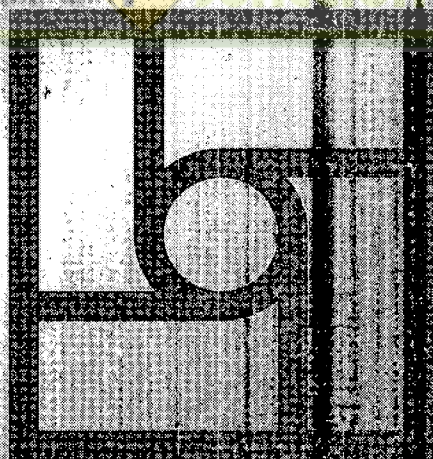


MD	✓				BKC	✓
CS	✓				DPY	MA
RO	✓				DIV	MA
TRA	✓				AC	✓
AGM	✓	✓	✓		SHI	✓
YE	✓	✓	✓	✓		

## 36TH ANNUAL REPORT



1996-97

**Sharda Ispat Ltd.**





## BOARD OF DIRECTORS

J.K. SARDA	MANAGING DIRECTOR
N.K. SARDA	JT. MANAGING DIRECTOR
A. MUKHERJEE	WHOLE TIME DIRECTOR
G.D. SARDA	WHOLE TIME DIRECTOR
K.K. KELA	DIRECTOR
K.K. SARDA	DIRECTOR

## KEY PERSONNEL

S.K. JAKHOTIYA	EXECUTIVE PRESIDENT
V. BALASUBRAMANIAN	GEN. MANAGER WORKS
AJAY SONI	V. PRESIDENT MARKETING
G. RAVI IYER	V. PRESIDENT MATERIALS
ANAND SARDA	V. PRESIDENT COMMERCIAL
R.K. AGARWAL	GENERAL MANAGER
S. M. MULEY	MANAGER (TECHNICAL)
C.K. GOLE	MANAGER CORPORATE
R. KUMAR	SR. MANAGER (MAT. & SECURITY)
P.D. CHATTERJEE	FACTORY MANAGER
SUDEEP SANYAL	SYSTEMS MANAGER
MANOJ KOTHARI	MARKETING MANAGER
S. MAHESHWARI	BRANCH MANAGER
N.T. ASHAR	DY. MANAGER ACCOUNTS
V.N. DESHKAR	DY. MANAGER FINANCE
R.S. BALDWA	DY. MANAGER ACCOUNTS
KULWANT SINGH	ROLLING MILL MANAGER
S.S. MAHULE	MANAGER (MECHANICAL)
S.L. YADHO	GENERAL FOREMAN

## COMPANY SECRETARY CUM SR FINANCE MANAGER

GOUTAM BANDYOPADHYAY

## STATUTORY AUDITORS

M/s. LOYA BAGRI & CO.  
Chartered Accountants  
Gandhi Bag, Nagpur 440 002.

## INTERNAL AUDITORS

M/s. M.M. JAIN & CO.  
Chartered Accountants  
Kingsway, Nagpur 440 001.

## ADVISER

ABHISHEK MAHESHWARI  
Chartered Accountant  
Jaideo, Chhapru Nagar, C.A. Road, Nagpur 440 008.

## BANKERS

STATE BANK OF INDIA  
Main Branch, Kingsway, Nagpur 440 001.  
Industrial Finance Branch, Amravati Road, Nagpur 440 010.

## REGISTERED OFFICE

Kamptee Road, Nagpur 440 026.

## WORKS

- i) Kamptee Road, Nagpur 440 026.
- ii) T-1/1, MIDC, Hingna Road, Nagpur 440 016.

## SHARE TRANSFER AGENT

M/s. LIGHT HOUSE SYSTEMS,  
Yugdharma Complex, Lokmat Square, Nagpur.

## NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 36th Annual General Meeting of the Company will be held on Monday, the 29th September, 1997 at 10.00 A.M. at the Registered Office of the Company i.e. Kamptee Road, Nagpur to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1997 and the Report of Board of Directors and Auditors Report.
2. To appoint Auditors and fix their remuneration.
3. To appoint a Director in place of Shri. G.D. Sarda who retires by rotation at this meeting and being eligible, offer himself for reappointment.
4. To appoint a Director in place of Shri. A. Mukherjee who retires by rotation at this meeting and being eligible, offer himself for reappointment.

