

SHARAT INDUSTRIES LIMITED



26th Annual Report 2015-2016

BOARD OF DIRECTORS

- | | | |
|----|---------------------|--|
| 1. | Mr. S. Prasad Reddy | Chairman & Managing Director (CMD) |
| 2. | Mr. Veerraju Manda | Independent Director |
| 3. | Mr. M.B.R.Prasad | Independent Director |
| 4. | Mr. T. Valsaraj | Independent Director-up to 23.02.2016 |
| 5. | Mr. S. Sharat Reddy | Whole Time Director (ED) |
| 6. | Mrs. S. Charita | Woman Director |
| 7. | Mrs. Durga Thota | Woman Independent Director From 15.07.2016 |

BANKERS

THE FEDERAL BANK LIMITED

AUDITORS

M/s P.A. REDDY & CO.,
Chartered Accountants

INTERNAL AUDITORS

M/s A R Krishnan & Associates,
Chartered Accountants

REGISTERED OFFICE & FARM

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

CORPORATE OFFICE

Flat No. 4, Third Floor, Pallavi Apartments,
No.57/11, HDFC Bank Compound,
First Main Road. R.A. Puram,
CHENNAI – 600 028.
Web Site: sharatindustries.com

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SHARAT INDUSTRIES LIMITED
(CIN: L05005AP1990PLC011276)

Regd Office: Venkannapalem Village,T.P. Gudur Mandal, Nellore District, Andhra Pradesh

NOTICE

NOTICE is hereby given that the **Twenty Sixth Annual General Meeting** of the Members of the Company will be held on **Friday, the 30th September, 2016**, at 10.00 a.m. at the Registered Office of the Company at Venkannapalem Village, T.P. Gudur Mandal, Nellore District, Andhra Pradesh, to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2016 and the Statement of Profit and Loss 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 Mrs. S. Charita Reddy (DIN: 02929724), who retires by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the appointment of, M/s. P.A.REDDY & CO, Chartered Accountants, (Firm Registration No: 007368S) made by Shareholders of the Company pursuant to the provisions of section 139 and all other applicable provisions of the Companies Act, 2013) as Statutory Auditors of the Company to hold office from the conclusion of the 24th Annual General Meeting for a period of three years till 27th Annual General Meeting be and is hereby ratified.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Sections 149, 152, 164 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Durga Thota (DIN: 07138565), who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who hold office up to the date of this Annual General Meeting, be and is hereby appointed as Women Independent Director of the Company and not liable to retire by rotation."

BY THE ORDER OF BOARD OF DIRECTORS
For SHARAT INDUSTRIES LIMITED

PLACE: VENKANNAPELEM
DATE: 13th August 2016

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and a proxy need not be a member of the company. The instrument of Proxy in order to be effective should be deposited at its Registered Office of the Company not later than forty eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholders.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September 2016 to 30th September 2016.(both days inclusive)
3. An explanatory statement pursuant to section 102(1) of the companies act, 2013 in respect of special business is annexed hereto.
4. Members are requested to immediately intimate any change in their address registered with the company.
5. The company's equity shares are listed with Bombay Stock Exchange Ltd.
6. Members holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to enable consolidation of their shareholdings in one folio.
7. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc from the Company electronically.
8. Members are requested to affix their signatures at the space provided on the attendance slip annexed to proxy form and handover the slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorizing their representatives to attend and vote at the Annual General Meeting.
9. Members may also note that the notice of the Annual General Meeting and the Annual Report will also be available on the Company's website for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Venkannapalem Village, T.P. Gudur Mandal, Nellore District, Andhra Pradesh, for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.
10. Voting through Electronic means :
 - (i) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and clause 35B of the Listing Agreement, the company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the twenty fifth Annual General Meeting (AGM) by electronic means and the business may be transacted through e- voting services provided by CSDL.

