



ADITYA ISPAT LIMITED

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

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18th
ANNUAL REPORT
2008-2009

Board of Directors :

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

Chairman & Managing Director
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

AIL

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of Aditya Ispat Limited will be held on Wednesday, the 30th September, 2009 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 31st March, 2009 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. Swami S.B. Das , who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri H.M.Duggar, who retires by rotation and being eligible offers himself for re-appointment .
4. To appoint auditors and to 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.”

By order of the Board of Directors

Place: Hyderabad.
Date : 31.08.2009

S.B CHACHAN
CHAIRMAN & MANAGING DIRECTOR

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 25th September, 2009 to 30th September, 2009 (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.

BRIEF PROFILES OF DIRECTORS SEEKING RE-APPOINTMENT**1. Shri H.M.DUGGAR :**

Shri H.M.Duggar is a qualified Chartered Accountant engaged in practice. He is specialized in Companies Act and Income Tax matters.

2. Shri Swami S.B DAS :

Shri Swami S.B.Das has over 25 years of experience in Public relation and legal matters. He has been a legal consultant to various organizations and also associated with Social Services.

DIRECTORS' REPORT

To
The Members of Aditya Ispat Limited,
 Hyderabad

Your Directors take pleasure in presenting the Eighteenth Annual Report on the affairs of the Company for the financial year 2008-2009 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 2008-09 is summarized as under:

(Rs. in Lakhs)

S.No.	Particulars	2008-2009	2007-2008
1.	Sales (Gross)	1051.86	873.42
	Less : Excise Duty	98.97	102.37
	Sales (Net)	952.89	771.05
2.	Other Income	7.63	4.69
	Total Revenue	960.52	775.74
3.	Gross Profit before Interest, Depreciation, & taxation	42.05	35.39
4.	Interest/Financial Charges	12.85	8.67
5.	Depreciation	9.80	8.80
6.	Profit before tax	19.40	17.92
	Less: Provision for current tax	5.59	4.30
	Less : Provision for Deferred Tax	(1.33)	1.45
	Less Taxation adjustment for earlier years	(0.01)	3.19
	Net Profit(loss) after tax	15.15	8.98
	Add: Balance from previous year	39.99	31.01
	Surplus carried to Balance Sheet	55.14	39.99

BUSINESS REVIEW

During the year 2008-09, the Company has posted a turnover of Rs 1051.86 lakhs as against Rs. 873.42 lakhs in the previous year and has earned a net profit of Rs. 19.40 lakhs compared to previous year's profit of Rs. 17.92 lakhs. 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:

Steel Market is facing a demand crunch due to recessionary trends started from August 2008. Due to increased Govt. spending in infrastructure and Capital Projects as well as improvement in automobile sector, the demand for Bright Steel Bars is bound to pick-up gradually.

Your Company has 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 company has made preferential issue of convertible warrants amounting to Rs. 25 lacs (excluding

Premium) to the promoter group to meet the working capital requirements as well as addition / replacement of plant & Machinery.

DIRECTORS:

Shri Swami S.B Das and Shri H.M.Dugar 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 and there are no material departures
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 31st March, 2009 are 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 "INE 07. B01012."

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.

On behalf of the Board of Directors

Place: Hyderabad.

Date : 31.08.2009

S.B CHACHAN
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE – A TO THE DIRECTOR'S REPORT**CONSERVATION OF ENERGY, TECHNOLOGY & FOREIGN EXCHANGE.**

Information required under section 217(1)(e) of the companies Act, 1956 read the Companies (disclosures of particulars in the Report of the Board of Directors) rules, 1988 with respect to these matters.