### Special Business :

5. To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary resolution :  
"Resolved that pursuant to all applicable provisions of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the appointment of Shri. A. Mukherjee as whole time Director of the Company, for a period of five years with effect from 18.10.97 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Shri. A. Mukherjee, a draft whereof is placed before this meeting which agreement is hereby specifically approved with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement so as not to exceed the limits specified in the schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board of Directors and Shri. A. Mukherjee, Whole time Director.

BY ORDER OF THE BOARD  
For SHARDA ISPAT LIMITED,

Place : Nagpur  
Date : 17th JUNE 1997.

(G. BANDYOPADHYAY)  
Company Secretary Cum Sr. Finance Manager

### NOTES :

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not to be a member of the Company.
2. The form of proxy shall be deposited at the Registered Office of the Company not less than Forty eight hours before the commencement of the meeting.
3. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
4. The register of members and transfer books of the Company will remain closed from 22nd September'97 to 29th September'97, both days inclusive.
5. An explanatory statement in pursuant to Section 173 of the Companies Act, 1956 in respect of item No.5 as set out above is annexed hereto.
6. The members are requested to notify immediately any change in their address to the Company.

**ANNEXURE TO NOTICE**

Explanatory statement under Section 173 of Companies Act, 1956 for item No.5.

**Item No.5**

Mr. A. Mukherjee was appointed on 18.10.92 for a period of 5 years. Having regard to growth of the Company achieved during his tenure and based on his outstanding services offered, the Board of Directors in their meeting held on 17.06.97 has re-appointed him as Whole Time Director of the Company for a further period of five years with effect from 18.10.97 as per the terms of remuneration accordance with Schedule XIII of the Companies Act, 1956 or any amendments thereto as may be made from time to time. Members approval sought for his re-appointment on the terms and conditions as set out in the draft of the agreement between the Company and Mr. A. Mukherjee which interalia contains the following principal terms and conditions :

1. Validity : From 18.10.1997 to 17.10.2002.
2. Salary : Rs.14000/- per month.
3. Perquisites : Perquisites shall be allowed in addition to salary. Perquisites shall be restricted to an amount equal to the annual salary. Perquisites are classified as under :

**Category A :***i. Housing :*

- a. The expenditure by the Company on hiring furnished accommodation will be subject to the following ceilings : 40% of the Salary over and above 10% payable by the Whole Time Director.
- b. In case no accommodation is provided by the Company, the Whole Time Director shall be entitled to house rent allowance subject to the ceiling laid down in (a) above i.e. 40% of salary.
- c. In case the accommodation is owned by the Company 10% of the salary of the Whole Time Director shall be deducted by the Company.
- d. The expenditure incurred on gas, electricity, water and furnishing shall be paid extra by the Company based on actual bills.

ii. *Medical Reimbursement* : Reimbursement of expenses incurred for self and family subject to a ceiling of 30% of the Salary of the Whole Time Director.

iii. *Leave Travel Concession* : Leave travel concession for self and family within India once in a year.

iv. *Club fees* : Club fees of clubs subject to a maximum of two clubs. No admission and its life membership fees will be paid.

v. *Personal Accident Insurance* : Annual Premium of personal accident insurance shall not exceed Rs.5000/-

Note : For the purpose of perquisites stated in (ii) & (iii) "family" means spouse, the dependent children and dependent parents of the appointee.

**Category B :**

vi. Contribution to provident fund and superannuation fund or annuity fund will not be included in the computation of the ceiling on the perquisites to the extent these, either singly or put together are not taxable under Income Tax Act, 1961.

vii. Gratuity payable shall not exceed half a month's salary for each complete year of service.