- (ii) The voting period begins on 27-09-2016 at 9.00 a.m. and ends on 29-09-2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 26-09-2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">♦ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.(Sequence number has been provided as Serial Number (SL NO.) in the Address Label♦ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	<ul style="list-style-type: none">♦ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.
- (xix) Note for Non - Individual Shareholders and Custodians
 - ♦ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - ♦ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - ♦ After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - ♦ The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - ♦ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF

format in the system for the scrutinizer to verify the same.

- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Explanatory Statement

(Pursuant to Section 102(1) of the Companies Act, 2013)

ITEM Nos.:4

The Board of Directors of the Company has appointed Mrs. Durga Thota (DIN: 07138565) as a Women Independent Director to be appointed under the provisions of Section 149 and 152 of the Companies Act, 2013. Mrs. Durga Thota is B.Com, LLB, LLM and an Associate Member of the Institute of Company secretaries of India and she is having good experience in secretarial matters and financial functions similar organization.

The Company has received from Mrs. Durga Thota (i) consent in writing to act as Women Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014 (ii) intimation in Form DIR- 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013

The Nomination and Remuneration Committee, at its meeting held on 15.07.2016 has considered the appointment of Mrs. Durga Thota as woman Independent Director and after considering her qualification and experience they have recommended to the Board for her appointment. The Board has considered the matter in detail and recommended the resolution for the approval of members.

In the opinion of the Board of Directors, Mrs. Durga Thota proposed to be appointed, as a Women Director, fulfill the conditions specified in the Companies Act, 2013 and the Rules made hereunder. A copy of the draft letter for the appointment of Durga Thota as a Women Independent Director is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working days up to the date of the Annual General Meeting.

Except Mrs. Durga Thota, The appointee, None of the Directors, Key Managerial Personnel or their relatives, are interested or concerned in the Resolution.

The Board seeks approval of the members for the appointment of Mrs. Durga Thota as Women Independent Director of the Company for five consecutive years for a term upto 14.07.2021 pursuant to applicable provisions of the Act, Rules made there under and that she shall be liable to retire by rotation

DETAILS OF DIRECTORS SEEKING REAPPOINTMENT AT THE ANNUAL GENERAL MEETING

Particulars	Mrs. S. Charita Reddy
DIN	02930302
Date of Birth	03/06/1986
Date of Appointment	30/03/2015
Qualifications & Expertise	Bachelor of Business Administration Experience in Administrative and Finance Functions

Directorship / Shares held in other Public Companies	Nil
Memberships/ Chairmanships of committees of other public companies (including only Audit and Shareholders Grievance Committee)	Nil
Number of shares held in the Company	8000

DETAILS OF DIRECTORS SEEKING APPOINTMENT AS WOMEN DIRECTOR AT THE ANNUAL GENERAL MEETING

Particulars	Mrs. Durga Thota
DIN	07138565
Date of Birth	18/04/1966
Date of Appointment	15/07/2016
Qualifications & Expertise	B.Com, LLB, LLM and an Associate Member of the Institute of Company secretaries of India and she is having good experience in secretarial matters and financial functions similar organization
Directorship / Shares held in other Public Companies	Nil
Memberships/ Chairmanships of committees of other public companies (including only Audit and Shareholders Grievance Committee)	Nil
Number of shares held in the Company	Nil

BY THE ORDER OF BOARD OF DIRECTORS
For SHARAT INDUSTRIES LIMITED

{SD}

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

PLACE: VENKANNAPELEM
DATE: 13th August 2016

DIRECTORS' REPORT

Dear Members of Sharat Industries Limited,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2016

1. FINANCIAL HIGHLIGHTS

Particulars	Year ending 31.03.2016 (Rs.in lakhs)	Year ending 31.03.2015 (Rs.in lakhs)
Total Turnover	14,985.68	20,660.61
Profit before Depreciation and Interest	1,138.92	1,353.33
Less: Interest - finance cost	385.52	227.88
Depreciation	434.49	522.08
Profit Before Exceptional items and Tax	318.91	603.37
Exceptional items	-	211.56
Provision for Tax	109.57	135.28
Profit after Tax	209.34	256.53
Profit brought forward from the previous year	900.93	644.40
Profit carried over to Balance Sheet	1110.27	900.93

2. **SUMMARY OF OPERATIONS & STATE OF COMPANY AFFAIRS :** The turnover of the company for the year ended 31st March, 2016 was Rs.14,985.68 lakhs against Rs.20,660.61 lakhs in the previous year. During the year the company made sales of Rs. 14,040.48 lakhs against Rs.19,218.83 lakhs in the previous year, Job work receipts of Rs. 245.00 lakhs against Rs. 454.69 lakhs in the previous year and during the year the company has made an operating profit before tax of Rs.318.91 lakhs against Rs. 391.81 lakhs in the previous year.

