



# **ADITYA ISPAT LIMITED**

Regd. Office : Plot No. 20, Phase V, IDA, Jeedimetla, Hyderabad - 500 055.

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## **17th ANNUAL REPORT 2007-2008**

**Board of Directors :**

Shri Satya Bhagwan Chachan  
Shri H.M. Dugar  
Shri Sanjay Solanki  
Shri Swamy S.B. Das

Chairman  
Director  
Director  
Director

**Auditors :**

M/s. Dagliya & Co.  
Chartered Accountants  
5-5-9/13, 2nd Floor, Srinivasa Building,  
Ranigunj, Secunderabad - 500 003.

**Registered Office & Works :**

Plot No. 20, Phase V,  
IDA, Jeedimetla,  
Hyderabad - 500 055.

**Bankers :**

Allahabad Bank  
Balanagar Branch  
Hyderabad - 500 018.

**Registrar & Share Transfer Agents :**

M/s. XL Softech Systems Private Limited  
3 Sagar Society, Road No. 2,  
Hyderabad - 500 034.  
Tel : 040-23545913/14/15, Fax : 23553214  
ISIN NO. INE037E01016

**NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of Aditya Ispat Limited will be held on Tuesday, the 30<sup>th</sup> September, 2008 at 10.30 AM at Agrasen Hall Trust, Near Hotel Emerald Bhavan, Abids Road, Hyderabad – 500 001 to transact the following business :

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2008 and the Balance Sheet as on that date together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri. Sanjay Solanki, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri S.B. Chachan, who retires by rotation and being eligible offers himself for re-appointment .
4. To appoint the auditors and fix their remuneration and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED** that M/s.Dagliya & Co, Chartered Accountants, Secunderabad the retiring auditors of the Company be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the Company."

**SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass with or without the modification(s), the following resolution as an **Ordinary resolution**

**"RESOLVED** THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereof as amended up to the date, consent of the members of the Company be and is hereby accorded for the appointment of Shri Satya Bhagwan Chachan, as the Managing Director of the Company for a period of 5 years effective from 1<sup>st</sup> October, 2008 on the following terms and conditions.

1. Salary: Rs. 50,000/- per month.
2. Commission: At the rate of 1% of the net profit of the Company or 50% of the annual salary, whichever is less.
3. Perquisites: In addition to the salary and commission as stated above Shri Satya Bhagwan Chachan shall be entitled to the following perquisites

**CATEGORY – A**

- a. Medical Reimbursement : Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three month's salary in a period of three years.
- b. Leave Travel Concession : For self and family once in a year subject to one months salary per year.
- c. Club Fee : Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
- d. Personal Accident Insurance: Of an amount the premium of which not to exceed Rs. 4000/- per annum.

**CATEGORY – B**

- i. Contribution by the Company to Provident Fund. Superannuation Fund or Annuity fund as per the rules of the Company.
- ii Payment of Gratuity subject to an amount equal to half a month's salary for each completed year of service.

**CATEGORY – C**

The Company shall provide a car with driver and a telephone at the residence. Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

**"Resolved** further that in the absence of or inadequacy of profits in any financial year, the above remuneration will be paid as minimum remuneration in terms of Part II of schedule XIII of the Companies Act, 1956."

6. To consider and, if thought fit, to pass with or without the modifications, the following resolution as an **Ordinary resolution**

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from Rs. 5,01,00,000 (Rupees Five Crores one lac only) to Rs. 6,01,00,000 (Rupees Six Crores one lac only) by creation of further 10,00,000 Equity Shares of Rs. 10/- each ranking pari – passu with the existing Equity Shares of the Company."

7. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution.

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and by substituting the following clause in its place as new Clause V."

The Authorised Share Capital of the Company is 6,01,00,000 (Rupees Six Crores one lac only) divided into 60,10,000 (Sixty lacs and ten thousand only) Equity Shares of Rs. 10/- (Rupees ten only) each.

