



# **ADITYA ISPAT LIMITED**

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

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## **16th ANNUAL REPORT 2006-2007**

**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 SIXTEENTH Annual General Meeting of the members of Aditya Ispat Limited will be held on Friday, the 28<sup>th</sup> September, 2007 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, 2007 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.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 Dugar, 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."

**SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass with or without the modification(s), 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 Government 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 approvals, 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 6,00,000 (Six lakhs Only) warrants, on preferential basis, convertible into 6,00,000 equity shares of the Company of the nominal value of Rs. 10/- each, for cash which shall upon conversion rank 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 exceeding 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 29<sup>th</sup> August 2007."

"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 RESOLVED 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 : 29-8-2007

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 25<sup>th</sup> September, 2007 to 28<sup>th</sup> September, 2007 (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 No. 5 is attached hereto.

**EXPLANATORY STATEMENT**

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

Your Company is proposing to offer and issue upto 6,00,000 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 equipments and also to meet long-term working capital requirements, 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 exceeding 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 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 29<sup>th</sup> August, 2007 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 :

Category	Before this Issue		After the issue of warrants	
	No. of shares	% of holding	No. of Shares	% of holding
Promoter Group	98100	2.31	698100	14.39
Mutual Funds and UTI	-	-	-	-
Banks, Financial Institutions, Insurance Companies	-	-	-	-
Bodies Corporate	1712711	40.30	1712711	35.31
General Public	2437445	57.35	2437445	50.26
NRI's/OCB's	1443	0.03	1443	0.03
FII's	-	-	-	-
Others-Clearing members	301	0.01	301	0.01
<b>Total</b>	<b>4250000</b>	<b>100.00</b>	<b>4850000</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 allottees and the percentage of post preferential issue capital that may be held by them:**

Sl No.	Name of the Person	Category	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	Satya Bhagwan Chachan	Core Promoter	29100	0.68	165000	194100	4.00
2	Satya Bhagwan Chachan (HUF)	Promoter Group	14000	0.32	170000	184000	3.79
3	Usha Chachan	Promoter Group	17100	0.40	165000	182100	3.76
4	Aditya Chachan	Promoter Group	14000	0.33	50000	64000	1.32
5	Anshuman Chachan	Promoter Group	14000	0.33	50000	64000	1.32
	<b>Total</b>		<b>88200</b>	<b>2.075</b>	<b>600000</b>	<b>688200</b>	<b>14.19</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. 5 is placed for your approval.

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

By order of the Board of Directors

Place: Hyderabad.

Date : 29-8-2007

S.B CHACHAN  
CHAIRMAN

#### BRIEF PROFILES OF DIRECTORS SEEKING RE-APPOINTMENT

##### 1. Shri S. B Das:

He has over 25 years of experience in public relations and legal matters. He has been a legal consultant to various organizations and is keenly associated with social service.

##### 2. Shri H.M Dugar :

Shri. H.M.Dugar is a qualified chartered accountant engaged in practice. He is specialized in Companies Act and Income Tax matters.

## DIRECTORS' REPORT

To  
The Members of Aditya Ispat Limited,  
Hyderabad

Your Directors take pleasure in presenting the Sixteenth Annual Report on the affairs of the Company for the financial year 2006-2007 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 2006-07 is summarised as under:

		(Rs. in Lakhs)	
S.No.	Particulars	2006-2007	2005-2006
1.	Sales ( Gross)	809.90	526.51
	Less : Excise Duty	98.82	-
	Sales ( Net)	711.08	526.51
2.	Other Income	5.95	14.69
	Total Revenue	717.03	541.20
3.	Gross Profit before Interest, Depreciation, Preliminary & Public Issue exp. & taxation	20.17	6.53
4.	Interest	1.94	1.75
5.	Depreciation	8.38	7.96
6.	Preliminary & Public Issue Exp. W/Off	-	3.44
7.	Profit before tax	9.85	3.38
	Less: Provision for current tax	3.22	0.70
	Less : Provision for Deferred Tax	0.44	0.80
	Net Profit(loss) after tax	6.19	1.88
	Add: Balance from previous year	24.82	22.94
	<b>Surplus carried to Balance Sheet</b>	<b>31.01</b>	<b>24.82</b>

**BUSINESS REVIEW**

During the year 2006-07, the Company has posted a turnover of Rs 809.90 lakhs as against Rs. 526.51 lakhs in previous year and has earned a net profit of Rs. 9.85 lacs previous year's profit of Rs. 3.38 lakhs out of manufacturing of Bright bars and trading operations. 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:**

The Steel industry has seen a large demand due to large scale construction projects being implemented. This has also had an impact on the demand for Company's products as most of the products go into manufacturing of machines and equipments. Your Company has also witnessed an increase in demand in the financial year and sales have shown considerable improvement over last year. This has prompted the Management to target for full utilization of the market potential which could not be tapped due to low working capital availability and requirement of additions to plant and machinery, balancing of equipments. This gap is tried to be bridged by a Preferential Issue of Convertible Warrants for Rs. 60 lakhs. The Company is also targeting to set up sales network in other States in India in order to consolidate its position.

**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.

**DIRECTORS:**

Shri S.B Das and Shri H.M Dugar retire by rotation and being eligible offers 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.
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. 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.

**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, 2007 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.  
NIL

b. Technology Absorption

NIL

3. 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...570801012."

**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 : 29.08.2007

Sd/-

S.B CHACHAN  
CHAIRMAN

**ANNEXURE - A TO THE DIRECTOR'S REPORT**

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**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 31.03.07**      **for the year ended 31.03.06**

**CONSERVATION OF ENERGY****A. POWER AND FUEL CONSUMPTION****1. ELECTRICITY****a. Purchased**

Units

75214

46326

Amount (Rs.)

415594

294087

Rate per Unit (average)(Rs.)

5.53

6.35

**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) (MT)

2312.676

1687.634

Electricity (Rs)

179.70

174.26

Coal

Nil

Nil

Furnace Oil

Nil

Nil

Others

Nil

Nil

for and behalf of the Board of Directors.

Place : Hyderabad

Date : 29.08.2007

(S.B.CHACHAN)

Chairman