	For the year ended 31.03.09	For the year ended 31.03.08
CONSERVATION OF ENERGY		
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a. Purchased		
Units	43964	61844
Amounts (Rs.)	355230	480475
Rate per Unit(average)(Rs.)	8.08	7.77
b. Own Generator		
i. Through diesel Generator		
Units	NIL	NIL
Units per litre of Diesel	NIL	NIL
Cost per Unit	NIL	NIL
ii. Through Steam turbine / generator		
Units	NIL	NIL
Units per litre of fuel Oil/Gas	NIL	NIL
Cost per Unit	NIL	NIL
2. COAL (Specify quality and where used)		
Quantity (Tonnes)	NIL	NIL
Total Cost	NIL	NIL
Average Rate	NIL	NIL
3. FURNACE OIL		
Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate Per Unit	NIL	NIL
4. OTHERS/INTERNAL GENERATION		
Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate Per Unit	NIL	NIL
5. CONSUMPTION PER UNIT OF PRODUCTION		
Production (Units) (M.T)	1888.183	2029.466
Electricity (Rs.)	188.13	236.75
Coal	NIL	NIL
Furnace Oil	NIL	NIL
Others	NIL	NIL

On behalf of the Board of Directors

Place: Hyderabad.

Date : 31.08.2009

S.B CHACHAN
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE – B**MANAGEMENT DISCUSSION AND ANALYSIS:**

Pursuant to the revised Clause 49 of the Listing agreement, the Management Discussion and Analysis report covering the performance and outlook of the Company is given below:

A. INDUSTRY STRUCTURE AND DEVELOPMENTS :

Aditya Ispat Limited (AIL) is one of the leading manufacturers of Bright Bars at Hyderabad and has produced 1888.183 Tons of Bright Bars during the year under review. This output is slated to grow with increased working capital availability in the coming years.

B. OUTLOOK – Global Steel Industry

Due to world wide recession the demand and price of Iron & Steel faced a down ward trend from August 2008. In India Govt. has increased spending in infrastructure and capital projects, Automobiles Sector is also showing signs of improvement. Therefore, the bright steel bar will find adequate market.

C. OPPORTUNITIES & THREATS**OPPORTUNITIES:**

- The demand of Bright Steel Bars is increasing and the company has opportunity to expand its capacities.
- The Company's M.O.U/ Long term relation with the main steel producers R.I.N.L. Vishakhapatnam give an edge over manufacturers of other states.
- Demand can be increased by spreading the areas of operations into other parts of the South and Western States.

THREATS:

- The Company is facing competition from small players.
- The Company is facing demand crunch due to Global recession in Steel Industry.

D. RISKS & CONCERNS :

- The Company is mainly dependent for its raw material requirement on R.I.N.L (a public sector undertaking). The pricing and availability of raw material is completely dependent on government policies.
- The competition from the small players from the unorganized sector posed a threat to its margins.
- The Company is continuously trying to reduce the cost of production and to improve the quality of the product.

E. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY :

The Company has adequate internal control procedures with all safeguards for protection of assets and that all transactions are authorized, reported and recorded properly. The internal control procedures stem from continuous perusal of records and procedures by the Internal Auditors and the Audit Committee of Directors, who meet regularly. There are adequate Budgetary control mechanism established and practiced by the Company. The Code of Conduct also plays an effective role in utilization of energies of people involved.

F. FINANCIAL POSITION

- The Company has generated sales of Rs.1051.86 lakhs from manufacturing and trading revenues which is higher than last fiscal. The trend is expected to continue in current fiscal with increased working capital availability for the second half and newer geographical areas of operations. The revenues are likely to reach to Rs. 1200 lakhs next year.
- The cost reduction initiatives which were initiated continue to reap benefits in current year and the same will continue with larger economies of scale also.

- The Company has added fixed assets of Rs. 81.02 lakhs. The Gross block stood at Rs. 329.65 lakhs with Net block of Rs. 246.56 lakhs after depreciation.
- Company has not raised any resources from Public or Rights issue of shares in the year under review.
- The Company has made Preferential allotment of Equity Shares of **Rs.25 Lakhs** to promoter's group during the year.

