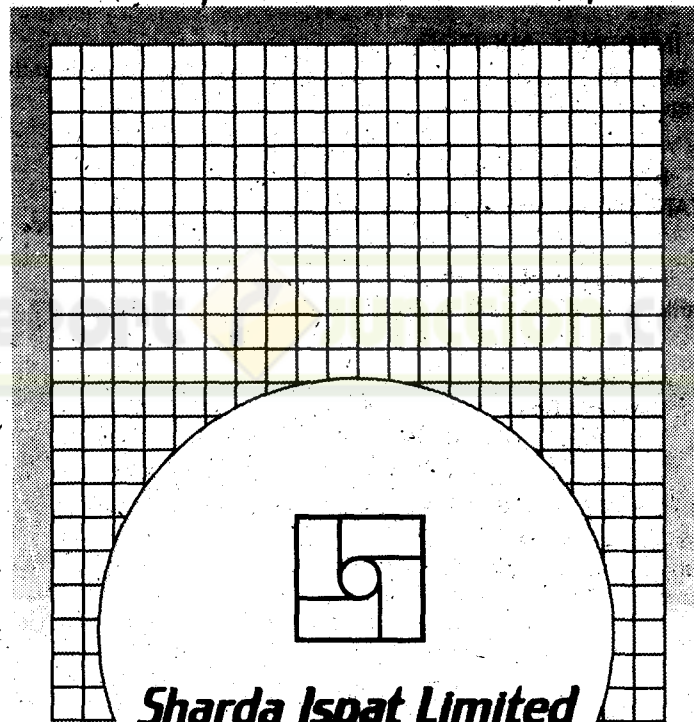


For Sharda Ispat Ltd.

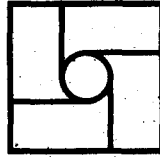
Director

41st **Annual Report**

1st January 2001 to 31st March, 2002



Sharda Ispat Limited
Nagpur



☐ **BOARD OF DIRECTORS**

J. K. SARDA Managing Director
 N. K. SARDA Jt. Managing Director
 G. D. SARDA Whole Time Director
 H. K. DAS Director
 A. MUKHERJEE Director
 J. C. SABOO Additional Director
 P. R. AGRAWAL Additional Director

☐ **AUDITOR**

LOYA BAGRI & CO. Chartered Accountants,
 Gandhibagh, Nagpur-440 002

☐ **INTERNAL AUDITOR**

M. M. JAIN Chartered Accountants,
 Kingsway, Nagpur-440 001

☐ **BANKERS**

STATE BANK OF INDIA

☐ **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
 Yugadharma Complex, Lokmat Square,
 Nagpur

**NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the 41st Annual General Meeting of the Company will be held on 30th September, 2002, Monday at 10.00 a.m. at the Registered Office of the Company i.e. Kamptee Road, Nagpur to transact the following business.

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2002 and the Report of the Board of Directors and Auditors Reports.
- 2) To appoint a Director in place of Shri N. K. Sarda who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri H. K. Das who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 4) To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS :

- 5) To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution
 "Resolved that Shri J. C. Saboo be and is hereby appointed as Director of the company liable to retire by rotation, in terms of Section 257 of the Companies Act, 1956".
- 6) To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution
 "Resolved that Shri P.R. Agrawal be and is hereby appointed as Director of the company liable to retire by rotation, in terms of Section 257 of the Companies Act, 1956".

By order of the Board
For SHARDA ISPAT LTD.

Place : Nagpur
Date : 30, August, 2002

N.K. SARDA
Jt. Mg. 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.
2. The Register of Members and share Transfer Books of the Company will remain closed from Monday 23rd September, 2002 to Saturday 28th September, 2002 (Both the days inclusive)
3. Pursuant to the provisions of Section 205A of the Companies Act., 1956 as amended dividend for the financial year ended 31st March, 1995 which remained unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1995 are requested to make their claims to the administrative office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claims shall lie in respect therefore.



