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44th Annual Report

2004-2005

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FOR SHARDA ISPAT LIMITED

Jt. MANAGING DIRECTOR

SHARDA ISPAT LIMITED, Nagpur

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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.K.MUKHERJEE	:	Director
J.C. SABOO	:	Director
V.P. AGRAWAL	:	Director

AUDITOR : LOYA BAGRI & Co.
Chartered Accountants,
Gandhibagh, Nagpur 440002

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INTERNAL AUDITOR : M. M. Jain,
Chartered Accountants,
Kingsway, Nagpur 440 001.

BANKER : STATE BANK OF INDIA

REGISTERED OFFICE : Kamptee Road, Nagpur 440026

WORKS : 1. Kamptee Road, Nagpur 440026
: 2. T-1/1, MIDC, Hingna Road,
Nagpur - 440016

SHARE TRANSFER AGENT : M/s LIGHT HOUSE SYSTEMS
Yugdharma Complex,
Central Bazar Road,
Nagpur- 440010.

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NOTICE TO THE SHAREHOLDES

Notice is hereby given that the 44th Annual General Meeting of the Members of **SHARDA ISPAT LIMITED** will be held on Friday, the 30th day of September, 2005 at 10.00 a.m at the Registered Office of the Company at Kamptee Road, Nagpur - 440026 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, 2005 and the Reports of the Directors and Auditors thereon.

2) 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.

3) To appoint a Director in place of Shri A. K. Mukherjee who retires by rotation at this meeting and being eligible, offers himself for re-appointment.

4) To appoint auditors and to fix their remuneration.

Registered Office :
Kamptee Road,
Nagpur 4400026

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By Order of the Board,

N.K.Sarda
Jt. Managing Director

Date : 17.08.2005

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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 29th September, 2005 to 30th September, 2005 (both 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) Members who have multiple folios with identical order of names are requested to intimate to the Company these folios to enable the Company to consolidate all shareholdings into one folio.

5) A blank proxy form is sent herewith.

6) The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the meeting.

7) The Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.

8) Members are requested to make all correspondence relating to share department at the following address:

LIGHTHOUSE SYSTEMS
C-22, YUGDHARMA COMPLEX ,
CENTRAL BAZAR ROAD, RAMDASPETH,
NAGPUR 440010

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DIRECTORS' REPORT

To the Members of SHARDA ISPAT LIMITED

Your Directors are pleased to present the 44th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2005.

1. FINANCIAL RESULTS:

		Rs.	Rs.
SALES AND SERVICE CHARGES			1,36,95,54,309
Gross Profit before interest, Depreciation, & other adjustments			89,42,319
Add / Less:			
Depreciation	(-)	1,42,55,281	
Interest	(-)	37,18,436	
Taxation Provision / Adjustment	(-)	11,812	
Prior Period Adjustment (Net)	(-)	44,178	(-) 1,80,29,707
Net Loss After Taxation Provision			90,87,388
Add : Brought forward balance of P/L Account			23,84,84,048
Balance of loss carried to Balance Sheet			**24,75,71,436**

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2. REVIEW OF OPERATIONS :

Due to acute shortage of working capital there has been underutilization of production capacity by the Company whereas there was a good demand for the Company's product. As a result, the Company incurred heavy losses during the year.

During the period under review, the Company posted sales turnover (including service charges and conversion charges) of Rs. 13695.54 Lacs (59757 MT) as against Rs. 8732.78 Lacs (49,186 MT) during the previous year. The results reflect an increase in sales performance but due to increase in steel prices, the Company could not witness a proportionate improvement in its financial performance. After providing Rs. 142.55 Lacs for depreciation and Rs. 37.18 Lacs towards interest, the Company incurred net loss of Rs. 90.31 Lacs as against Rs. 68.00 Lacs during the previous year. Taking into account the income tax provision for earlier years and prior period adjustments, the net loss of the Company is Rs. 90.87 Lacs.

3. DIRECTORS :

Shri H.K.Das and Shri. A.K. Mukherjee retire by rotation and being eligible, offer themselves for reappointment.