The Company has power from time to time to increase, reduce, subdivide, consolidate, the capital and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential or special rights and privileges, conditions or priorities of dividends or distribution of assets or otherwise over any other shares and to vary, modify or abrogate any such rights, privileges, or conditions in such manner, as may for the time being, be deemed fit and as may be provided in the regulations of the Company in accordance with the provisions of the Companies Act, 1956.

8. To consider and, if thought fit, to pass with or without the modifications, the following resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions if, any of the Companies Act, 1956 and in accordance with the Memorandum and Articles of Association of the Company and the subsisting guidelines / regulations prescribed by the Govt. of India / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) or any other relevant authority in this behalf, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be stipulated by any of them while granting such, approval, consents, permissions and sanctions, consent of the members be and is hereby given to the Board of Directors of the company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee (s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) to issue, offer and allot not exceeding 2,50,000 (two lacs fifty thousand only) warrants, on preferential basis, convertible into 2,50,000 equity shares of the Company of the nominal value of Rs. 10/- each for cash which shall call upon conversion ranking pari passu with the existing equity shares of the company to the promoters and non-promoters in one or more tranches, in such form and manner and upon such terms and conditions as the Board may in its absolute discretion deem fit, at a price not being less than Rs. 10/- (Rupees ten only) subject to the SEBI Guidelines(as may be applicable) in this behalf and the Relevant Date for calculating the price as per the SEBI Guidelines being 31<sup>st</sup> August, 2008.

"FURTHER RESOLVED THAT each warrant be convertible into one equity share within a period of 18 months from the date of its allotment and on such other terms and conditions, subject to SEBI (Disclosure and Investor Protection) Guidelines, 2000 as may be applicable, from time to time."

"FURTHER RESOVED THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to take all such actions and to give all such directions as may be necessary or desired and to accept any modifications in the above proposal as may be required by the authorities involved and also settle any questions or difficulties that may arise in respect of offer, issue and allotment of warrants / equity shares and further to do all such acts and execute such deeds and documents and writings in connection with the issue of the warrants / equity shares, as may be necessary."

By order of the Board of Directors

Place: Hyderabad.

Date : 01.09.2008

S.B CHACHAN  
CHAIRMAN

**Notes:**

- i. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
- ii. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
- iii. The Register of Members and Share transfer books of the Company will remain closed from 26<sup>th</sup> September, 2008 to 30<sup>th</sup> September, 2008 (both days inclusive).
- iv. Consequent upon the introduction of Section 109 A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No.2B in duplicate to the Company.
- v. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 5 to 8 are attached hereto.

**EXPLANATORY STATEMENT**

( Pursuant to Section 173(2) of the Companies Act, 1956

**Item No. 5**

The Members are aware that the Company was promoted by Shri Satya Bhagwan Chachan, Chairman of the company. Keeping in view Mr. Chachan's efforts and his valuable contribution to the Company towards Company's growth and success, the Board of Directors at their meeting held on 01.09.2008 approved appointment of Shri Satya Bhagwan Chachan as Managing Director of the Company for a period of 5 years w.e.f. 01.10.08 which is subject to approval of members of the Company.

The Board of Directors recommends the resolution for your approval.

None of the Directors of the Company except Shri Satya Bhagwan Chachan, himself is interested in the said resolution.

**Item No. 6 & 7**

The Company is operating with Authorised Share Capital of Rs. 5, 01, 00,000/- divided into 50,10,000 Equity Shares of Rs. 10/- each. In view of Company's plans to expand the business operations and to augment the long term working capital financial resources, it is considered proper to raise further capital. Hence, it is necessary to increase the authorized Share Capital by creation of further 10,00,000 Equity Shares of Rs. 10/- each. The increased authorized Share Capital of the Company shall be 6, 01, 00,000/- (Rupees Six Crores One lac only) divided into 60, 10,000 Equity shares of Rs. 10/- each.

The Resolution in item no 7 is consequential to resolution in item no 6 in respect of alteration of capital clause of Memorandum of Association of the company.