4. Members are requested to :
 - a) Intimate to the Company the changes, if any, in their registered addresses along with Pin Code Number.
 - b) Quote their Folio Number.
5. The instrument appointing proxy should be deposited at the Administrative Office of the Company not less than 48 hours before the time appointed for the Meeting.
6. The Members/ Proxies should bring the Attendance Slip enclosed herewith duly filled in for attending the Meeting.

ANNEXURE TO THE NOTICE

Explanatory Statement

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

ITEM NO. 5

The Board of Directors of the Company appointed Shri J. C. Saboo as an Additional Director of the Company with effect from 27th April, 2002 for complying the mandatory provisions of corporate governance. He holds office of Director upto the date of ensuing annual general meeting.

The Company has received a notice alongwith a deposit of Rs. 500/- from the members of the Company under section 257 of the Companies Act, 1956 signifying the candidature of Shri J.C. Saboo for the office of Director of the Company.

In view of his valuable experience it will be in the interest of the company that Shri J.C. Saboo continues as Director of the Company.

The appointment of Director requires approval of members by ordinary resolution.

The directors recommend that the resolution be passed.

None of the Directors except Shri J.C. Saboo of the Company is in any way concerned or interested in the resolution.

ITEM NO. 6

The Board of Directors of the Company appointed Shri P. R. Agrawal as an Additional Director of the Company with effect from 27th April, 2002 for complying the mandatory provisions of corporate governance. He holds office of Director upto the date of ensuing annual general meeting.

The Company has received a notice alongwith a deposit of Rs. 500/- from the members of the Company under section 257 of the Companies Act, 1956 signifying the candidature of Shri P.R. Agrawal for the office of Director of the Company.

In view of his valuable experience it will be in the interest of the company that Shri P. R. Agrawal continues as Director of the Company.

The appointment of Director required approval of members by ordinary resolution.

The directors recommend that the resolution be passed.

None of the Directors except Shri P. R. Agrawal of the Company is in any way concerned or interested in the resolution.



DIRECTOR'S REPORT

Dear Shareholders,

Your Directors, hereby present the 41st Annual Report on the business and operation of the Company and the Audited Financial Accounts for the period ended on 31st March, 2002.

| 1. FINANCIAL RESULTS : | Rs. | Rs. |
|---|-----------------|--------------|
| SALES AND SERVICES CHARGES | -- | 52,35,31,824 |
| Gross loss before interest, Depreciation, Taxation Provisions & Others Adjustments | | 57,26,978 |
| Add : Prior period adjustment (Net) | | 192,866 |
| | | 59,19,844 |
| Add/Less : Depreciation | (+) 1,52,07,850 | -- |
| Interest | (+) 81,77,663 | |
| Taxation Provision / Adjustment | (-) 43,325 | |
| Operating Loss | -- | 2,92,62,032 |
| Add : public issue expenses written off | (+) -- | 6,27,789 |
| Deficit of the current year | -- (-) | 2,98,89,821 |
| Add : Brought forward balance of P/L Account | -- (-) | 18,75,03,123 |
| Balance of loss carried to Balance Sheet | -- (-) | 21,73,92,944 |

2. REVIEW OF OPERATIONS :

During the period of operation the Company achieve production of 32,247 M.T. including conversion and Sales and Service charges Rs. 5235.32 lacs. The under utilisation of capacity is mainly due to accute shortage of working capital and low demand of hot rolled products. The under utilisation of capacity has resulted under absorption of fixed expenses and depreciation and the company has incurred huge losses.

3. DIRECTORS :

Shri N.K. Sarda and Shri H.K. Das is due for retirement at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The shareholders approval is being sought for the same.

Shri J.C. Saboo and Shri P. R. Agrawal were appointed on 27th April, 2002 as additional Directors of the Company in terms of Section 260 of the companies Act, 1956 in order to complying with all mandatory provision of corporate governance. They will hold office upto the date of Annual General Meeting. Necessary resolutions have been set out in the notice for appointment of Shri J.C. Saboo and Shri P.R. Agrawal as Director.