During the year, the company's shrimp exports come down by 31.14% and domestic feeds sales grew up by 29% as compared to the previous financial year

Your directors are confident that the performance of the company will improve in the years to come.

3. **FUTURE OUTLOOK :** Our product is well received in the international market as well as domestic market. We are hopeful of achieving much better results in the years to come. The outlook and future plans of the Company have been mentioned in detail under the "Management Discussion and Analysis" section that forms part of this report.
4. **SHARE CAPITAL:** As on 31st March 2016, the issued, subscribed and paid up capital of your company stood at Rs.22,01,25,000/- comprising of 2,20,12,500 equity shares of Rs.10/-each.
5. **DIVIDEND:** In order to retain the profits to strengthen the capital base, no dividend has been recommended by the Board for the year under review.

6. **RESERVES , IF ANY**

The Company has not transferred any amount to reserves during the financial year.

7. **LISTING OF SHARES :**

The equity shares of the Company have been listed on the Bombay Stock Exchange at Mumbai. The company confirms that it has paid Annual Listing Fees due to the Bombay Stock Exchange for the year 2016-2017.

The Bombay Stock exchange suspended the trading of Company's Shares. Your Company could not establish connectivity with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the company is in the process to establish connectivity and dematerialize the shares.

8. **CHANGE IN NATURE OF BUSINESS :**

The company continues to be an integrated Aqua Culture company with Hatchery, Culture, Feed and Shrimp Processing & Exports business and during the year, the company has not changed its business.

9. **MATERIAL CHANGES AND COMMITMENTS :**

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

10. **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :**

The company has in placed adequate financial controls commensurate with size and operations.

11. **ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS :**

The company has Internal Audit and the Audit Committee is in place to take care of the same.

12. **EXTRACT OF ANNUAL RETURN:**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as ANNEXURE II.

13. **DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES :**

There are no Subsidiary/ Joint venture/ Associate companies

14. **PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT**

Not applicable as there are no Subsidiary/ Joint venture/ Associate companies

15. **STATUTORY AUDITORS**

The Auditors M/s P.A. Reddy & Co., Chartered Accountants, retiring auditors of the

Company, were appointed as Statutory Auditors to hold office for a period of three years from conclusion of 24th Annual General meeting till the conclusion of 27th Annual General Meeting. The resolution relating to ratification of the appointment is put to ratification by members in the ensuing Annual General Meeting.

16. **AUDITORS' REPORT,OBSERVATIONS AND REPLIES**

The Auditors' Report was qualified and Notes to Accounts and some of the Auditors remarks in their report are self-explanatory and do not call for any further comments. However with specific reference to Para IV of the said report, items wise it is clarified as under

In respect of Post Retirement Benefits viz. Gratuity, as per Accounting Standard-15 issued by the Institute of Chartered Accountants of India, the Company should make provision on actuarial basis every year towards liability for future payment of gratuity. However during the year, provision for gratuity has been made on adhoc basis. Such creation of provision is not in accordance with the Accounting Standard referred above. In the absence of details we are unable to comment on the effect of such provision on the profits for the year, gratuity liability and net worth of the Company

The report of the Insurance Company on actuarial liability for gratuity is awaited. We shall make the requisite provision in the current year. We are taking steps to cover all the employees under ESI Scheme in the current year.

17. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mrs. S Charita Reddy, Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for reappointment.

During the year, Mr. T. Valsaraj has resigned as an Independent Director.