The resolution is accordingly recommended by the Board of Directors of the Company.

None of the Directors of the Company, is in any way concerned or interested in the resolution in item nos. 6 and 7.

**Item No 8**

Your Company is proposing to offer and issue upto 2, 50,000 warrants, and each warrant convertible into one equity share of Rs.10 each fully paid, to the promoters and non-promoters/ persons acting in concert.

As per regulation 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the required details are furnished as under:

**1. Object of the Issue:**

With a view to augment the long-term financial resources of the Company including some Capital Expenditure for expanding the operational capacity by deployment of Additional Machinery/Balancing equipment, your Board proposes to issue warrants convertible into equity shares to the promoters and non-promoters, at a price not less than the average price calculated as per the SEBI Guidelines.

**2. Pricing:**

The issue of equity shares arising out of the conversion of the warrants shall be at a price not being less than Rs. 10/- (Rupees Ten only), subject to the SEBI Guidelines (as may be applicable) in this behalf.

**3. Payment & conversion terms:**

10% of the value of the warrants is to be paid together with application for subscription of the warrants. The balance shall be payable in tranches before their conversion into equity shares. In case the options are not exercised by any allottees of warrants within a period of 18 months from their issue, the application money will be forfeited by the Company.

The warrants are converted into shares at the option of the allottees on payment of the balance amount at any time during the period of 18 months.

**4. Intention of Promoters / Directors / Key Management persons to subscribe to the offer:**

The Promoters, their relatives, Directors / persons acting in concert, intend to subscribe to the issue.

**5. Relevant Date**

"Relevant Date" for the purpose of pricing of shares arising out of conversion of warrants is 31<sup>st</sup> August, 2008 being the date, 30 days prior to the date of this Annual General Meeting.

**6. Shareholding Pattern of the Company before and after the issue:**

The shareholding pattern before and the one likely to emerge after the proposed allotment and conversion of warrants would be as under:

	Before this Issue		After the issue of warrants	
Category	No. of shares	% of holding	No. of Shares	% of holding
Promoter Group	698100	14.39	948100	18.59
Mutual Funds and UTI	-	-	-	-
Banks, Financial Institutions, Insurance Companies	-	-	-	-
Bodies Corporate	1758227	36.25	1758227	34.48
General Public	2359418	48.66	2359418	46.26
NRI's/OCB's	3595	0.07	3595	0.07
FII's	-	-	-	-
Others-Clearing members	30660	0.63	30660	0.60
<b>Total</b>	<b>4850000</b>	<b>100.00</b>	<b>5100000</b>	<b>100.00</b>

**7. Proposed time within which the allotment shall be completed:**

Allotment shall be completed within a period of fifteen days from the date of obtaining shareholders' approval or within a period of fifteen days from the date of obtaining necessary regulatory approvals as per the SEBI Guidelines, whichever is later.

**8. The identity of the proposed allottee(s) and the percentage of post preferential issue capital that may be held by them:**

Sl. No	Name of the person	Cate-gory	Pre-issue		No. of warrants proposed to be issued	Post issue of shares & warrants	
			No. of shares	% of holding		No. of shares	% of holding
1	Jai Bapji Ispat (P) Ltd	Promoter Group	-	-	250000	250000	4.90
	<b>Total</b>		-	-	<b>250000</b>	<b>250000</b>	<b>4.90</b>

**9. Auditor's Certificate:**

A certificate, as required under SEBI Guidelines, certifying that the proposed issue is in accordance with the said Guidelines has been obtained from the Auditors of the Company.

**10. Lock-in:**

The Fully Convertible warrants to be allotted on preferential basis and the shares arising out of the same, shall be subject to lock-in as per applicable SEBI Guidelines in this behalf.

**11. Change In Management:**

The issue of equity shares and convertible warrants as aforesaid will not result in any change in the management or control of the Company.

The Company is taking necessary steps to obtain the requisite approvals from regulatory agencies, as may be applicable, for the proposed issue.