G. CAUTIONARY STATEMENT :

Statement made in Management Discussion and Analysis report which seeks to describe the Objectives, projections, estimates, predictions may be considered to be forward looking statements and are stated as required by applicable laws and regulations. Actual results could differ from those expressed or implied and are determined by many factors including global and domestic demand – supply conditions, process, raw materials availability, tax laws, governmental policies and other statutes which may affect actual results which may be different from what the Directors envisaged in terms of future performance and outlook.

REPORT ON CORPORATE GOVERNANCE:

Aditya Ispat Limited has implemented the revised Corporate Governance Code in accordance with the SEBI directives and has been consistently following the good governance practices in its day to day working while upholding the core values of transparency, integrity, honesty and accountability.

The information to be furnished under the Code is placed hereunder for the information of the stakeholders:

Company's philosophy on Code of Corporate Governance:

Aditya Ispat Limited (AIL) philosophy of Corporate Governance stems from its belief that the Company's business strategy and plans should be consistent with the welfare of all its stakeholders including shareholders. It enables the management to direct and control the affairs of the Company in an efficient manner thereby maximizing value for all stakeholders. Good Corporate Governance practice enables a company to attract financial and human capital and leverage these resources to maximize long term shareholders value.

BOARD OF DIRECTORS:

Composition of the Board:

As on 31st August, 2009, the Board of Directors consists of Four Directors. Three Directors are non executive and are independent. As 75 per cent of the Board consists of independent Directors, the composition of the Board is in consonance with revised Clause 49 of the Listing Agreement. None of the Directors on the Board is a member of more than 10 committees or act as a chairman of more than 5 committees across all companies in which he is director.

THE BOARD MEMBERS: (as on 31.08.2009)

S.No.	Director	Category	No. of Directorships	Membership in Board Committees.
1.	Shri.S.B Chachan	Executive	3	--
2.	Shri Sanjay Solanki	Non executive	2	3
3.	Swamy S.B Das	Non executive	1	3
4.	Shri.H.M. Dugar	Non executive	7	3

The Board formulates strategies, regularly reviews the performance of the Company and ensures that the targeted objectives are met on a consistent basis.

3. Board Meetings:

During the year 2008-2009, the Board of Directors met Eight times on 28th April, 2008, 28th July, 2008, 1st September, 2008, 14th October, 2008, 30th October, 2008, 30th January, 2009, 23rd February 2009 & 31st March 2009. The longest gap between any two successive Board Meetings did not exceed 4 months.

4. Directors Attendance:

Name of the Director	Board Meetings	Annual General Meeting
Shri.S.B Chachan	8	1
Shri Sanajay Solanki	8	1
Swamy S.B Das	7	1
Shri H.M Dugar	4	-

5. Information supplied to the Board:

Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committees. In addition to the regular business items, the following are regularly placed before the Board to the extent applicable.

Quarterly and Half yearly results of the Company.

Minutes of the Audit Committee and other Committee meetings .

Details of Agreements

BOARD LEVEL COMMITTEES**A. Audit committee:**

The Audit committee which was constituted has met 5 times during the year 2008-09 on the following dates:

28.04. 2008, 28.07.2008, 01.09.2008, 30.10.08 & 30.01.2009.

The Committee comprise of 3 Non- Executive Independent Directors and the attendance of each member of the said committee is as under:

Director	Designation	No. of meetings attended
Shri Sanjay Solanki	Chairman	5
Swamy S.B Das	Member	5
Shri H.M Dugar	Member	4

The terms of reference of the Audit committee include the following:

To review the quarterly, half yearly and annual financial results of the Company before submission to the Board.

1. To oversee the financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. To hold periodic discussions with statutory auditors and internal auditors of the Company concerning the accounts of the company, internal control systems, scope of audit and observations of auditors.
3. To make recommendations to the Board on any matter relating to the financial management of the Company, including the audit report.
4. To recommend the appointment and removal of external auditors, fixation of audit fees and also approval of fee for any other services by the auditors.
5. To investigate into any matter in relation to items specified in section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice if necessary.