18. **DECLARATION FROM INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each Independent Director under section 149(7) of the Act that they meet with the criteria of their independence laid down in Section 149(6) of the Act

19. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 & 134 (5) of the Companies Act, 2013, shall state that-

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 and loss of the company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- d. the directors had prepared the annual accounts on a going concern basis; and
- e. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. **MEETINGS:** A calendar of Meetings is prepared and circulated in advance to the Directors. During the year 6 (Six) Board Meetings and 5 (Five) Audit Committee Meetings, 6 (Six) Share holders' grievances and Share transfer committee meetings and 1(One) nomination & remuneration committee meeting were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

21. **VIGIL MECHANISM :**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.sharatindustries.com.

22. **RISK MANAGEMENT:**

The Company has policy for identifying risk and established controls to effectively manage the risk. Further the Company has laid down various steps to mitigate the identified risk.

23. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

a) Conservation of energy

(i) the steps taken or impact on conservation of energy	The suggestions made by consultants, regarding the energy systems are under implementation
(ii) the steps taken by the company for utilizing alternate sources of energy	PF Correction capacitors installed to stabilize power factor in the Electricity Supply. The management is taking steps to install solar lights wherever possible.
(iii) the capital investment on energy conservation equipment's	---

b) Technology absorption

N A

(i)	the efforts made towards technology absorption
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
	(a) the details of technology imported
	(b) the year of import;
	(c) whether the technology been fully absorbed
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
(iv)	the expenditure incurred on Research and Development

(c) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the total foreign exchange used was Rs. 3,27,44,548/- and the total foreign exchange earned was Rs. 73,78,49,959/-.

24. **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

25. **CORPORATE GOVERNANCE**

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a Compliance report on Corporate Governance as per Schedule V of the Listing Regulations, along with a Certificate of Compliance from the Practicing Company Secretary forms part of this report. ANNEXURE-VII

26. **PARTICULARS OF EMPLOYEES :**

Statement showing the details of employees who are in receipt of remuneration of Rs. 5, 00,000/- or more per month are given in the annexure - IV forming part of this report.

27. **MANAGERIAL REMUNERATION**

Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (ANNEXURE V)

28. **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**
DETAILS OF LOANS:

SL No	Date of making loan	Details of Borrower	Amount	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Date of BR	Date of SR (if reqd)	Rate of Interest	Security
				NIL					

DETAILS OF INVESTMENTS:-

SL No	Date of investment	Details of Investee	Amount	Purpose for which the loan is to be utilized by the recipient	Date of BR	Date of SR (if reqd)	Expected rate of return
				NIL			

DETAILS OF GUARANTEE / SECURITY PROVIDED :

SL No	Date of providing security / guarantee	Details of recipient	Amount	Purpose security/ guarantee is proposed to be utilized by the recipient	Date of BR	Date of SR (if reqd)	Commission
				NIL			

29. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES :**

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto shall be disclosed in Form No. AOC-2 as ANNEXURE III.

30. **SECRETARIAL AUDIT REPORT**

A Secretarial Audit Report given by Sri. D.S. Venkata Narasimhan, Company secretaries is annexed with the report. With reference to the observations made, we state that The unintended delays in filings were due to the secretarial staff. The Company Secretary (CS) selected has not joined as the Registered Office is at a rural place. However, the company is making use of the practicing Company Secretary to ensure compliances. The company proposes to initiate the process for dematerialization during the year. (Annexure -I)

Comments in Director's Report:

The company is taking steps to comply with filing of Forms with MCA within time. The company is in the process of dematerializing the shares and getting the connectivity from NSDL and CSDL. The company has appointed Company Secretary in the month of July, 2016 as Compliance officer.

31. **INTERNAL AUDIT**

In terms of sec 138 of the companies' act 2013 and the relevant rules the company appointed M/s A R Krishnan & Associates, Chartered Accountants as the internal auditors of the company. The internal auditor directly reports to the audit committee.

