



## **ADITYA ISPAT LIMITED**

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

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### **13th ANNUAL REPORT 2003-2004**

**Board of Directors :**

Shri Satya Bhagwan Chachan  
Shri Surendra Kumar Jain  
Shri Sanjay Solanki  
Shri Swamy S.B. Das

Chairman  
Director  
Director  
Director

**Auditors :**

M/s. Dagliya & Company  
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 Thirteenth Annual General Meeting of the members of Aditya Ispat Limited will be held on Thursday, the 30<sup>th</sup> September, 2004 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, 2004 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.S.K Jain, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri Sanjay Solanki, 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 to be fixed by the Board of Directors of the Company."

By order of the Board of Directors

Place: Hyderabad.

Date : 22.08.2004

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 dematerialised 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 28<sup>th</sup> September, 2004 to 30<sup>th</sup> September, 2004 ( 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.

By order of the Board of Directors

Place: Hyderabad.

Date : 22.08.2004

S.B CHACHAN  
CHAIRMAN

**DIRECTORS' REPORT**

To -

**The Members of Aditya Ipat Limited,  
Hyderabad**

Your Directors take pleasure in presenting the Thirteenth Annual Report on the affairs of the Company for the financial year 2003-2004 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 2003-04 is summarised as under:

		(Rs. in Lakhs)	
S.No.	Particulars	2003-2004	2002-2003
1.	Sales ( Gross)	307.76	266.26
	Less : Excise Duty	30.32	28.37
		<hr/>	<hr/>
	Sales ( Net)	277.44	237.89
2.	Other Income	11.15	10.47
		<hr/>	<hr/>
	Total Revenue	288.59	248.36
3.	Gross Profit before Interest, Depreciation, Preliminary & Public Issue exp. & taxation	11.40	11.60
4.	Interest	3.31	2.55
5.	Depreciation	5.47	5.43
6.	Preliminary & Public Issue Exp. W/Off	3.39	3.39
7.	Profit before tax	(0.77)	0.23
	Less: Provision for current tax	0.38	0.59
	Less : Provision for Deferred Tax	0.39	0.01
	Net Profit(loss) after tax	(1.54)	(0.37)
	Add: Balance from previous year	11.34	11.71
		<hr/>	<hr/>
	Surplus carried to Balance Sheet	9.80	11.34

**BUSINESS REVIEW**

During the year 2003-04, the Company has posted a turnover of Rs 307.76 lakhs as against Rs. 266.25 lakhs in previous year and has incurred a net loss of Rs. 0.77 lacs as against previous year's profit of Rs. 0.23 lakhs out of manufacturing of Bright bars. Due to the loss, the Board has not recommended any dividend nor any transfer to reserves.

**FUTURE OUTLOOK:**

The Steel industry has seen a large demand being created due to several Government infrastructure initiatives after a slump of almost five years and all the major players have shown encouraging results. The Company has also witnessed a spurt in demand in the financial year but could not capitalise on the same due to lower outputs. This has prompted the Management to increase the capacity and the work was started for capacity expansion which is nearing completion. This will give the Company an edge over smaller players in consolidating its position. The smaller players in unorganized sector have continued to sledge prices to compete with the organized sector which has resulted into lower profits to the sector and also to the Company.

**DIRECTORS:**

Shri S.K Jain and Shri Sanjay Solanki retire by rotation and being eligible offers themselves for reappointment. The Board recommends their reappointment.

During the year under review, there has been no change in the Directors.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- i) 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.
- ii) 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.
- iii) 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.
- iv) That the annual Accounts have been prepared on a going concern basis.

**AUDITORS:**

M/s. Dagliya & Company, 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. 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, Kolkata and Hyderabad Stock Exchanges. Given the abysmally low trading volumes on all other stock exchanges barring the Mumbai Stock Exchange, the Company made delisting applications to Kolkata and Hyderabad Stock Exchanges as approved by members in last Annual General Meeting. The approvals for delisting are awaited from the two Stock Exchanges.

**EMPLOYEES:**

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, 2004 is as follows:

1. 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.
2. Technology Absorption:
  - a. Research & Development
 

	There is no specific Research and Development activity carried out by the Company during the year.
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  - b. Technology Absorption
 

	NIL
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3. Foreign Exchange Earning and Outgo
 

	NIL
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### **CHANGE OF NAME :**

The Company has changed its name to Aditya Ispat Limited from Aditya Global Techno Corporation Limited in accordance with the resolution passed in last Annual General Meeting and fresh certificate of incorporation consequent to change of name has been issued by the Registrar of Companies, Andhra Pradesh.

### **CORPORATE GOVERNANCE:**

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

### **DEMATERIALISATION OF SHARES:**

M/s. Sindhu Corporate Services Private Limited, Secunderabad were appointed as Depository Registrars for dematerialization of shares and for physical shares also the transfer work was entrusted to them. Recently the work for Registrars and Transfer Agents has been shifted to XL Softech Services Limited, Hyderabad.

The ISIN of dematerialized share of the Company allotted by NSDL and CDSL is "INE...S70801012."

