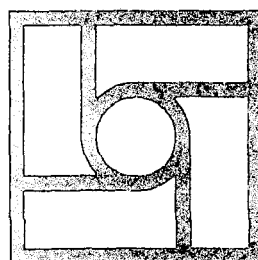


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CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
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TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

37TH Annual Report 1997-98



Sharda Ispat Ltd, Nagpur



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

KEY PERSONNEL

S. G. PANPALIA	EXECUTIVE DIRECTOR
AJAY SONI	V. PRESIDENT MARKETING
G. RAVI IYER	V. PRESIDENT MATERIALS
ANAND SARDA	V. PRESIDENT COMMERCIAL
C. K. GOLE	MANAGER CORPORATE
R. KUMAR	SR. MANAGER (MAT & SECURITY)
C. S. G. WARRIOR	MANAGER SALES
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
J. B. RAUT	ASST. MANAGER (DESPATCH)

COMPANY SECRETARY CUM V.P. (FINANCE)

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
Yugdharm Complex, Lokmat Square, Nagpur.

Sharda Ispat Ltd, Nagpur**NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the 37th Annual General Meeting of the Company will be held on Wednesday 30th Sept'1998 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, 1998 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.J.K.Sarda who retires by rotation at this meeting and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Shri.N.K.Sarda who retires by rotation at this meeting and being eligible , offer himself for re-appointment.

By Order of the Board
for SHARDA ISPAT LTD.,

Place : NAGPUR
Date : 30th June'98

(G.BANDYOPADHYAY)
Company Secretary Cum V.P. (Finance)

Report Junction.com

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 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 22th Sept'98 to 30th Sept'98 both days inclusive.
5. The members are requested to notify immediately any change in their address to the Company.
6. Those members who have so far not encashed their dividend warrants for the financial year ended 31st March'1995 may claim or approach the Company for the payment as the same will be transferred to the General Revenue Account of the Central Government on or before 18th November'1998.

Sharda Ispat Ltd, Nagpur**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors hereby present the 37th Annual Report on the business and operation of the Company and the Audited Financial Accounts for the year ended 31st March 1998.

- Financial Results :** During the year ended 31st March 1998 the total production of the company including conversion has come down to 35,675 M.T as against 50,443 M.T. in the previous year and the total sales has also reduced from Rs.7468.56 lacs in the previous year to Rs.6203.26 lacs. The decrease in both production and sales figures are due to general slow down in economy accompanied by declining demand for steel during the year. The implementation of large infrastructural projects in the areas of power, ports and roads witnessed little or no progress and also due to sluggish demand in steel market have aggravated the situation further. Despite these adverse conditions and resource crunch, in order to meet the challenges the Company has completed both Kamptee Road New Project of an automatic rerolling mill and the modernisation of Hingna Unit in the financial year 1997-98. With the new additions the Company is now in a position to produce wide product mix and more value added products both in case of alloy and non-alloy steel.

	Rs.	Rs.
Gross Profit before interest, Depreciation		33,90,410
Taxation Provisions & other adjustments		
Less : Prior period adjustments[Net]	(-)	5,26,432
		28,63,978
Less/Add : Depreciation	(-)	1,57,20,140
Interest	(-)	4,20,28,843
Taxation provision/		
Adjustments	(+)	24,163
Operating Profit/loss before taxation	(-)	5,48,60,842
Add : Public issue expenses written off	(+)	5,02,231
Surplus / Deficit of the current year	(-)	5,53,63,073
Less : Brought forward balance of P/L account	(+)	23,49,542
Loss / Profit	(-)	5,30,13,531
Adjusted against General Reserve	(+)	4,39,05,143
Balance of loss c/f to balance sheet	(-)	91,08,388

