

ANNUAL

REPORT

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EXDON TRADING COMPANY LIMITED

**BOARD OF DIRECTORS**

: Shri Ashok H Shah- Promoter Director  
: Rakesh Yagnesh Bhatt Independent Director  
: Lalit Kantilal Rathod Independent Director

**AUDITORS**

: **A.A.Jain & Associates**  
*Chartered Accountants*  
4 Irene Cottage  
4<sup>th</sup> Road, TPS III,  
Santa Cruz-East,  
Mumbai-400025

**BANKERS**

: Bank of India

**REGISTERED OFFICE**

: 20/3 Western Prabhadevi Building,  
Near Kismat Cinema,  
S.V.S Marg,  
Mumbai-400025

**REGISTRAR & SHARE TRANSFER  
AGENT**

: Purva Sharegistry (India) P. Ltd  
9, Shiv Shakti Industrial Estate,  
J.R. Boricha Marg,  
Opp. Kasturba Hospital, Lower Parel (E)  
Mumbai- 400 011

### NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE 27<sup>TH</sup> ANNUAL GENERAL MEETING OF THE EXDON TRADING COMPANY LIMITED WILL BE HELD ON WEDNESDAY, 30<sup>TH</sup> SEPTEMBER, 2009 AT 10.30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 20 UNITED WESTERN BUILDING, VEER SAVARKAR MARG, PRABHADEVI, MUMBAI- 400025.

#### **ORDINARY BUSINESS :**

1. To receive and adopt Audited profit and Loss Account for the year ended 31<sup>st</sup> March, 2009 and the balance Sheet as on that date along with Directors' and Auditors' Report thereon.
2. To appoint M/s A.A. Jain & Associates, Chartered Accountant, as Auditors of the company, who retire at the conclusion of this Annual General Meeting to the next Annual General Meeting and to fix their remuneration.
3. To appoint a Director in place of Ashok Shah, who retires by rotation and, being eligible Offers himself for re-appointment.

#### **SPECIAL BUSINESS:**

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

**RESOLVED THAT** pursuant to Section 257 of Companies Act, 1956 and other applicable provisions if any, Mr. Rakesh Bhatt and Lalit Rathod, who were appointed as an additional director of the company w.e.f. 14.04.2009 be and is hereby appointed as Director of the company, liable to retire by rotation.

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

**"RESOLVED THAT** pursuant to the provisions of section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the company with the Stock Exchange where shares of the company are listed, the authorized share capital of the company be and is hereby increased from Rs. 4,75,00,000 (Rupees Four Crores Seventy Five Lakh) divided in to 47,50,000 (Forty Seven lakh Fifty Thousand) Equity shares of Rs. 10/-(Rupees Ten) each to Rs. 22,75,00,000 (Rupees Twenty Two Crore Seventy Five Lakh) divided into 2,27,50,000 (Two Crores Twenty Seven lakh Fifty Thousand) shares of Rs. 10/-(Rupees Ten) each, ranking pari passu with the existing equity shares."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution:-**

**"RESOLVED THAT** pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956 the existing clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the following new clause.

**CLAUSE V**

"The Authorized share capital of the Company is Rs 22,75,00,000 (Rupees Twenty Two Crores Seventy Five Lakh Only) divided into 2,27,50,000 (Two Crores Twenty Seven lakh Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten Only) each. With the power to increase and reduce the Capital, to divide the shares in Capital for the time being into several classes and attached thereto respectively such preferential or special rights, privileges or conditions as may be determined by the or in accordance with the Regulations of the Company and the Companies Act, 1956 and to vary, modify or abrogate such rights, privileges and condition in such manner as may for the time being be provided by the regulations of the Company.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:-**

**"RESOLVED that,** pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment thereto or re-enactment thereof) and subject to the provisions of the Memorandum of Association and Articles of Association of the company and the Listing Agreement entered into with the Stock Exchanges where the securities of the company are listed and subject to other applicable provisions, if any, of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subject to the approval, consent, permission and/or sanction, as may be necessary of the appropriate authorities, institution or body and subject to such terms, conditions, alterations, corrections, changes, variations and/or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent, permission and/or sanction and which may be agreed to by the Board of directors of the company, consent of the company be and is hereby accorded to the Board which includes any sub-committee thereof, to issue, offer and allot upto 1,80,00,000 convertible warrants to be converted into equal number of equity shares of Rs.10/- for cash at par on preferential allotment basis within 18 months of allotment, on such terms and conditions and in such manner as the Board may think fit, without offering the same to any person, who at the date of offer are holders of equity shares of the Company whether or not the acquisition of warrants or voting rights upon conversion of warrants result in a change in control and such equity shares allotted upon conversion of warrants shall rank pari passu in all respects with the existing shares of the Company."

