

SHARAT INDUSTRIES LIMITED



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13th Annual Report 2002-2003

BOARD OF DIRECTORS

- | | | |
|----|--------------------------|------------------------------|
| 1. | Mr. S. Prasad Reddy | Chairman & Managing Director |
| 2. | Mr. A. Ramakrishna Reddy | Director |
| 3. | Mr. N. Suresh | Director |
| 4. | Mr. T. Valasraj | Director |

BANKERS

BANK OF BARODA

AUDITORS

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

REGISTERED OFFICE & FARM

VENKANNA PALEM 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 Thirteenth Annual General Meeting of the Members of the Company will be held on Tuesday, the 30th September, 2003, 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, 2003 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. A. Ramakrishna Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification the following Resolution as a Special Resolution:

"RESOLVED THAT the existing clause V of the Memorandum of Association and Article No.4 of the Articles of Association of the company be and are hereby substituted with the following.

The Authorized Share Capital of the Company is Rs. 50 crores divided into 3,00,00,000 Equity Shares of Rs. 10/- each and 20,00,000 Redeemable preference Shares of Rs. 100/- each with power to increase, decrease, divide, sub-divide into various classes of shares and attach thereto such preferential, Special Rights / Privileges / Conditions as may be determined from time to time."

5. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the Articles of Association of the Company, Section 94 (1) (a) of the Companies Act, 1956 and subject to other statutory provisions, if any and further subject to approvals from any statutory authorities as may be necessary 20,00,000 Redeemable Preference Shares of Rs. 100/- each forming part of the authorised share capital of the company be issued at par on private placement on such terms as to dividend, preferential payment or return of the amount paid-up thereon and redemption as the Board of Directors may deem fit."

"RESOLVED further that notwithstanding anything contained in Section 81 and other applicable provisions, if any of the Act, the aforesaid preference shares may be offered by the Board of Directors of the Company to any person or persons whether or not such person or persons include the person or persons who at the date of the offer, are holders of the Equity Shares of the Company, in any manner whatsoever."

"FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary, usual, proper or expedient to give effect to this resolution."

6. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED that Mr. T. Valasraj who was appointed as an Additional Director of the company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a Notice in writing proposing his candidature for the office of Director be and is hereby appointed as Director of the Company"

BY THE ORDER OF BOARD OF DIRECTORS
for SHARAT INDUSTRIES LIMITED

PLACE : VENKANNAPELEM
DATE : 11-08-2003

(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.
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, 2003.
3. THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT., 1956, IN RESPECT OF SPECIAL BUSINESS IS ANNEXED HERETO.

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

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

Item No. 4

The present Authorized Capital of the company is Rs. 50 crores divided into Rs. 5 crores Equity shares of Rs. 10/- each. Your company is planning to settle the dues of the Institutions and the Bank under One Time Settlement. In order to mobilize the funds for the same, it is proposed to issue 20,00,000 Redeemable Preference shares of Rs. 100/- each. As your company's present share capital consists of only equity shares, it is necessary to alter the same by dividing into 3 crores equity shares of Rs. 10/- each and 20,00,000 Redeemable preference shares of Rs. 100/- each. The alteration requires approval of members.

The Directors recommend the passing of the proposed Special Resolution.

None of the Directors are interested in the resolution.

Item No. 5

The company is planning to mobilize funds for settlement of dues to the Institutions and the Bank by issuing 20,00,000 Redeemable Preference Shares of Rs. 100/- each. Consent of the members is being sought by a special resolution pursuant to the provisions of section 81 and other applicable provisions of the Companies Act, 1956. Section 81 of the Act provides inter-alia that when the company proposes to increase its subscribed capital by allotment of further shares, such further shares shall be offered to the existing share holders of the company in the manner laid down in the section unless the share holders in General Meeting decide otherwise as provided under Sub-section (1-A) of the said section. The special resolution as set out at item 5 of the Notice if passed will have the effect of allowing the Board to issue and allot shares to the entitled / persons on the terms and conditions as may be decided by the Board. The Board may be authorized to take all steps necessary for implementing the resolution.

The Directors recommend the passing of the proposed Special Resolution.

None of the Directors are interested in the resolution.

Item No. 6

Shri T. Valasraj was co-opted as additional Director. Pursuant to section 260 of the Companies Act, 1956, he ceases to be Director at the ensuing Annual General Meeting. As required by section 257 of the said Act, notice along with a deposit of Rs. 500/- has been received from a member signifying his intention to propose the appointment of Shri T. Valasraj as Director of the Company.

The Board considers it desirable that the Company should continue to avail itself the services of Shri T. Valasraj.

BY THE ORDER OF BOARD OF DIRECTORS
for SHARAT INDUSTRIES LIMITED

(Sd)

S. PRASAD REDDY

CHAIRMAN & MANAGING DIRECTOR

PLACE : VENKANNAPELEM

DATE : 11-08-2003

DIRECTORS' REPORT

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

The Directors have pleasure in presenting the Thirteenth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

Particulars	YEAR ENDED 31-03-2003 (Rs. In lakhs)	YEAR ENDED 31-03-2002 (Rs. In lakhs)
Total Sales	1432.70	680.51
Profit (+) / Loss (-)	(+) 523.16	(-) 1382.05
Deferred tax adjustments	(+) 544.13	(+) 412.69
Balance Brought Forward	(-) 5840.84	(-) 4871.48
Balance Carried forward	(-) 5317.69	(-) 5840.84

OPERATIONS

With the completion of the Processing Plant, the turnover of the company has been showing an upward trend for the last 2 years. It is hoped that your company would make a steady progress and achieve desired results in the years to come.

SICKNESS

The earlier reference filed by us with BIFR vide reference No. 342 / 2000 dated 25.10.2000 was rejected by the Board vide their letter dated 14.11.2002. Hence, a fresh reference was filed on 29th November 2002. The BIFR at its hearing held on 7th May 2003 appointed the IFCI as Operating Agency to verify the number of employees working in Feed plant and Processing Plant. The OA along with other Institutions after inspection submitted its report to the BIFR. The orders of the BIFR are awaited. In case, the reference is rejected by the BIFR, a fresh reference will be made on the basis of accounts for the year ended 31st March, 2003.

FUTURE OUTLOOK :

With the completion and running of all the units and the negotiations being held with the Institutions and the Bank for settlement of dues under OTS, 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.24,00,000/- or more per annum or Rs.2,00,000/- 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 2003, 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 profit / loss 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 Directors have prepared the accounts for the financial year ended 31st March, 2003 on a going concern basis.

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 \$ 2676595.64 (equivalent to Rs.12,82,68,631)
- (ii) Foreign Exchange outflow during the year on account of Capital Goods and Raw Materials US \$ 607946.33 and DKK 3200 (equivalent to Rs. 29758953 and Rs. 18944) respectively.

CORPORATE GOVERNANCE

As your company has become sick, it could not comply with the requirements on Corporate Governance. However, steps are being taken to comply with the same.

AUDIT COMMITTEE

Steps are being taken to constitute Audit Committee pursuant to Sec. 292 (A) of the Companies Act, 1956.

DIRECTORS

Mr. A. Ramakrishna Reddy retires by rotation and being eligible, offers himself for re-appointment.

Mr. T. Valasraj, who was coopted as an Additional Director holds office upto the Annual General Meeting. He may be appointed as director by members

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, 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 : NELLORE
DATE : 11-08-2003