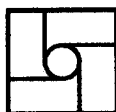




43rd
Annual Report
2003-2004



Sharda Ispat Limited

● **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	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**

1. Kamptee Road, Nagpur – 440 026
2. T-1/1, MIDC, Hingna Road, Nagpur – 440 016.

● **SHARE TRANSFER AGENT**

M/s. LIGHT HOUSE SYSTEMS
Yugadharma Complex, Lokmat Square,
Nagpur-440 010



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 43rd Annual General Meeting of the Company will be held on 30th September, 2004 Thursday 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, 2004 and the Report of the Board of Directors, Corporate Governance 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 J. C. Saboo 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. Vimal 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."

6. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution.

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act 1956 (including any statutory modification or re-enactment thereof for the time being in force) the consent of the shareholders be and is hereby accorded to the re-appointment of Shri. Ghanshyam Das Sarda, as a Whole Time Director of the Company for a period of 5 (five) years with effect from 1st January 2004, on the terms and conditions including remuneration as are set out in the draft agreement placed before the meeting and initiated by a Director for the purpose of identification is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as to be in conformity with Schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force and / or any modification that may here after be made there to by the Central Government in that behalf from time to time or any amendments there to as may be agreed to between the Board of Directors and Shri Ghanshyam Das Sarda, subject to approval of the Shareholders whenever / wherever required and the Board of Directors be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

By order of the Board
For SHARDA ISPAT LTD.

Place : Nagpur
Date : 27th, August, 2004

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 27th September, 2004 to 30th September, 2004 (Both the days inclusive)
3. 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.
4. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
5. The Members / Proxies should bring the Attendance Slip enclosed herewith duly filled in for attending the Meeting.
6. An explanatory statement under section 173 (2) of the Companies Act, 1956 in respect of item number 5 and 6 as set out above are annexed hereto and form part of the notice.

ANNEXURE TO NOTICE

Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No. 5.

Shri. P. R. Agarwal was appointed as director of the company in the 41st Annual General Meeting held on 30th September 2002. Due to sudden demise of Shri. P. R. Agarwal on 26-06-2004 the Board of Directors decided to appoint another director in order to meet out the requirement of Corporate Governance. The company already received valid notice and requisite deposit from one of the members of the company under Section 257 of the Companies Act, proposing the candidature of Shri. Vimal Agarwal for the office of Director. Shri. Vimal Agarwal is a well known personality and looking at his valuable experience it will be in the interest of the company that Shri Vimal Agarwal will be appointed as Director of the Company.

Non of the directors, except Shri. Vimal Agarwal is interested in this resolution.

Items No. 6 :

The earlier term of office of Shri. Ghanshyam Das Sarda as Whole Time Director expired on 31/12/2003. The Board of Directors, has at its meeting held on 16th December 2003, re-appointed Shri. Ghanshyam Das Sarda as Whole Time Director for a period of five years with effect from 1st January 2004. The draft agreement to be entered into by the Company with Shri. Ghanshyam Das Sarda in respect of his re-appointment inter alia states that :

1. Validity : From 01/01/2004 to 31/12/2008
2. Salary : Rs. 10,000 per month
3. Perquisites : Perquisites shall be allowed in addition to salary. Perquisites shall be restricted to an amount equal to the actual as annual salary of Rs. 1,20,000 per annum whichever is less.

Perquisites are classified as under :

Category A :

i : HOUSING

- a. The expenditure incurred by the company on hiring out furnished accommodation for the Whole Time Director shall be subject to ceiling of 40 % of the salary, over and above 10% payable by the Whole Time Director himself.
- b. The expenditure incurred by the Director on gas, electricity, water & furnishing will be paid extra by the company based on actual Bills.



- c. In case no accommodation is provided by the Company, the Whole Time Directors shall be entitled to house rent allowance subject to the ceiling laid down in (a) above i.e. 40% of salary.
- d. In case the accommodation is owned by the Company 10% of the Salary of the Whole Time Director shall be deducted by the Company.
- ii. Medical Reimbursement : Reimbursement of medical expenses incurred for self and family subject to 30% of the Salary of the Whole Time Director.
- iii. Leave Travel Concession : for self and family within India once in a year.
- iv. Club fees : Fees of clubs subject to maximum 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. 5,000/-

Note : For the purpose of perquisites stated in (ii) & (iii) "family" means spouse, the dependent children and dependent parent 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-month 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. The Directors recommend the Resolution set out in the notice for approval of the Shareholders.

Shri. Ghanshyam Das Sarda, is related to Shri Jugal Kishore Sarda – Managing Director and Shri. Nand Kishore Sarda- Jt. Managing Director of the company and they are deemed to be interested in the resolution. Except for himself, Shri. J. K. Sarda & Shri. N. K. Sarda, none of the other Directors are concerned or interested in the resolution.



DIRECTORS' REPORT

Dear Fellow Shareholders,

Your Directors are pleased to present the 43rd Annual Report and the audited accounts for the year ended on 31st March 2004.