4. FIXED DEPOSITS :

The Company has not accepted any fixed deposits during the period. None of the deposits, which became due for payment remain unpaid as on 31.03.2002.

5. AUDITORS REPORTS & AUDITORS :

No commets or explanations are required as the Auditor's report and its Annexures are self explanatory. M/s. Loya Bagri & Co., Chartered Accountants will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

**6. PARTICULARS OF EMPLOYEES :**

None of the employees was in receipt of remuneration of Rs. 2,00,000/- or more per month or Rs. 24 lacs or more per annum during the period. Therefore, the particulars of employees as required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not furnished.

7. ENERGY, TECHNOLOGY, FOREIGN EXCHANGE :

The additional information required to be disclosed pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, is given in the Annexure forming part of this report.

8. DIVIDEND:

Due to huge losses the Board of Directors regret their inability to recommend any dividend for the period under review.

9. CORPORATE GOVERNANCE :

Your Company is committed to good corporate governance to ensure that all functions of the Company are discharged in a professionally sound, competent and transparent manner in order to safeguard and add value to the interest of the shareholders. Your Company has already taken steps for complying with all the mandatory provisions of corporate governance well within the stipulated period i.e. by the end of March, 2003.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the directors confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2002 and of the loss of the Company for the year ended 31st March, 2002;
- iii) Proper and sufficient care has been taken 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;
- iv) the annual accounts have been prepared on a going concern basis.

11. REFERENCE TO THE BOARD FOR INDUSTRIAL & FINANCIAL RECONSTRUCTION (BIFR) :

The company made an application to Hon'ble BIFR as per audited financial result as on 31.12.1999 and the case was duly registered. The TEVS was conducted by M/s. Parekh, Shah and Lodha - Management Consultancy Firm, Mumbai and as per TEVS analysis, the company was declared as Techno-Economically unviable even after considering the benefits available under RBI guidelines.

As per further BIFR directives the company has submitted Rehabilitation scheme / one time settlement offer to come out from sickness and continue its operation with M/s. IDBI- Operating Agency. The proposal is under active consideration by all the Financial Institutions / Bank for rehabilitation of the Company.

12. ACKNOWLEDGEMENT :

Your directors place on record their appreciation of the assistance and support extended by Bank, Financial Institutions, Various Government Departments, Main producer of Iron & Steel and valuable customers. Your directors express their appreciation for the dedicated and sincere services rendered by the employees of the company.

For and on behalf of the Board of Directors

Place : Nagpur
Date: 30th August, 2002

(J. K. SARDA)
(Managing Director)

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



Annexure forming part of the Director's Report.

A. ENERGY CONSERVATION MEASURES TAKEN

The Company has always laid utmost emphasis on conservation of energy. In the process the company is regularly monitoring the furnace and other plant and machineries, so that the break down can be reduced and has taken other on going measures to reduce per unit consumption.

B. TECHNOLOGY ABSORPTION :

In house research and development work is continuously going on so that the percentage of burning loss and generation of waste & scrap can be reduced.

C. FOREIGN EXCHANGE EARNINGS AND OUT GO :

- i) The Company has not effected any import or export during the year ended 31.03.2002
- ii) The inflow of foreign exchange is NIL.
- iii) The outflow of foreign exchange is NIL.