### **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 : 22.08.2004

Sd/-  
**S.B CHACHAN**  
CHAIRMAN

**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 (disclosure) of particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters.

	for the year ended 31.03.04	for the year ended 31.03.03
<b>CONSERVATION OF ENERGY</b>		
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY</b>		
a. Purchased		
Units	23829	31087
Amount (Rs.)	183369	204035
Rate per Unit (average)(Rs.)	7.69	6.56
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
<b>2. COAL (Specify quality and where used)</b>		
Quantity (Tonnes)	Nil	Nil
Total Cost	Nil	Nil
Average Rate	Nil	Nil
<b>3. FURNACE OIL</b>		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate Per Unit	Nil	Nil
<b>4. OTHERS/INTERNAL GENERATION</b>		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate Per Unit	Nil	Nil
<b>5. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Production (Units) (MT)	1146.297	1406.954
Electricity (Rs)	159.97	145.02
Coal	Nil	Nil
Furnace Oil	Nil	Nil
Others	Nil	Nil

for and behalf of the Board of Directors.

Place : Hyderabad  
Date : 22-08-2004

(S.B.CHACHAN)  
Chairman

**ANNEXURE - B****A. INDUSTRY STRUCTURE AND DEVELOPMENTS :**

AIL is a leading manufacturer of Bright Bars at Hyderabad and has produced 1146.297 Tons of Bright Bars during the year under review.

**B. OUTLOOK – GLOBAL STEEL INDUSTRY**

Globally, the steel industry is buoyed by rising demand due to revival of manufacturing sector in industry across the board for industrial and domestic goods. This coupled with Government initiatives in development of infrastructure has generated increased demand leading to firming up of prices.

There have been price corrections but the buoyancy has been maintained and is expected to continue for the FY 2004-2005 also with US economy on a drive and China expected to grow at 9%. The Indian economy is also witnessing the surge in demand which the Company also expects to capitalise with increased capacity.

**C. OPPORTUNITIES & THREATS****OPPORTUNITIES:**

- The Company's core competence in manufacture of Bright Bars instills various advantages in maintaining its leadership in local markets.
- With additional capacities to start production in current year, the revenues are likely to improve significantly.

**THREATS:**

- The Company's dependence on public sector Steel companies for raw material and increase in prices by them have posed threat to the bottom line of the Company in the past and continues to be so. Efforts to develop alternative sources are proving costlier for the company.
- Due to lower realisations, the company continues to suffer with lower accruals for meeting increased working capital which is expected to continue since Bankers in India have continued to follow conservative attitudes for finance.

**D. RISKS & CONCERNS :**

Dynamic pricing of steel products have loomed large on the Company's pricing policy thereby reducing margins. The efforts for cost reduction are likely to bring some benefits in the current year.

**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 are 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.

**F. FINANCIAL POSITION**

- The Company has generated sales of Rs. 307.76 lacs from manufacturing and trading revenues which is higher than last fiscal. The trend is expected to continue in current fiscal with increased capacity.
- The cost reduction initiatives which were initiated last year will start to reap benefits in current year and the same will continue even with additional capacity which is likely to bring the economies of scale also.
- The Company has added fixed assets of Rs. 6.77 lacs and the work is still going on to add the required machinery in current year. The Gross block stood at Rs. 162.47 lacs with Net block of Rs. 121.77 lacs after depreciation.
- Company has not raised any resources from Public or Rights issue of shares in the year under review.



**REPORT ON CORPORATE GOVERNANCE:**

Aditya Ispat Limited implemented the Corporate Governance code in accordance with the SEBI directives and has been consistently following the good governance practices in its day to day working.

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

**Company's philosophy on 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. Good Corporate Governance practice enables a company to attract financial and human capital and leverage these resources to maximize long term shareholders value while preserving the interest of multiple stakeholders, including society at large.

**Board of Directors:****Composition of the Board:**

As on 31<sup>st</sup> March, 2004, the Board of Directors consist of Four Directors. All the Directors are non executive and Three are independent. As 75 per cent of the Board consist of independent Directors, the composition of the Board is in consonance with Clause 49 of the Listing Agreement. Details of the Composition of the Board are given hereunder.

**Composition of the Board:****Composition of the Board:**

S.No.	Director	Category	No. of Members in Board Committees
		Directorships	
1.	Sri.S.B.Chachan	Non-executive	5
2.	Sri.S.K.Jain	Non-executive	6
3.	Sri.Sanjay Solanki	Non-executive	1
4.	Sri.Swamy S.B. Das	Non-executive	1

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 2003-2004, the Board of Directors met Four times on 29th April, 2003, 31<sup>st</sup> July, 2003, 30<sup>th</sup> October, 2003 and 30<sup>th</sup> January, 2004. 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
Sri. S.B.Chachan	4	1
Sri. S.K.Jain	1	-
Sri. Sanjay Solanki	3	1
Sri. Swamy S.B.Das	4	-

As per Clause 49 of the Listing Agreement entered in to the Stock Exchanges, an independent Director means a Director who apart from receiving director's remuneration, does not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgement of the Board may affect the independence of judgement of the director.

None of the Directors on the Board holds the office of Director in more than 6 companies nor are they members/Chairman in committees of the Board of any other company. There are no pecuniary relationships or transactions between the Directors and the company.

**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 2 times during the year 2003-04 on the following dates:

- a) 31.07.2003, 30.01.2004
- b) 31.10.2003, 29.04.2004

The constitution of the Committee and the attendance of each member of the said committee is as under:

Director	Designation	Status	Profession	No. of Meetings Attended
Sri.S.K.Jain	Director	Independent	FCA	1
Sri.Sanjay Solanki	Director	Independent	FCA	4
Sri.Swamy Das	Director	Independent	Pulic Relations	4

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

1. To review the quarterly, half yearly and annual financial results of the Company before submission to the Board.
2. To oversee the financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
3. 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.
4. To make recommendations to the Board on any matter relating to the financial management of the Company, including the audit report.
5. 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.
6. 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.
7. To make recommendations to the Board on any matter relating to the financial management of the Company.