

SHARAT INDUSTRIES LIMITED/

SHARAT INDUSTRIES LIMITED



Report  junction.com

12th. Annual Report 2001-2002

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. M. Kishore Babu | Nominee Director - IFCI |

BANKER

Bank of Baroda

AUDITORS

M/s. P.A. Reddy & Co.,
Chartered Accountants,
2411/422 A,
Saraswathi Nagar, Dargamitta,
Nellore - 524 003.

REGISTERED OFFICE & FARM

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

CORPORATE OFFICE

No. 17 (old No. 30)
Luz Avenue,
Mylapore,
CHENNAI - 600 004.

SHARAT INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the TWELFTH Annual General Meeting of the Members of the Company will be held on Monday, the 30th September, 2002, at 10 a.m. at the Registered Office at Venkannapalem Village, T.P. Gudur Mandal, Nellore District to consider the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 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 the place of Mr. N.Suresh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Tan Kay Hwee, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

BY THE ORDER OF BOARD OF DIRECTORS
for SHARAT INDUSTRIES LIMITED

(Sd)

PLACE : VENKANNAPELEM
DATE : 17-08-2002

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.

PROXIES, TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.

2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED ON 30th SEPTEMBER, 2002.

SHARAT INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members of Sharat Industries Limited,
Venkannapalem, Nellore Dt.

The Directors have pleasure in presenting the Twelfth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

Particulars	YEAR ENDED 31-03-2002 (Rs. in lakhs)	YEAR ENDED 31-03-2001 (Rs. in lakhs)
Total Sales	680.51	533.20
Profit (+) / Loss (-)	(-) 1382.05	(-) 1377.47
Deferred tax adjustments	(+) 412.69	(+) -----
Balance Brought Forward	(-) 4871.48	(-) 3494.01
Balance Carried forward	(-) 5840.84	(-) 4871.48

OPERATIONS

There is a steep increase in the turnovers of the company for the last two years and with the completion of the processing plant your company would make steady progress and achieve desired results in the years to come.

SICKNESS

As per the order of BIFR, the SIA appointed by IFCI, the operating agency has submitted its report to IFCI and to the BIFR. Your Company submitted its remarks / observations on the report to the OA and to the Hble Board (BIFR). The order of the Board is awaited. In the mean time your Company has submitted a proposal for OTS (One Time settlement) to the IFCI and the proposal is under active consideration.

FUTURE OUTLOOK :

With the completion and operation of all the units and the O.T.S, the sanction for which is awaited, it is hoped that your company's performance and profitability would improve further in the coming years.

PARTICULARS OF EMPLOYEES

In pursuance of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the Directors are to report that no employee was in receipt of remuneration of Rs.12,00,000/- or more per annum or Rs.1,00,000/- or more per month if employed for a part of the year.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end, of the financial year and of the profits of the company for the year under review.
- (iii) That the Directors have taken proper care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities ; and
- (iv) That the Director have prepared the accounts for the financial year ended 31st March, 2002 on a going concern basis.

SHARAT INDUSTRIES LIMITED

ADDITIONAL INFORMATION AS REQUIRED U/S 217(1) (e) OF THE COMPANIES ACT, 1956

- (a) **Conservation of Energy :** The Company is monitoring the consumption of energy and is identifying the areas for conservation of energy.
- (b) (i) **Technology Absorption, adaptation and innovation :**
- (1) The company has entered into Technical Collaboration Agreement with M/s. HIGH WON FISHERY DEVELOPMENT CORPORATION, SINGAPORE for the transfer of Technical Know-how and Training the production personnel of the organisation.
 - (2) **Buy-back Agreement :** The Company has entered into Buy-back Agreement for its products with M/s. High Won Fishery Development Corporation, Singapore.
- (ii) **Research and Development (R & D):** The Company is in the process of identifying areas in which R & D can be carried out.
- (c) **Foreign Exchange earnings and out go :**
- (i) Foreign Exchange earnings : US \$ 838864 (equivalent to Rs.40548590)
 - (ii) ForeignExchange outflow during the year on account of Raw Materials US \$ 636247.60 and NLG 6813.09 and DKK 16317.85 (equivalent to Rs.30444400 , Rs. 136602.50 and Rs.94634.53 respectively).

CORPORATE GOVERNANCE

The Company is taking necessary steps for the implementation of corporate governance in terms of listing agreements.

DIRECTORS

Mr. N. Suresh and Mr. Tan Kay Hwee retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS

M/s. P.A. Reddy & Co., Chartered Accountants, retiring auditors of the company, being eligible, offer themselves for reappointment as auditors of the company. They have furnished a certificate of their eligibility u/s 224(1B) of the Companies Act, 1956. The members are requested to reappoint the auditors and authorise the Managing Director to fix their remuneration.

PERSONNEL

The relations between the management and the staff were very cordial throughout the year. Your Directors take this opportunity to record their appreciation for the co-operation and loyal services rendered by the employees.

DEPOSITS

The Company has not accepted any deposits during the year.

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge with thanks the constructive guidance and co-operation extended by IFCI, IDBI, ICICI, IIBI, Bank of Baroda, MPEDA and other Government Agencies.