1. FINANCIAL RESULTS :

	Rs.	Rs.
SALES AND SERVICE CHARGES	--	873,278,443
Gross Profit before interest, Depreciation, Taxation Provisions & Others Adjustments	--	12,622,404
Add / Less :		
Depreciation	(-) 12,174,049	
Interest	(-) 4,331,570	
Taxation Provision / Adjustment	(+) 16,485	
Prior Period Adjustment (Net)	(-) 11,379	(-) 16,500,513
Operating Loss		3,878,109
Add : Public issue expenses written off		502,231
Deficit of the current year		4,380,340
Add : Brought forward balance of P/L Account		234,103,708
Balance of loss carried to Balance Sheet		238,484,048

2. REVIEW OF OPERATIONS :

During the period of operation the Company achieved production of 49,186 MT including conversion and Sales and Service charges amounting to Rs.8732.78 Lacs. The performance of the company was not up to the mark irrespective of good demand for hot rolled products. The company was not in a position to utilize its capacity due to acute shortage of working capital resulting in huge losses.

3. DIRECTORS :

Shri N. K. Sarda and Shri J. C. Saboo are 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.

In order to comply with the mandatory provisions of the Corporate Governance a new director is to be appointed in place of late Shri. P. R. Agarwal. The company already received notice under section 257 of the Companies Act, proposing the candidature of Shri. Vimal Agarwal to be appointed as Director from one of the member and the Directors recommend the appointment of Shri. Vimal Agarwal. The shareholders' approval is being sought for the same.

Shri. Ghanshyam Das Sarda was appointed on 01/01/1999 for a period of five years as a Whole Time Director. His term of contract expired on 31/12/2003. Considering his valuable services, Directors have re-appointed him as Whole Time Director with effect from 01/01/2004 subject to approval of the members in the ensuing Annual General Meeting of the Company and placed the necessary resolution for consideration by the Shareholders.

4. FIXED DEPOSITS :

The Company did not accept any fixed deposits during the year under review. No deposits were outstanding as on 31.03.2004.

5. AUDITORS' REPORTS & AUDITORS :

The Auditors' report and its Annexures are self-explanatory. M/s. Loya Bagri & Co., Chartered Accountants, retire as statutory Auditors of the company at the conclusion of 43rd Annual General Meeting and are recommended for reappointment.

**6. LISTING OF SECURITIES :**

The shares of the company are presently listed at the stock exchanges namely Mumbai, Ahmedabad, Kolkata and Pune. The company has made the due payment of the listing fees to all the Stock exchanges for the financial year 2004-2005.

7. PARTICULARS OF EMPLOYEES :

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 as none of the employees has in receipt of remuneration exceeding the limits.

8. ENERGY, TECHNOLOGY, FOREIGN EXCHANGE :

The additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be disclosed under 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.

9. DIVIDEND :

As the company had suffered huge losses in the Financial Year 2003-2004 and accordingly the Board of Directors have decided not to recommend any dividend for this year.

10. CORPORATE GOVERNANCE :

A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forming part of the Annual Report.

11. DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2 AA) of the Companies Act, (Amendment) 2000 with respect to Directors' Responsibility Statement, it is hereby confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures ;
- ii) the Directors have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the loss of the Company for that period ;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- iv) the Directors have prepared the annual accounts on a 'going concern' basis ;

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

The company is a sick industrial company under the Sick Industrial Companies (Special Provisions) Act, 1985 and as per the directives of BIFR the company has submitted One Time Settlement proposal to the Financial Institutions / Bank for rehabilitation. The offer is under active consideration. The Company has done one time Settlement with ICICI Bank by making payment of settlement amount in installments.

13. ACKNOWLEDGMENT :

Your directors expressed their gratitude to various Government Departments, Banks, Financial Institutions and Business Associates for their continued co-operation and guidance. The Board of Directors wishes to place on record their appreciation of the dedication and commitments of your company's employees.

For and on behalf of the Board of Directors

Place : Nagpur
Date: 27 th August, 2004

(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 is engaged in the continues process of further energy conservation through improved operational and maintenance practices. The above measures have resulted in energy saving and in turn reduction in cost of production.

B. TECHNOLOGY ABSORPTION :

The company is actively involved on a continuous basis in evaluating new techniques and methods so as to reduce the percentage of burning loss and generation of waste & scrap.

C. FOREIGN EXCHANGE EARNING AND OUT GO :

- i. The company has not effected any import or export during the year ended 31.03.2004.
- 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 2004	March 2003
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased : Units	7,599,590	5,012,500
Total Amount (Rs.)	33,994,832	24,048,319
Average Rate / Unit (Rs.)	4.473	4.798
b) Own Generation	NIL	NIL
2. Steam Coal :		
Quantity (Tonnes)	7,384	5,165
Total Cost (Rs.)	12,846,206	8,696,842
Average Rate / Tonne (Rs.)	1,739.735	1,683.803
3. Furnace Oil :		
Quantity (K. Ltrs.)	1011.320	691.386
Total Amount (Rs.)	14,161,885	8,356,352
Average Rate / K. Ltrs. (Rs.)	14,003.37	12,086.38
4. Others / Internal Generation	NIL	NIL
5. Consumption per MT of Production (Standards if any)		
Products (with details) unit	--	--
Rolled Iron & Steel (in MT)	50,245	41,398
Electricity (in Units)	151.251	121.081
Furnace Oil (Secondary Fuel) (in Ltrs.)	20.128	16.700
Coal (Steam Coal 'B' Grade) (in MT)	0.147	0.125
Excluding Shell & dust		
Other (Specify)	NIL	NIL

