

SHARAT INDUSTRIES LIMITED



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9th Annual Report 1998-99

BOARD OF DIRECTORS

- | | | |
|----|--------------------------|------------------------------|
| 1. | Mr. S. Prasad Reddy | Chairman & Managing Director |
| 2. | Mr. A. Ramakrishna Reddy | Director |
| 3. | Mr. N. Suresh | Director |
| 4. | Mr. Tan Kay Hwee | Director |
| 5. | Mr. Yi-Tung Kao | Director |
| 6. | Mr. S.K. Das | Director |
| 7. | Mr. M. Kishore Babu | Nominee Director - IFCI |

BANKER

Bank of Baroda

AUDITORS

M/s. Mogili Sridhar & Co.,
Chartered Accountants,
6-3-655/2/3, 1st Floor
Somajiguda,
Hyderabad - 500 082.

REGISTERED OFFICE & FARM

VENKANNAPELEM VILLAGE
T.P. Gudur Mandal,
Nellore District,
Andhra Pradesh.

CORPORATE OFFICE

No. 16 Justice Sundaram Road
Nageshwarapuram
Mylapore
CHENNAI - 600 004.

SHARE TRANSFER AGENTS

Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda
Hyderabad - 500 029.

NOTICE

NOTICE is hereby given that the NINTH Annual General Meeting of the Members will be held on Saturday, the 18th December, 1999, at 11 a.m. at the Company's Registered Office at Venkannapalem Village, T.P. Gudur Mandal, Nellore to consider the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. N. Suresh who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Tan Kay Hwee who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Revolution :

"Resolved that pursuant to Sections 269, 198, 309 and Schedule XIII and all other provisions if any, of the Companies Act 1956, subject to the approval of IFCL, the consent of the members be and is hereby given to the re-appointment of Mr. S. Prasad Reddy as managing director for a period of three years w.e.f. 30th November, 1998 on the following terms and conditions :

- i) Salary Rs. 5,000/- per month.
- ii) Furnished accomodation, the expenditure on which shall not exceed Rs.5,000/- per month.
- iii) Provision of car for official business and telephone at residence for official purpose".

PLACE : VENKANNAPELEM
DATE : 30-10-1999

BY THE ORDER OF BOARD OF DIRECTORS
for SHARAT INDUSTRIES LIMITED

(Sd)
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES, TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.

THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED ON 18th DECEMBER, 1999.
4. THE RELATIVE EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS SET OUT ABOVE AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT 1956 IS ANNEXED HERETO.

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

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

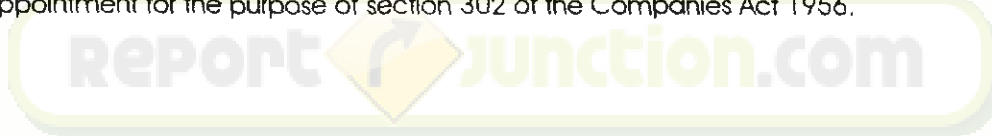
Item No. 5 :

Mr. S. Prasad Reddy was appointed as Managing Director of the company for a period of five years w.e.f. 30th November 1993. The appointment is valid upto 29th November 1998.

The Board of Directors at their meeting held on 30th October 1998 have re-appointed Mr. S. Prasad Reddy as Managing Director for a further period of three years w.e.f. 30th NOVEMBER 1998 on the terms and conditions mentioned in the proposed resolution. The Board recommends the passing of the resolution.

Except Mr. S. Prasad Reddy, no other Director is either interested or concerned in the resolution.

The above may be considered as an Abstract of the terms and conditions of the appointment for the purpose of section 302 of the Companies Act 1956.



DIRECTORS' REPORT

To
The Members of
Sharat Industries Limited,

Your Directors submit their Ninth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

Particulars	YEAR ENDED 31-03-1999 (Rs. in lakhs)	YEAR ENDED 31-03-1998 (Rs. in lakhs)
Total Sales	193.61	144.67
Profit (+) / Loss (-)	(-) 1408.86	(-) 498.36
Balance Brought Forward	(-) 824.85	(-) 336.38
Balance Carried forward	(-) 2233.71	(-) 834.74

OPERATIONS

The Aqua Culture Industry which has passed through difficult stages during the years 1995-96 to 1997-98 is showing improvement. Your company could operate the Hatchery and Farm and achieve a turnover of Rs.190.05 lakhs. In the Hatchery, even though the demand and production were low in the initial stages, the sales picked up at the later part of the year. We could achieve a turnover of Rs.70,00,000/-. This year we have also operated another unit in the Hatchery namely Scampi (Rosenbergi) a fresh water seed culture on experiment basis and it proved to be successful. Encouraged by the performance we have enhanced the capacity during this year and we are hoping to achieve a good turnover. On the culture front too we have taken several steps to prevent the virus effecting the crop such as chlorinating the water before being pumped in to the ponds. These steps are giving good results and we are expecting a good yield during the year, which will increase the turnover. Another important achievement made by your company is the completion of the feed plant.

SICKNESS

The low turnover for all the years since 1995 had adversely effected the company's financial position. The heavy interest burden for the successive years also resulted in huge losses, as the turnover is not sufficient to absorb the interest payable to the institutions. There was also escalation in the prices of raw material and the wage bill. From the year 95-96, the company suffered losses as detailed below against the turnover indicated :

YEAR	TURNOVER (Rs. in Lakhs)	LOSS (Rs. in Lakhs)
1995-96	699.35	348.30
1996-97	114.61	684.66
1997-98	141.86	498.25
1998-99	193.61	1408.86

As a result the company has incurred accumulated loss to the extent of Rs.2233.71 lakhs which has completely eroded the networth of the company. Consequently your company has become a sick industrial company with in the meaning of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985. Therefore your directors have formed an opinion that reference under Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985 shall be made to the Board for Industrial and Financial Reconstruction (BIFR) to determine the measures for rehabilitation of the Company.