By order of Board
for SHARAT INDUSTRIES LIMITED

(Sd)

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

PLACE : VENKANNAPELEM
DATE : 17-08-2002

SHARAT INDUSTRIES LIMITED

AUDITORS' REPORT TO THE MEMBERS OF SHARAT INDUSTRIES LIMITED

To

The Members of Sharat Industries Limited,

1. We have audited the attached Balance Sheet of SHARAT INDUSTRIES LIMITED as at 31st March, 2002 and the relative Profit and Loss Account for the year ended on that date both of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the manufacturing and other Companies (Auditor's Report) Order 1988, issued by the Government of India in terms of section 227 (4A) of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit ;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account ;
 - (d) In our opinion, the Balance Sheet and Profit and Loss account subject to para (1) below, comply with the mandatory Accounting Standards referred to in sub-section 3 (c) of section 211 of the Companies Act, 1956. Subject to :
 1. *Non provision of retirement benefits to the employees as required by the Accounting standard 15 issued by the Institute of Chartered Accountants of India.*
 - (e) On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors of the Company, none of the Directors is dis-qualified as on 31st March, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956 ;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, together with the notes thereon and subject to ;
 - i) *Non provision for liquidated damages, penal interest and compound interest as per the terms of agreement, the effect which could not be quantified due to non reconciliation of loans accounts with the financial institutions ;*
 - ii) *Non provision for retirement benefits to the employees as required by the Accounting standard 15 laid down by the Institute of Chartered Accountants of India. In the absence of information, the effect of such non provision on the Profit / Loss and the reserves of the company, could not be commented ;*
 - iii) *Non availability of confirmation of balances from banks, Financial Institutions and the Trade Creditors;*
 - give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - 1) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2002 ; and
 - 2) In the case of the Profit and Loss Account, of the LOSS of the company for the year ended on that date.

for P.A. REDDY & CO.,
CHARTERED ACCOUNTANTS

PLACE : NELLORE
DATE : 17-08-2002

P. ASHOK REDDY

SHARAT INDUSTRIES LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The company has generally maintained records showing full particulars including quantitative details and situation of fixed assets. However these records need to be updated for the current year's transactions. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year and there were no material discrepancies on such verification. In our opinion, the frequency of such verification is reasonable.
2. None of the Fixed Assets have been revalued during the financial year.
3. The stocks of finished goods, spare parts and raw materials have been physically verified by the management at regular intervals during the financial year. In our opinion, the frequency of such verification is reasonable.
4. In our opinion and according to information and explanation given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. We are informed that no material discrepancies were noticed on physical verification of stocks as compared to book records.
6. According to the information and explanations given to us, the Company has maintained proper stock records.
7. The company has not taken any loans, secured and unsecured from companies, firms or other parties listed in the register maintained under section 301 of the companies Act 1956 or from companies under the same management within the meaning of Section 370 (1-B) of the Companies Act, 1956. In terms of sub-section (6) of section 370 of the Companies Act 1956, the provisions of the section are not applicable to a company after 31st October, 1998.
8. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, or to Companies under the same management with in the meaning of Section 370 (1-B) of the Companies Act, 1956. In terms of sub-section (6) of section 370 of the Companies Act 1956, the provisions of the section are not applicable to a company after 31st October, 1998.
9. As explained to us, the parties, including employees, to whom loans and advances in the nature of loans have been given by the company, are generally repaying the principal amount wherever stipulated and have also been generally regular in payment of interest, wherever applicable.
10. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores and spares, raw materials, plant and machinery, equipments and other assets and for the sale of goods.
11. In our opinion, and according to the information and explanations given to us, there were no transactions of purchase of goods and materials, services and sale of goods, materials and services made in pursuance of contracts and arrangements entered in the register maintained under section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
12. In our opinion, wherever un-serviceable or damaged stores, raw materials and finished goods are determined, provision for loss has been made in the accounts.
13. The internal audit system of the company is commensurate with the size and nature of business of the company.
14. The company has not accepted any Fixed Deposits from the public as defined under section 58-A of the Companies Act, 1956.
15. In our opinion, reasonable records have been maintained by the company for the sale of scrap and by products wherever significant.
16. The Central Government has not prescribed for the company the maintenance of the Cost records under section 209 (1) (d) of the Companies Act, 1956.
17. *The company is generally regular in depositing the Provident Fund dues except that such remittances are not always made within the statutory time.*
18. According to the information and explanations given to us, there are no undisputed amount payable in respect of Income Tax, Sales Tax, Customs duty and Excise duty, which were outstanding as at 31st March 2002, for a period of more than six months from the date they become payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. In respect of the company's trading activities, there are no damaged stocks and therefore the question of providing for the loss does not arise.
21. The company is a sick Industrial Company with in the meaning of Clause (O) of sub-section (1) of Section-3 of Sick Industrial Companies (Special Provisions) Act, 1985.

for P.A. REDDY & CO.,
CHARTERED ACCOUNTANTS

PLACE : NELLORE
DATE : 17-08-2002

P. ASHOK REDDY