**"FURTHER RESOLVED THAT** the 'Relevant Date' for the preferential issue as per SEBI (Disclosure and Investor Protection Guidelines, 2000 and every statutory modifications and re-enactments thereof from time to time, for determination of applicable price for the equity shares is 30<sup>th</sup> August, 2009.

**"FURTHER RESOLVED THAT** the Board be and is hereby authorized to decide and approve other terms and conditions of the issue of Convertible Warrants as above, and also shall be entitled to vary, modify or alter any of the terms and conditions, including the size of the issue, as it may deem expedient.

**"RESOLVED FURTHER THAT** the Board, be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India (RBI)/Securities Exchange Board of India (SEBI)/Stock Exchange and/or such other appropriate authority may impose at the time of their approval as may be agreed by the Board.

**"RESOLVED FURTHER THAT** that for the purpose of creation, issue and allotment of the convertible warrants/equity shares and listing thereof with the Stock Exchange, the Board of Directors, be and is hereby authorized to do and perform all such acts, deeds and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the above stated Convertible Warrants of the Company.

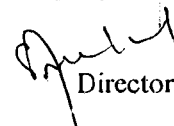
**"RESOLVED FURTHER THAT** The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee(s) of directors or

any other officer or officers of the Company or to any other person or persons as it may deem fit, for the purpose of giving effect to the aforesaid resolution.

Date : 28<sup>th</sup> August, 2009  
Registered Office:

20 United Western Building,  
Veer Savarkar Marg,  
Prabhadevi,  
Mumbai- 400025,  
Maharashtra.

By order of the Board  
For Exdon Trading Company Limited

  
Director

#### NOTES:

1. 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 PROXY NEED NOT BE A MEMBER PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
3. Pursuant to section 154 of the Companies Act, 1956, Register of Members and Shares Transfer Books of the Company will remain closed from Wednesday, 23<sup>th</sup> September to Saturday, 26<sup>th</sup> September, 2009 (both days are inclusive).
4. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to:
  - (a) Intimate, if Shares are held in the same name or in the order and names, but in more than one account to enable the Company to club the said accounts in to one account.
  - (b) Notify immediately the Change if any, in the registered address, to the Company.
6. The Equity Shares of the Company are available for dematerialization; as the Company has entered into agreement with NSDL. Those shareholders who wish to hold shares in electronic form approach their Depository Participant. Demat ISIN number in NSDL is INE 204 I 01013.

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**EXPLANATORY STATEMENT**  
**Under Section 173(2) of the Companies Act, 1956.**

**Item No. 4**

Mr. Rakesh Bhatt & Mr. Lalit Rathod was appointed as an additional director of the company with effect from 14.04.2009 under section 260 of the Companies Act 1956. He holds office up to the date of ensuing Annual General Meeting. The company has received notice in writing from members along with of Rs. 500/- each proposing the candidature of Mr. Rakesh Bhatt & Mr. Lalit Rathod for the office of Directors under the provision of section 257 of the Companies Act 1956.

The Board of Directors accordingly recommends the resolutions set out at Item Nos. 4, of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

**Item No. 5**

The Company, in order to meet its growth objectives and to strengthen its financial position, may be required to generate long term resources by issuing securities. It is therefore deemed appropriate to increase the Authorised Shares Capital of the Company from Rs. 4.75 Crores to Rs. 22.75 Crores and for that purpose, the Memorandum of Association of the Company are proposed to be suitably altered as set out at Item Nos. 5 of the accompanying Notice.

The provision of the Companies Act, 1956 required the Company to seek the approval of the Members of increase in the authorized share capital and for the alteration of capital clause of the Memorandum of Association of the Company.

The Board of Directors accordingly recommends the resolutions set out at Item Nos. 5 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

**Item No. 6**

The resolution at item no. 6 relates to the proposal to issue and allot 1,80,00,000 (One Crore Eighty Lakh) convertible warrants to be converted into equal number of equity shares of Rs. 10/- each at par within 18 months from the date of allotment at a price of Rs. 10/- per equity share on preferential allotment basis to the investors. The provisions of the SEBI (Disclosure & Investors Protection) Guidelines, 2000, (SEBI Guidelines) shall govern such issue and allotment of equity shares to investors.

The issue price has been calculated as per the SEBI Guidelines. The equity shares proposed to be issued would not be more than 15% of the expanded capital, individually or collectively and therefore it will not attract the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Section 81 of the Companies Act, 1956 and listing agreement provide, inter alia that when it is proposed to increase the issued capital of a Company by allotment of further shares the same be offered in the manner laid down in Section 81, unless the shareholders in General Meeting decide otherwise.

The aforesaid issue and allotment of Securities will be governed by the provisions of the SEBI (Disclosure & Investor Protection) Guidelines, 2000 ("The SEBI Guidelines").