FORM 'A'
(See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy)

| | | March. 2002 | Dec. 2000 |
|--|-----|--------------------|------------------|
| A. Power and Fuel Consumption | | | |
| 1. Electricity | | | |
| a) Purchased : Units | | 3859870 | 4903455 |
| Total Amount (Rs.) | | 23473463 | 24246316 |
| Average Rate / Unit (Rs.) | | 6.081 | 4.97 |
| b) Own Generation | | NIL | NIL |
| 2. Steam Coal : | | | |
| Quantity (Tonnes) | | 4465 | 3985 |
| Total Cost (Rs.) | | 6996728 | 6560147 |
| Average Rate / Tonne (Rs.) | | 1567.08 | 1646.21 |
| 3. Furnace Oil : | | | |
| Quantity (K. Ltrs.) | | 539120 | 468644 |
| Total Amount (Rs.) | | 5746063 | 5715299 |
| Average Rate / K.Ltrs. (Rs.) | | 10658.23 | 12195.40 |
| 4. Others/ Internal Generation | | NIL | NIL |
| 5. Consumption per MT of Production (Standards if any) | | | |
| Products (with details) Unit | | -- | -- |
| Rolled Iron & Steel (in M.T.) | | 32197 | 34836 |
| Electricity (in Units) | NIL | 119.88 | 140.76 |
| Furnace Oil (Secondary Fuel) (In Ltrs.) | NIL | 16.74 | 13.45 |
| Coal (Steam Coal 'B' Grade (in M.T.) | NIL | 0.139 | 0.114 |
| Excluding shell & dust | | | |
| Other (Specify) | NIL | NIL | NIL |

For and on behalf of the Board of Directors

Place : Nagpur
Date: 30th August, 2002

(J. K. SARDA)
(Managing Director)

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



AUDITORS' REPORT

To
The Shareholders,
SHARDA ISPAT LTD.,
NAGPUR.

- 1) We have audited the attached Balance Sheet of Sharda Ispat Ltd., Nagpur, as at 31st March, 2002 and also the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates, made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Manufacturing and Other Companies [Auditors' Report] Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we annex hereto a statement on the matters specified in paragraphs '4' and '5' of the said order.
- 4) Attention is invited to the following :
 - a) Non provision of gratuity liability amounting to Rs. 36.17 lakhs (Note No. 11 of Schedule 'T')
 - b) Non provision of interest liability amounting to Rs. 1541.60 lakhs (Note No. 12 of Schedule 'T')
 - c) Balances of Sundry Debtors, Sundry Creditors and Loans and Advances and Deposits including Banks are subject to confirmation/reconciliation and consequential adjustments, if any (Note No. 18 of Schedule 'T')
 - d) In respect of transactions covered under section 297 of the Companies Act, 1956, the previous sanction of Central Government under section 297 of the Companies Act was not made available.
- 5) The accumulated losses of the company exceed the net worth of the company which will further increase as per comments in paragraph 4 above. The accounts have, however been prepared by management on going concern basis as explained in Note No. 17 of Schedule 'T'. This being a technical matter, we are unable to express our opinion as to whether the company can now operate as a going concern..
- 6) In our opinion, subject to our comments vide Paragraph 4(a) and Paragraph 4(b) above regarding non provision of gratuity liability in view of AS-15 "Accounting for Retirement Benefits", and Interest on working capital and term loans respectively, the Profit & Loss Account and the Balance Sheet comply the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.
- 7) We further report that without considering our observations in paragraph 4(c),(d) and 5 above, the effect which is presently not ascertainable, had the observations made by us in paragraph 4(a) and 4(b) been considered the loss for the year would have been Rs. 1263.50 lakhs (as against reported figure of Rs 299.33 lakhs), accumulated losses would have been Rs 3751.70 lakhs (as against reported figure of Rs.2173.93 lakhs), secured loans would have been Rs 4247.50 lakhs (as against reported figures of Rs 2814.00 lakhs) and current liabilities would have been Rs. 1517.16 lakhs (as against reported figures of Rs 1372.89 lakhs).



- 8) Subject to our comments in Paras 4,5, 6 and 7 above, we report that:-
- (i) 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.
 - (ii) 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.
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (iv) On the basis of written representations received from the Directors as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002;
 - (b) in the case of the Profit and Loss Account of the Loss for the period ended on that date.

FOR LOYA BAGRI & CO.,
Chartered Accountants,

Nagpur,
Dated the 30th August, 2002

(GOPAL DAS BAGRI).
Partner.

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