



ADITYA ISPAT LIMITED

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

22nd
ANNUAL REPORT
2012 - 2013

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.

e-mail : info@adityaispat.com

Website : www.adityaispat.com

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 Twenty Second Annual General Meeting of the members of Aditya Ispat Limited will be held on Saturday ,the 28th September, 2013 at 10.30 AM at Rajasthani Graduates Association, Snatak Bhavan, 5-4-790/1, 1st Floor, Abids, 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, 2013 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 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

4. 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 Schedules XIII thereof as amended up to the date, consent of the members of the Company be and hereby accorded for the re- appointment of Shri Satya Bhagwan Chachan, as the Managing Director of the Company for a period of 5 years effective from 1st October, 2013 on the following terms and conditions.

1. Salary : Rs. 1,00,000/- 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 month 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 adequacy 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."

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 24th September, 2013 to 28th September, 2013 (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 under Section 173(2) of the Companies Act, 1956 for Item Nos. 4 are attached hereto.

EXPLANATORY STATEMENT

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

Item No. 4

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 the meeting held on 31.08.2013 approved re-appointment of Shri Satya Bhagwan Chachan as Managing Director of the Company for a period of 5 years w.e.f 01.10.2013 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.

Place : Hyderabad

Date : 31.08.2013

By order of the Board of Directors

S.B.CHACHAN

CHAIRMAN & MANAGING DIRECTOR

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

Shri Sanjay Solanki, 50, 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 Investor 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, 59, 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 Jai Bajji Ispat (P) Limited.

DIRECTORS' REPORT

To
The Members of Aditya Ispat Limited,
 Hyderabad

Your Directors take pleasure in presenting the Twenty Second Annual Report on the affairs of the Company for the financial year 2012-2013 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 2012-13 is summarized as under:

			(Rs. in Lakhs)
S.No.	Particulars	2012-2013	2011-2012
1.	Sales (Gross)	2184.55	1815.00
	Less : Excise Duty	204.26	133.42
	Sales (Net)	1980.29	1681.58
2.	Other Income	1.71	1.56
	Total Revenue	1982.01	1683.14
3.	Gross Profit before Interest, Depreciation, & taxation	114.18	106.84
4.	Interest/Financial Charges	65.71	59.52
5.	Depreciation	14.70	15.29
6.	Profit before tax	33.77	32.03
	Less: Provision for current tax	8.49	8.60
	Less : Provision for Deferred Tax	2.07	1.28
	Net Profit(loss) after tax	23.21	22.15
	Add: Balance from previous year	113.83	91.68
	Surplus carried to Balance Sheet	137.04	113.83

BUSINESS REVIEW

During the year 2012-13, the Company has posted a turnover of Rs 2184.55 lakhs as against Rs. 1815.00 lakhs in the previous year and has earned a net profit of Rs. 33.77 Lakhs before tax compared to previous year's profit of Rs. 32.03 lakhs.. There is an improvement in profitability due to increase in turnover and on account of cost effective means adapted by the management for production. However on account of inadequate profits, the Board has not recommended any dividend nor any transfer to reserves.

FUTURE OUTLOOK:

Indian Steel demand growth is expected to remain subdued due to slow down in investments and delayed start-up of industrial projects. However, the automotive / industrial segment, it is expected to grow by 11 to 13% in Financial year 2013-2014. As per world steel forecasts, steel demand in India should grow up by 6.9% in 2013 and the growth should accelerate to 9.4% in 2014.

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 arrangements with its Banker for cash credit limits of Rs 600 lacs to meets its working capital requirements.

DIRECTORS:

Shri Sanjay Solanki, retires by rotation and being eligible offers himself for re-appointment. The Board recommends his 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:**Statutory 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.

Cost Auditors

Your Company had reappointed M/s Sagar & Associates, Cost Accountant, Hyderabad, as Cost Auditor, with the approval of the Central Government, for audit of cost records maintained by the Company for the financial year ended 31st March, 2013. The report of the Cost Auditor for the Financial Year ended 31st March 2013 is under finalization and will be filed with the MCA within the prescribed period.

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, 2013 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
and Development activity carried
out by the Company during the year. | There is no specific Research |
| 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 as well for transfer of physical shares were 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 : 31.08.2013

On behalf of the Board of Directors
Sd/-

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.

CONSERVATION OF ENERGY

Sl. No.	Particulars	For the year ended 31.03.13	For the year ended 31.03.12
A.	POWER AND FUEL CONSUMPTION		
1.	ELECTRICITY		
a.	Purchased		
	Units	80966	82100
	Amounts (Rs.)	741147	563715
	Rate per Unit(average)(Rs.)	9.15	6.80
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)	3156.86	2842.082
	Electricity (Rs.)	234.77	198.35
	Coal	NIL	NIL
	Furnace Oil	NIL	NIL
	Others	NIL	NIL

For and behalf of the Board of Directors

Place : Hyderabad

Date : 31st August, 2013

(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 (Aditya) is one of the leading manufacturers of Bright Bars at Hyderabad and has produced 3156.86 Tons of Bright Bars during the year under review. This output is slated to grow inline with industry and commencement of manufacture of drawing wires in the coming years.

B. OUTLOOK – Global Steel Industry

Due to world wide recession the demand and price of Iron & Steel faced a downward trends. However Govt.of India 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.

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 revenue of Rs. 2184.55 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 foray into newer geographical areas. The revenues are likely to improve further in the 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. 42.38 lakhs. The Gross block stood at Rs.443.35 lakhs with Net block of Rs. 322.7lakhs after depreciation. The capital work in progress stood at Rs 60.69 lakhs

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 (Aditya) 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 (Aditya) 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, 2013, 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.