32. **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Directors comments on Management Discussion and Analysis, which forms a part of this report, are restricted to the areas which are relevant to the current scenario of the Company and outlook is annexed hereto ANNEXURE - VI

33. **NO SIGNIFICANT AND MATERIAL ORDERS WERE PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

34. **OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

To prevent sexual harassment of women at work place, a new act the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013 and every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Your Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

35. **MECHANISM FOR BOARD EVALUATION**

Regulation 17(10) of SEBI(LODR) Regulations, 2015 states that the board shall monitor and review the board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors.

Schedule IV of the Companies Act, 2013 states that the performance evaluation of the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The Directors evaluation was broadly based on the parameters such as understanding of the Company's vision and objective, skills, knowledge and experience, participation and attendance in Board/Committee meetings; governance and contribution to strategy; interpersonal skills etc.

The Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as evaluation of the working of its Board Committees. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, execution and performance of specific duties, obligations and governance.

A meeting of the Independent Directors was also held which reviewed the performance of Non-Independent Directors, Chairman and the quality, quantity and

timelines of flow of information between the Company management and Board.

36. **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.

37. **ACKNOWLEDGEMENTS:**

Your Directors gratefully acknowledge with thanks the constructive guidance and co-operation extended by MPEDA, FEDERAL BANK LIMITED and other Government Agencies.

BY THE ORDER OF BOARD OF DIRECTORS
For SHARAT INDUSTRIES LIMITED

PLACE: VENKANNAPELEM
DATE: 13th August 2016

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE-I

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st March, 2016
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
SHARAT INDUSTRIES LIMITED
Venkannapalem Village - 524002

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SHARAT INDUSTRIES LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the SHARAT INDUSTRIES LIMITED books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SHARAT INDUSTRIES LIMITED for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - 1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - 2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - 3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - 4. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - 5. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - 6. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - 7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; The company reported that the Bombay Stock Exchange (BSE) has exited from securities business and the company has been delisted by virtue of SEBI Notifications there on the company's shares have been placed are the dissemination board of NSE for trading purpose.
 - 8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
 - 9. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2013;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Employees' State Insurance Act, 1948 and Employees' State Insurance (General) Regulations, 1950;
- (vii) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and The Employees' Provident Funds Scheme, 1952;

- (viii) The Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
- (ix) The Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
- (x) Income Tax Act, 1961 and rules made there under;
- (xi) Service Tax Act, 1994 and rules made there under;

I have also examined compliance with the applicable clauses of the following :

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India under section 118 (10) of the Companies Act, 2013.

I Further Report That

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors , Non - Executive Directors and Independent / Women Directors . The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings , agenda and detailed notes on agenda were sent in accordance with the secretarial standards and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision of the Board of Directors are carried through, while the dissenting members views are captured and recorded as part of the minutes.

I Further Report

1. There were delays in filing certain e Forms with MCA
2. The company reported that the Bombay Stock Exchange (BSE) has suspended the stock trading of the company for the period under review
3. The company's shares has not been dematerialized and no agreements have been entered into with NSDL and CDSL , consequently the Company has not appointed Share Transfer Agent.
4. The Company has NOT appointed whole Time Company Secretary for the period under review

OTHER SPECIFIC LAWS:

- i) Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008.
- ii) Water (Prevention and Control of Pollution) Act, 1974;
- iii) Water (Prevention and Control of Pollution) Cess Act, 1977;
- iv) Environment (Protection) Act, 1986;
- v) Air (Prevention and Control of Pollution) Act, 1981;

I Further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules , regulations and guidelines.

I further report that during the audit period no events have occurred which have a

major bearing on the company's affairs.

D.S. VENKATANARASIMHAN
Company Secretary in Practice
Membership No.F5625
COP No: 5276

Place : Chennai
Date: 12th August, 2016

Note: This report is to be read with our letter of even date which is annexed as Annexure and form as an integral part of this report.

ANNEXURE

To
The Members
SHARAT INDUSTRIES LIMITED
Venkannapalem Village-524002

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

D.S. VENKATANARASIMHAN
Company Secretary in Practice
Membership No.F5625
COP No: 5276

Place : Chennai
Date: 12th August, 2016