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*The disclosure as required to be given in Explanatory Statement to the Special Resolution to be passed u/s 81 (1A) of the Companies Act, 1956 in terms of Chapter XIII of the SEBI Guidelines on Preferential issues, as in force on the date of this Notice:*

**1. Objects of the issue**

Your Directors see opportunities in the expansion of the business of the Company in all over India. The object of the issue by preferential offer is to expand the business of the Company, to strengthen the equity base and to increase the net worth of the Company. Accordingly, the Company proposes to offer, issue and allot 1,80,00,000 (One Crore Eighty Lakhs) Convertible Warrants on preferential basis to be converted into Equity shares within 18 Months from the date of issue.

**2. Relevant date and pricing of the issue**

'Relevant Date' here refers to 30<sup>th</sup> August, 2009 i.e. 30 days prior to the date on which the Annual General Meeting of the shareholders to be held i.e. 30<sup>th</sup> September, 2009 in terms of provisions of SEBI (DIP) Guidelines, 2000 and section 31 (1A) of the Companies Act, 1956 to consider the proposed issue.

**3. Intention of the promoters/ directors/ key management persons to subscribe to this offer:**

None of the promoters/ directors/ key management persons intends to subscribe to this offer.

**4. Identity of the proposed allottees and percentage of post preferential issue capital that may be held by them.**

Sr No	Identity Of the Proposed Allottees	Category	Pre Issue No. of Equity Shares/warrants	% of Holding	Post issue capital on conversion of proposed equity warrants	% of Holding
1.	Somax Commodities Pvt Ltd.	Private Corporate Bodies	Nil	Nil	20,00,000	8.79
2.	Shah Tradewing Gujarat Pvt Ltd.	Private Corporate Bodies	Nil	Nil	20,00,000	8.79
3.	North Pole Finance Ltd.	Corporate Bodies	Nil	Nil	20,00,000	8.79
4.	Pratik Minerals Pvt Ltd.	Private Corporate Bodies	27000	0.6	20,00,000	8.91
5.	Corporate Space Managers Pvt Ltd.	Private Corporate Bodies	Nil	Nil	20,00,000	8.79
6.	Vashi Constructions Pvt Ltd.	Private Corporate Bodies	1800	0.04	20,00,000	8.80
7.	Sannidhya Trading Pvt Ltd.	Private Corporate Bodies	1200	0.03	20,00,000	8.80
8.	Sonika Granite Pvt Ltd.	Private Corporate Bodies	27000	0.6	20,00,000	8.91
9.	Shalibhadra Steel Pvt Ltd.	Private Corporate Bodies	1800	0.04	20,00,000	8.80



**5. Shareholding pattern before and after the issue**

The Shareholding pattern of the Company before and after the issue is given below:

Sr. No.	Category	Pre Issue no. of Equity Shares/ Warrant	%	Equity Shares post conversion of 37,65,000 convertible warrants issued	%	Equity Shares post conversion of 1,80,00,000 convertible warrants to be issued	%
1	Promoter Group	466725	63.5%	466725	10.37	466725	2.49
2	Institutional Investors						
3	Private Corporate Bodies	158775	21.6%	3923775	87.20	5723775	96.92
4	Indian Public (Individuals)	83250	11.33%	83250	1.85	83250	0.44
5	NRIs & OCBs	Nil	Nil	Nil			
6	Any other (s)	26250	3.57%	26250	0.58	26250	0.14
	<b>Total Paid Up Capital</b>	<b>7350000</b>	<b>100%</b>	<b>4,50,00,000</b>	<b>100%</b>	<b>6,30,00,000</b>	

**5. Proposed time within which the allotment shall be completed**

The allotments of shares shall be completed within 15 days from the date of passing of the resolution by the shareholders provided, that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the company receives all approvals from the concerned authorities and the subscription received from the investors.

**6. Composition of the Board/control**

There will be no change in the composition of the Board nor there do any change in the Control of the Company as a result of the preferential issue of shares.

**7. Auditor's Certificate**

M/s. A. A Jain & Associates, Chartered Accountants, the Statutory Auditors of the Company has certified that the preferential issue is being made in accordance with the requirements contained in SEBI (Disclosure and Investor Protection) Guidelines, 2000. A copy of the Certificate will be laid before the meeting of the shareholders. A copy of the Certificate of the Company's statutory auditor as per SEBI Guidelines shall be placed before the shareholders.

**8. Lock - in :**

Equity shares arising out of the issue of fully convertible Equity Warrants to be allotted on preferential basis to persons named above shall be locked-in for a period of one year from the date of allotment of Equity shares after conversion of warrant as per SEBI Guidelines.

The members are therefore requested to grant their approval to the passing of the resolution as set out in the Notice.

**None of the directors are concerned or interested in the above resolution.**

The Board of Directors believe that the proposed offer will be in the best interest of the Company and hence recommend this Resolution for approval of the members.

**By the order of the Board of Directors**

Place : Mumbai

Date : 28<sup>th</sup> August, 2009

  
Director