- Operation :** During the year under review the overall recession in economic scenario and money market resulted in lower production and turnover of the company and company has suffered huge losses.
- Future Prospects :** During the financial year 1997-98 both the projects i.e. the New project of an automatic rerolling mill at Kamptee Road and modernisation project at Hingna have been completed. The Company is now in a position to produce wide range of quality products. With the new range of products in higher sizes of angles, rounds and flats of both alloy and non-alloy steel, the Company is expecting gradually to tap new market areas so that the capacity utilisation could be maximum. With the higher capacity and wide product mix, Company is expecting better results during the financial year 1998-99.
- Directors :** Mr. J.K.Sarda and Mr.N.K. Sarda are due to retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. During the financial year 1997-98 Mr.K.K.Kela has submitted his resignation due to ill health and Mr.K.K.Sarda has also submitted his resignation due to his busy schedule. Considering the genuinity of their problems, the Board

Sharda Ispat Ltd, Nagpur

of Directors have accepted their resignation with effect from 16.10.97 and extend their thanks for the valuable services offered by them during the tenure of their Directorship.

5. **Fixed Deposits** : None of the deposits which became due for payment remain unpaid as on 31.3.98
6. **Auditors' Report & Auditors** : The Auditors 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 Companies [Particulars of Employees] Rule 1988 and forming part of Director's Report for the year ended 31.3.98 is as per Annexure 'A'.
8. **Energy, Technology, Foreign Exchange** : Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of section 217[1](e) of the companies act 1956 read with companies (Disclosure of particulars in the report of Board of Directors) Rule 1988 as forming part of Director's Reports is as per Annexure 'B'
9. **Dividend** : The Board of Directors have not recommended payment of dividend.
10. **Acknowledgement** : The Board of Directors wish to place on record their appreciation and thanks for extending help to Banks, Financial Institutions, various Government Departments, Main producers of Iron & Steel, valuable customers for their continuous support and last but not the least to all the employees, who have put their best efforts to meet the situation in this difficult period.

For and on behalf of the Board of Directors.

[J.K.SARDA]
(Managing Director)

[N.K.SARDA]
(Jt. Managing Director)

Place : Nagpur

Date : The 30th June 1998.

Annexure A to the Director's Report

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

Name	Designation	Remuneration (Rs.)	Quali- fication	Experi- ence	Age	Dt. of commen- ment of Employment	Last Employ- ment held Before
Shri.J.K.Sarda	Mg.Director	Rs.3,61,090/-	B.Com	30	50	1.5.75	Own Trade & Industry
Shri.N.K.Sarda	Jt.Mg.Director	Rs.3,34,755/-	B.Sc	30	49	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.
 2. Remuneration received includes Salary, Perquisites and allowances as applicable, employer's contribution to Provident Fund, Leave Travel Facility, Re-imbursement of Medical expenses.
 3. All appointments are of contractual nature.

Annexure 'B' to Director's Report**A. Conservation of Energy :**

The Company has always laid utmost emphasis on conservation of energy. Waste heat recovery is made through recuperator.

B. Technology Absorption :

Inhouse 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 :

- i. The company has not effected any import or export during the financial year 1997-98.
- ii. The inflow of foreign exchange is NIL.
- iii. The outflow of foreign exchange is Rs.6000/-

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

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power and Fuel Consumption :		1998	1997
1. Electricity			
a) Purchased : Units		46,44,461	50,34,077
Total Amount (Rs.)		1,95,88,993	1,98,79,733
Average Rate / Unit (Rs.)		4.22	3.95
b) Own Generation :		NIL	NIL
2. Steam Coal :			
Quantity (Tonnes)		9,042	10,325
Total Cost (Rs.)		1,81,29,818	1,67,81,513
Average Rate / Tonne (Rs.)		2005.07	1,625.33
3. Furnace Oil :			
Quantity (K.Ltrs.)		775.912	738.548
Total Amount (Rs.)		51,44,300	57,55,444
Average Rate / Tonne (Rs.)		6630.00	7792.91
4. Others / Internal Generation		NIL	NIL
B. Consumption per MT of Production (Standards if any)			
Products (with details) Unit			
Rolled Iron & Steel (in M.T.)		35,675	50,443
Electricity (in Units)	NIL	130.19	99.80
Furnace Oil (Secondary Fuel) (In Ltrs.)	NIL	21.75	14.64
Coal (Steam Coal 'B' Grade) (in MT.)	NIL	0.253	0.205
excluding shell & dust			
Others (Specify)	NIL	NIL	NIL