As per the provisions of Section 81 of the Companies Act, 1956 ( the Act) and the Listing Agreements entered into by the Company with various Stock Exchanges where the Company's Equity shares are listed, where at any time after the expiry of the two years from the incorporation of a Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its incorporation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, then such further shares shall be offered to the existing shareholders in proportion of their shareholding. However, in accordance with the provisions of Section 81 (1A) of the Act, such further shares may be offered to any persons, whether or not they include the existing shareholders, if a special resolution to that effect is passed by the Company in the General meeting. As the warrants in the proposed issue are not being offered to all the existing shareholders in proportion of the paid up capital held by them, the Special resolution in item no. 8 is placed for your approval.

Except Mr. S.B Chachan, no other Directors are concerned or interested in the said resolution.

Place : Hyderabad.

Date : 01.09.2008

By order of the Board of Directors

S.B. CHACHAN  
CHAIRMAN

**BRIEF PROFILES OF DIRECTORS SEEKING RE-APPOINTMENT****1. Shri Sanjay Solanki:**

Shri Sanjay Solanki, 45, is a qualified Chartered Accountant, specialized in matters relating to financial restructuring and BIFR matters. In addition to the academic achievements, Shri Sanjay Solanki has developed a model for financial restructuring for Indian corporate. He is a member of Audit Committee and Investment Grievance Committee of the company. He is also a chairman of Audit Committee. He is also a director of Pan Securities Ltd.

**2. Shri S.B Chachan :**

Shri S.B.Chachan, 54, is a qualified Chartered Accountant and promoter of the company. He has gained vast experience of Bright Steel Bar industry. He is also a director of R.K.Manufacturing Company Ltd and Jai Bapji Ispat (P) Ltd.

**DIRECTORS' REPORT**

To  
**The Members of Aditya Ispat Limited,**  
 Hyderabad

Your Directors take pleasure in presenting the Seventeenth Annual Report on the affairs of the Company for the financial year 2007-2008 together with the Audited Financial Statements and Report of the Auditors thereon.

**BUSINESS PERFORMANCE:****Financial Results:**

The overall performance of the Company for the financial year 2007-08 is summarized as under:

( Rs. in Lakhs)

S.No.	Particulars	2007-2008	2006-2007
1.	Sales ( Gross)	873.42	809.90
	Less : Excise Duty	102.37	98.82
	Sales ( Net)	771.05	711.08
2.	Other Income	4.69	5.95
	Total Revenue	775.74	717.03
3.	Gross Profit before Interest, Depreciation, & taxation	34.74	20.17
4.	Interest/Financial Charges	8.02	1.94
5.	Depreciation	8.80	8.38
6.	Profit before tax	17.92	9.85
	Less: Provision for current tax	4.30	3.22
	Less : Provision for Deferred Tax	1.45	0.44
	Less Taxation adjustment for earlier years	3.19	-
	Net Profit(loss) after tax	8.98	6.19
	Add: Balance from previous year	31.01	24.82
	Surplus carried to Balance Sheet	39.99	31.01

**BUSINESS REVIEW**

During the year 2007-08, the Company has posted a turnover of Rs 873.42 lakhs as against Rs. 809.90 lakhs in previous year and has earned a net profit of Rs. 17.92 lakhs compared to previous year's profit of Rs. 9.85 lakhs out of manufacturing of Bright bars and steel trading. There is a slight improvement in profitability due to increased sales and a marginal cost effective means of production. Due to the inadequate profits, the Board has not recommended any dividend nor any transfer to reserves.

**FUTURE OUTLOOK:**

Global Steel demand has been robust in recent years, attributable to the rapid pace of urbanization and industrialization taking place in China and India. Global steel production has grown at a compounded annual growth rate (CAGR) of 8.3 per cent over 2002-07. The global steel market is projected to cross 1.5 billion tones by 2015-20. The demand for steel from infrastructure, real-estate, engineering and automobiles sectors has been growing rapidly in India, China and other emerging economies such as Brazil, Russia and West Asia. Therefore the demand for the Company's Product i.e. Bright Bars is bound to register an increase in coming years.