**Category C :**

viii. The company shall provide a car with a driver for official use and telephone facility at the residence of Whole Time Director. These facilities will not be considered as perquisites in the hands of Whole Time Director.

ix. *Reimbursement of Expenses* : Apart from the aforesaid remuneration, the Whole Time Director shall be entitled to reimburse actual expenses incurred by him in connection with the business of the Company.

x. *Sitting Fees* : No sitting fees shall be paid to the Whole Time Director for attending the meeting of the Board of Directors or any committee thereof.

Hence your directors accordingly placed the Resolution as item No.5 before the shareholders for approval.

None of the Directors except Shri. A. Mukherjee, is interested in the respective resolution.

ANNUAL REPORT 1996 - 97  
**Sharda Ispat Ltd.****DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting The 36th Annual Report along with the Audited Accounts of the Company for the year ended 31st March 1997.

**1. Financial Results :**

During the year ended 31st March 1997 the total production of the company including conversion is 50,443 M.T. as against 55,578 M.T. in the previous year. The total sales of the company during the year amounted to Rs.7468.56 Lakhs as against Rs.8166.02 lakhs in the previous year. There is a decreased in both production & sales figures due to overall recession in economic scenario, specially in steel industries.

	Rs.	Rs.
Gross Profit before Interest,		
Depreciation, Taxation Provisions & Other adjustments.		46,981,850
Less : Prior period adjustments (Net)		1,216,271
		<u>45,765,579</u>
Less : Depreciation	6,183,571	
Interest	31,465,712	
Taxation provision	982,000	
		<u>38,631,283</u>
Operating profit		7,134,296
Less : Public issue expenses written off		502,231
		<u>6,632,065</u>
Surplus of the current year		6,632,065
Add : Brought forward balance of P/L Account		3,717,477
		<u>10,349,542</u>
Profit available for appropriation		10,349,542
Less : Transfer to General Reserve		8,000,000
		<u>2,349,542</u>
Balance of surplus c/f to Balance Sheet		<u>2,349,542</u>

- 2. Operation :** During the year under review there was a depression in money market and recessionary trend in industrial growth adversely effected the operation of the company and in turn resulted in lower production and turnover.
- 3. Future Prospects :** The New Project of an automatic re-rolling mill was commissioned on 17th April '97 at Kamptee Road Unit. The Company is expecting to start it's commercial production Shortly which will be proved to be beneficial for the Company and will ultimately strengthen the Compnys financial position. The work for Hingna Unit modernisation is also going on full swing and likely to be completed by the end of current financial year and the Company is expecting higher production and wide range of quality products from Hingna Unit also.
- 4. Directors :** Mr. G.D. Sarda and Mr. A. Mukherjee are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr. A. Mukherjee was appointed on 18.10.92 for a period of five years and his term of contract will expire on 17.10.97. After considering his valuable services towards the growth of the Company, Directors have recommended his appointment for a period of further 5 years as Whole Time Director and placed the resolution before shareholders for consideration.
- 5. Fixed Deposits :** None of the deposits which became due for payment remain unpaid as on 31.3.97.

6. **Auditors Report & Auditors :** The Auditor's report and its annexures are self explanatory. M/s. Loya Bagri & Co. Chartered Accountants hold office as statutory auditors till conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.
7. **Particulars of Employees :** Information required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1988, and forming part of Directors Report for the year ended 31.3.97 is as per Annexure 'A' .
8. **Particulars of conservation of Energy, Research & Development, Foreign Exchange Earnings & Out go :** Information required under section 217 (1) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rule 1988, as a forming part of Directors Report, is as per Annexure 'B'.
9. **Dividend :** The Board of Directors have not recommended payment of dividend considering resources crunch due to cost overrun of the project.
10. **Disclosure as per Clause 43 of the listing agreement with the Stock Exchange.**

As per clause 43 of the listing agreement the comparison between the projections made for the financial year 1996 - 97 in the Company's prospectus dt.11.02.94 and actual performance is as under :

Description	Year ended 31st March 1997 (Rs. IN LAKHS)	
	Projections On Full commissioning of the Project	Actuals on Part Commissioning of the Project
Income / Sales	8815	7538
Profit before tax	267	76
Profit after tax	143	66
Equity Share Capital	425	424

11. **Acknowledgement :** The Board of Directors wish to place on record their appreciation and thanks for extending great help from time to time by Banks, Financial Institutions, various Government Departments, Main producers of Iron & Steel and esteemed customers.