Sharda Ispat Ltd, Nagpur**AUDITORS' REPORT**

To,

The Shareholders,
SHARDA ISPAT LTD.,
NAGPUR.

We have audited the attached Balance Sheet of Sharda Ispat Ltd., Nagpur as at 31st March 1998 and the annexed Profit & Loss Account for the year ended on that date annexed thereto, and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4-A) of the Companies Act, 1956, We annex hereto, a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 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 purpose 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 this report are in agreement with the books of account.
 - d. The Company has recognised the Income derived from conversion work done for other by including the value of goods converted per excise records on sales side and evaluating the value of Raw Material consumed for conversion on purchase side. The above recognition, in our opinion is not according to Accounting Standard 'As-9' as recommended by the Institute of Chartered Accountants of India, New Delhi. The aforesaid recognition has resulted in increase in figures of "Sales and Service charges" on Income Side and "Raw Material consumed" on Expenses Side by Rs. 23,66,59,535/- in Profit & Loss Account as already indicated in note no. 26 of Schedule 'T' though it has not effected the profit of the Company for the year.
 - e. In respect of the transactions covered u/s 297 of the Companies Act, 1956, the previous sanction of the Central Government u/s. 297 of the Companies Act, 1956 was not available but the company had made the applications seeking the necessary approval for the same. Such approval is still awaited.
 - f. Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - a. In the case of the Balance Sheet, of the state of affairs of the company as on 31st March, 1998, and
 - b. In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

Nagpur, dated the,
30th June, 1998

For LOYA BAGRI & CO.
CHARTERED ACCOUNTANTS

(GOPAL DAS BAGRI)
Partner

Annexure to Auditors' Report

(Annexure referred to in paragraph '1' of the Audit Report of even date on the accounts for the year ended 31st March, 1998 of Sharda Ispat Ltd., Nagpur)

ON the basis of such checks, as we considered appropriate and in terms of information and explanations given to us, we state that :-

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have not been physically verified by the Management during the year, but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
- 2) None of the Fixed Assets have been revalued during the year.
- 3) The Stocks of the finished goods, raw materials and stores and spares have been physically verified by the Management at reasonable intervals during the year.
- 4) The procedure of physical verification of the above referred stocks followed by the Management are in our opinion reasonable and adequate in relation to the size of the Company and the nature of its business.
- 5) The discrepancies noticed on verification between the physical stocks and book records were not material.
- 6) On the basis of our examination of stocks, we are of the opinion that the valuation of the stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- 7) In our opinion, the rate of interest and the terms and conditions on which loans have been obtained from companies, firms or other parties listed in the registers maintained U/s. 301 of the companies Act, 1956 are not prima facie prejudicial to the interest of the Company. There is no Company under the same Management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956.
- 8) The Company has not granted any loan to Companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956. There is no Company under the same management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956.
- 9) The Company has given loans or advances in the nature of loans to parties other than employees. There are no balance for repayment as on closing date of Balance Sheet.

Besides the above, the Company has given loan to employees who are repaying the Principal amounts as stipulated or restipulated and also are regular in payment of interest.

- 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 nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and also for the sale of goods.
- 11) In our opinion and according to the information and explanations given to us, the transactions for purchases of goods and materials and sales of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
- 12) As explained to us, the Company has regular procedure for the determination of unserviceable or damaged stores, raw materials or finished goods. Adequate provision is being made in the accounts for loss arising on the items so determined at the time of valuation of closing stock.