Your Company has also registered increase in sales Turnover as well as Profitability during the year under review. The company is making all efforts to improve the quality of its products, sales network and profitability

### **FINANCIAL RESOURCES**

The Board has placed relevant resolution before the members to augment the long term financial resources by way of further issue of shares/ warrants to be able to augment long term financial resources for working capital etc.

The company has made preferential issue of convertible warrants amounting to Rs. 60 lacs to the promoter group and propose to further make a preferential issue of convertible warrants for Rs. 25 lacs (excluding premium if any) to meet the working capital requirements as well as addition / replacement of Plant & Machinery.

The bank cash credit limit has increased from 97 lacs to 150 lacs.

### **DIRECTORS:**

Shri S.B Chachan and Shri Sanjay Solanki retire by rotation and being eligible offer themselves for reappointment. The Board recommends their reappointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

1. That the accounting standards to the extent applicable to the Company have been followed in the preparation of the Annual accounts. There are no material departures there from except AS-15 (Revised) as mentioned in Note No. 6 of Schedule 19 in notes to Accounts, the same is self-explanatory.
2. That the accounting policies selected by the Board for the purpose of preparation and presentation of the financial statements have been and are being applied consistently and reasonable and prudent judgments and estimates ( wherever applicable) have been made for the said purpose, so as to give a true and fair view of the affairs of the Company as at the end of the financial year under review and of the profit and loss for the said year.
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
4. That the annual Accounts have been prepared on a going concern basis.

### **AUDITORS:**

M/s. Dagliya & Co, Chartered Accountants, Secunderabad, the Auditors of the company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Board recommends their reappointment.

### **Comment on Auditors Observation:-**

The observations of the Auditors read with the Notes on Accounts are self explanatory and do not require any comments from the Directors.

### **LISTING :**

The shares of your company are listed on Mumbai and Kolkata Stock Exchanges.

### **PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT, 1956:**

There are no employees whose particulars are required to be disclosed pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.

### **FIXED DEPOSITS:**

During the year under review, the company has not accepted any deposits under Section 58A of the Companies Act 1956 read with Companies ( Acceptance of Deposits) Rules, 1975.

**CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and outgo in accordance with Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, forming part of the Directors Report for the year ended 31<sup>st</sup> March, 2008 is as follows:

**Conservation of Energy:** The company's operations require low energy consumption. Adequate measures are taken to conserve energy wherever possible. The details required are attached herewith.

**Technology Absorption:**

- |                                       |  |
|---------------------------------------|--|
| a. Research & Development             | There is no specific Research and Development activity carried out by the Company during the year. |
| b. Technology Absorption              | NIL  |
| c. Foreign Exchange Earning and Outgo | NIL  |

**CORPORATE GOVERNANCE:**

The company has implemented the Code for Corporate Governance as stipulated under the revised Clause 49 of the Listing Agreement. A separate report on Corporate Governance is annexed to this report.

**CODE OF CONDUCT**

The Company has adopted a uniform Code of Conduct for Directors and Senior Management and above Officers level to ensure ethical standards and ensure compliance to the laid down standards.

**DEMATERIALISATION OF SHARES:**

M/s. X.L Softech Services Limited, Hyderabad were appointed as Depository Registrars for dematerialization of shares and for physical shares also the transfer work was entrusted to them.

The ISIN of dematerialized share of the Company allotted by NSDL and CDSL is "INE570B01012."

**ACKNOWLEDGEMENTS:**

The Board takes this opportunity to express its deep gratitude for the continued co-operation and support received from its Bankers, State and Central Governments, the customers, share holders, business associates and employees during the year under review.

Place: Hyderabad.  
Date : 01.09.2008

On behalf of the Board of Directors  
Sd/-  
S.B CHACHAN  
CHAIRMAN