For and on behalf of the Board of Directors

Place : Nagpur
Date: 27th August, 2004

(J. K. SARDA)
(Managing Director)

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



REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

Corporate Governance is a practice, which focuses on directing corporate resources and management strategies towards maximizing value for shareholders. It ensures accountability, probity and openness in the conduct of business within the acceptable legal and ethical framework. By adhering to a good Governance Sharda Ispat Ltd. is striving to strengthen its internal control systems and build relationship with employees and shareholders.

II. BOARD OF DIRECTORS :

A. Composition :

Till 26-06-2004 the Board of Directors consisted of Seven (7) Directors out of which Four (4) were Non-Executive and Independent Directors. However, owing to the sudden demise of Shri. P. R. Agarwal, a Non-Executive & Independent Director, the Board now comprises of the Six (6) remaining directors. In order to comply with the mandatory provisions of Corporate Governance the company is going to induct a Non-Executive & Independent Director in the ensuing Annual General Meeting.

Sr.No.	Name of the Director	Designation
1.	Shri. J. K. Sarda	Chairman & Managing Director
2.	Shri. N. K. Sarda	Joint Managing Director
3.	Shri. G.D. Sarda	Whole Time Directors
4.	Shri. H. K. Das	Non-Executive & Independent Director
5.	Shri. A. K. Mukherjee	Non-Executive & Independent Director
6.	Shri. J. C. Saboo	Non-Executive & Independent Director

B. Meetings and Attendance :

Fourteen (14) Meetings of Board of Directors were held during the financial year ended 31st March, 2004. These were held on :-

1.	08/04/2003	8.	07/10/2003
2.	28/04/2003	9.	28/10/2003
3.	14/06/2003	10.	15/11/2003
4.	08/07/2003	11.	16/12/2003
5.	28/07/2003	12.	08/01/2004
6.	14/08/2003	13.	28/01/2004
7.	29/08/2003	14.	16/02/2004

Attendance :

Sr.No.	Name of the Directors	Attendance at the Board Meetings	Attendance at the Last AGM
1.	Shri. J. K. Sarda	14	Yes
2.	Shri. N. K. Sarda	14	Yes
3.	Shri. G.D. Sarda	14	Yes
4.	Shri. H. K. Das	10	Yes
5.	Shri. A. K. Mukherjee	09	Yes
6.	Shri. J. C. Saboo	04	Yes
7.	Shri. P. R. Agrawal	06	Yes

**C. Membership or Chairmanship of other BOD's or Board Committees :**

Sr. No.	Name of the Directors	No. of outside Directorship(s) Held	Chairperson / Member of other BOD / Board Committees
1.	Shri. J. K. Sarda	1	NIL
2.	Shri. N. K. Sarda	1	NIL
3.	Shri. G.D. Sarda	2	NIL
4.	Shri. H. K. Das	1	NIL
5.	Shri. A. K. Mukherjee	NIL	NIL
6.	Shri. J. C. Saboo	1	NIL
7.	Shri. P. R. Agarwal	NIL	NIL

D. Remuneration of Directors :

The details of remuneration of the directors of the company is given below :

Sr. No.	Name of the Directors	Salary including perquisites (Refer Note 1)	Service Contract	Notice Period
1.	Shri. J. K. Sarda	3,46,265	5 Years	12 Months
2.	Shri. N. K. Sarda	3,51,286	5 Years	12 Months
3.	Shri. G.D. Sarda	2,47,326	5 Years	12 Months
4.	Shri. H. K. Das	NIL	NIL	NIL
5.	Shri. A. K. Mukherjee	NIL	NIL	NIL
6.	Shri. J. C. Saboo	NIL	NIL	NIL
7.	Shri. P. R. Agarwal	NIL	NIL	NIL

Note 1 :

In addition to Salary including Perquisites payable to Shri. J. K. Sarda, Shri. N. K. Sarda and Shri. G. D. Sarda, the agreement provides for housing, medical expenses, leave travel concession, club fees, personal accident insurance, contribution to provident fund and superannuation fund, car perquisite etc.

Note 2 :

Looking to the financial position of the company, no sitting fee was paid to any director for attending Board meeting / Committee meeting.

E. New Appointments and Re-appointments :

Shri N. K. Sarda and Shri J. C. Saboo are liable to retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

In order to comply with the mandatory provisions of the Corporate Governance a new director is to be appointed in place of late Shri. P. R. Agarwal. The company already received notice under section 257 of the Companies Act, proposing the candidature of Shri. Vimal Agarwal to be appointed as Director from one of the member and the Directors recommend the appointment of Shri. Vimal Agarwal.