The Directors also record their appreciation towards the dedicated service of all the employees for their support and commitment to ensure that the Company continues to grow and produce quality products.

For and on behalf of the Board of Directors.

Place : Nagpur

Date : 17th June 1997

(J.K. SARDA)

(Managing Director)

(N.K. SARDA)

(Jt. Managing Director)



**Annexure 'A' to The Directors' Report**

Statement of particulars of employees u/s. 217 (2A) of the Companies Act, 1956.

Name	Designation	Remuneration (Rs.)	Qualification	Experi- ence	Age	Dt. of commen- ment of Employment	Last Employ ment
Shri. J. K. Sarda	Mg. Director	Rs. 318,082/-	B.Com.	29	49	01.05.75	Own Trade & Industry
Shri. N.K. Sarda	Jt.Mg. Director	Rs. 312,032/-	B.Sc.	29	48	21.11.67	Own Trade & Industry

- Notes : 1. Shri. J.K. Sarda & Shri. N.K. Sarda are related to each other and also to Mr. G.D. Sarda & Mr. K.K. Sarda.
2. Remuneration received includes Salary, Perquisites and Allowances as applicable, employer's contribution to Provident Fund, Leave Travel Facility and Re-imbursement of Medical expenses.
3. All appointments are of contractual nature.

**Annexure 'B' to The Directors' Report**

Statement of Disclosure of particulars under section 217 (1) of the Companies Act, 1956 forming part of Directors' Report.

**A. Conservation of Energy :**

The Company has always laid utmost emphasis on conservation of energy.

- Use of furnace oil in addition to coal has increased the production capacity and company able to roll special alloy steel billets.
- Waste heat recovery is made through recuperators.
- The Company puts its utmost emphasis to reduce the consumption of energy by improving its production procedures and reduction of wastage of energy.

The above measures has resulted in saving of energy and in turn reduce the total cost of production.

**B. Technology Absorption :**

In house research and development work is continuously going on and company is developing the method of rolling more new value added products and reduction in percentage of burning loss and waste and scrap.

**C. Foreign Exchange earnings and out go :**

- The company has not effected any import or export during the financial year 1996-97.
- The inflow and out flow of foreign exchange is also NIL.

**FORM 'A' (See Rule 2)**

Form for Disclosure of Particulars with respect to Conservation of Energy

**A. POWER AND FUEL CONSUMPTION**

	1997	1996
1. Electricity		
(a) Purchased : Units	5,034,077	5,877,585
Total Amount (Rs.)	19,879,733	18,664,178
Average Rate/Unit (Rs.)	3.95	3.18
(b) Own Generation :	NIL	NIL
2. Steam Coal		
Quantity (Tonnes)	10,325	13,593
Total Cost (Rs.)	16,781,513	14,696,796
Average Rate/Tonne (Rs.)	1,625.33	1,081.20
3. Furnace Oil		
Quantity (K.Ltrs.)	738.548	558.094
Total Amount (Rs.)	5,755,444	3,534,572
Average Rate/K. Ltr. (Rs.)	7,792.91	6,333.29
4. Others / Internal Generation	NIL	NIL

**B. CONSUMPTION PER MT OF PRODUCTION**

Standards (if any)

Products (with details) unit

Rolled Iron & Steel (in MT.)		50,443	55,578
Electricity (in Units)	NIL	99.80	105.75
Furnace Oil (Secondary Fuel) (In Ltrs.)	NIL	14.64	10.04
Coal (Steam Coal 'B' Grade) (in MT.)	NIL	0.205	0.245
Excluding shell & dust			
Others (Specify)	NIL	NIL	NIL

For and on behalf of the Board of Directors.

Place : Nagpur

Date: 17th June, 1997

(J.K. SARDA)

(Managing Director)

(N.K.SARDA)

(Jt.Managing Director)