Sharda Ispat Ltd, Nagpur

- 13) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58-A of the Companies Act, 1956, and rules made there under with regard to fixed deposits accepted from public except return is belatedly filed.
- 14) In our opinion, reasonable records have been maintained by the Company for the sale of and disposal of scrap and by products.
- 15) The company has an adequate internal audit system which in our opinion is commensurate with the size of the Company and nature of its business.
- 16) The Central Government has not prescribed maintenance of cost record U/s. 209 (1)(d) of the Companies Act, 1956 for any of the products of the Company.
- 17) According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with appropriate authorities.
- 18) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sales Tax, Custom Duty and Excise Duty which were outstanding as at 31.3.98 for a period of more than six months from the date they became payable.
- 19) On the basis of :
 - a) The examination of books of accounts,
 - b) The Vouchers examined by us, and
 - c) The explanations given to us on our enquiries, no personal expenses other than expenses in pursuance to service contract obligations with the Company's employees and/or accepted business practices, have been charged to the revenue account.
- 20) The Company is not a sick industrial Company within the meaning of Clause (O) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- 21) The Company, in our opinion, has a reasonable system of recording receipts, issues and consumption of materials and stores, commensurate with the size and nature of its business. Allocation of the material and men-hours to the relative jobs is not being done. It is explained to us that looking to the nature of activities of the Company such allocation was neither necessary nor practicable.
- 22) In our opinion, there is reasonable system of authorisation at proper levels with the necessary control on issues of stocks, but there is no system in respect of allocation of such stocks, stores and labour to specific jobs, because the same is neither necessary nor practicable but there is a reasonable system of internal control commensurate with the size of the Company and nature of its business.
- 23) There were no damaged trading goods during the year, as the Company deals in Iron & Steel.

Nagpur, dated the,
30th June, 1998

For LOYA BAGRI & CO.
CHARTERED ACCOUNTANTS

(GOPAL DAS BAGRI)
Partner

Sharda Ispat Ltd, Nagpur**SHARDA ISPAT LIMITED, NAGPUR**

BALANCE SHEET AS AT 31 ST MARCH 1998

	SCHEDULES	MARCH 1998 (Rs.)	MARCH 1997 (Rs)
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	'A'	42,379,000	42,379,000
Reserves & Surplus	'B'	29,499,563	76,226,729
		71,878,563	118,605,729
LOAN FUNDS			
Secured Loans	'C'	209,572,951	160,497,445
Unsecured Loans	'D'	15,675,409	8,888,442
		225,248,360	169,385,887
	Total	297,126,923	287,991,616
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	'E'	281,950,765	118,737,077
Less : Depreciation		69,806,860	53,667,806
		212,143,905	65,069,271
Add : Capital Work-in-Progress		1,881,676	108,730,007
		214,025,581	173,799,278
CURRENT ASSETS, LOANS AND ADVANCES			
Current Assets	'F'	163,810,796	208,033,220
Loans & Advances	'G'	16,992,810	20,727,828
		180,803,606	228,761,048
Less : Current Liabilities & Provisions	'H'	109,824,037	118,084,326
		70,979,569	110,676,722
Miscellaneous Expenditure	'I'	3,013,385	3,515,616
Profit & Loss Account.		9,108,388	-----
	Total	297,126,923	287,991,616

Accounting Policies, contingent liabilities
and notes to the Accounts.

'T'

Schedules 'A' to 'I' and 'T' referred to above
form an integral Part of the Balance sheet

As per attached our report of even date.

For LOYA BAGRI & CO.
Chartered Accountants

(J. K. SARDA)
Mg. Director

(GOPAL DAS BAGRI)
Partner

(G.Bandyopadhyay)
Company Secretary
Cum V.P. (Finance)

(N.K.SARDA)
Jt.Mg. Director

Nagpur, Dated the 30th June, 1998.