDHIR KHAITAN**  
Chairman & Managing Director

Directors  
Sd/-  
**P.L. BAWA**

**Anil Special Steel Industries Ltd.**  
*Registered Office : Kanakpura, P.O. Meenawala, Jaipur - 302012*

**PROXY FORM**

Client ID\* ..... Folio No. ....  
DP ID\* .....  
I/We .....  
of .....  
being a Member/Members of Anil Special Steel Industries Limited, Jaipur hereby appoint .....  
..... of ..... of .....  
..... of .....  
failing him/her ..... of .....  
as my/our proxy to attend and vote for me/us on my/our behalf at the 45th Annual General Meeting of the  
Company to be held on Monday the 30th September, 2013 at 11.00 A.M. and at any adjournment thereof.  
Signed this ..... day of ..... 2013

For Office use

Proxy No.

Date of Receipt

Signature of the Shareholder (s) .....

No. of Shares

\* Applicable for investors holding shares in electronic form

Note : The Instrument appointing Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

**Anil Special Steel Industries Ltd.**  
*Registered Office : Kanakpura, P.O. Meenawala, Jaipur - 302012*

**ATTENDANCE SLIP**

(Please complete this attendance slip and hand it over at the entrance of Hali)

Client ID\* ..... Folio No. ....  
DP ID\* .....  
I hereby record my presence at the 45th Annual General Meeting of the Company on Monday 30th Sept, 2013  
Full Name of the Shareholder  
In Block Letters .....  
Folio No. ....  
No. of Shares held .....  
Name of Proxy (if any) .....  
In Block Letters .....

Signature of the Shareholder / Proxy

\* Applicable for investors holding shares in electronic form