4. FIXED DEPOSITS :

The Company did not accept any fixed deposits during the year under review . No deposits were outstanding as on 31.03.2005.

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5. AUDITORS' REPORT & AUDITORS :

The Auditor's 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 44th Annual General Meeting and are eligible 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 Stock exchanges in respect of the financial year 2005-2006.

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 was in receipt of remuneration exceeding the prescribed limits.

8. ENERGY,TECHNOLOGY, FOREIGN EXCHANGE :

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) Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo, is given in the Annexure forming part of the report.

9. DIVIDEND :

Due to losses incurred by the Company, your Directors express their inability to declare any dividend for this year.

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10. CORPORATE GOVERNANCE :

A section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is given herein after separately and form part of this Annual Report.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to section 217 (2AA) of the Companies Act, 1956 your Directors to the best of their knowledge and belief hereby confirm that :

i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure.

ii) Appropriate accounting policies have been selected and applied consistently and have 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 as at 31.03.2005 and of the loss of the Company for the year ended 31.03.2005.

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.

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iv) The annual accounts have been prepared 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 done One Time Settlement with IDBI Bank by making arrangement for payment in installments. Besides, the Company is trying to bring about One Time Settlement with IFCI Ltd. and State Bank of India also.

13. ACKNOWLEDGEMENT:

Your directors are grateful to various Government Departments, Banks, Financial Institutions and Business Associates for their continued co-operation and guidance extended to the Company during the year.

The Directors express their thanks for the sincere and dedicated efforts put in by the workers, staff and officers during the year.

For and on behalf of the Board of Directors

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Place : Nagpur	**(J.K. SARDA)**	**(N. K. SARDA)**
Date : 17th August , 2005	(Managing Director)	(Jt. Managing Director)

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ANNEXURE FORMING PART OF THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY :

The Company lays great emphasis on savings in the cost of energy consumption. Therefore achieving reduction in per unit consumption of energy is an ongoing exercise in the Company Effective measures such as improved operational and maintenance practices have been taken to minimize the loss of energy as far as possible.

B. TECHNOLOGY ABSORPTION : RESEARCH & DEVELOPMENT

The technology used for the existing project is fully indigenous. The production department of the Company are always in pursuit of finding ways and means to improve the performance, quality and cost effectiveness of products. The consistent efforts are made for the updation of technology being used by the Company as a continuous exercise. The Company does not have a separate Research & Development activity.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

i. The company has not effected any import or export during the year ended 31.03.2005.

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 Conversation of Energy)

		March 2005	March 2004
A.	**Power and Fuel Consumption**		
1.	Electricity		
	a) Purchased : Units	**8,954,010**	7,599,590
	Total Amount (Rs.)	**36,528,562**	33,994,832
	Average Rate /Unit (Rs.)	**4.080**	4.473
	b) Own Generation	**NIL**	NIL
2.	Steam Coal :		
	Quantity (Tonnes)	**6,561**	7,384
	Total Cost (Rs.)	**15,642,228**	12,846,206
	Average Rate / Tonne (Rs.)	**2,384.123**	1, 739.735
3.	Furnace Oil :		
	Quality (K . Ltrs.)	**1,200**	1011.320
	Total Amount (Rs.)	**16,950,203**	14, 161,885
	Average Rate / K.Ltrs.(Rs.)	**14,125.17**	14,003.37
4.	Other / Internal Generation	**NIL**	NIL
5.	Consumption per MT of production (Standards if any)		
	Products (with details) unit	---	---
	Rolled Iron &Steel (in MT)	**59,757**	50, 245
	Electricity (in Units)	**149.840**	151, 251
	Furnace Oil (Secondary Fuel) (in Ltrs.)	**20.081**	20.128
	Coal (Steam Coal 'B'Grade) (in MT)	**0.110**	0.147
	Excluding Shell & dust Other (Specify)	**NIL**	NIL

For and on behalf of the Board of Directors

Place : Nagpur
Date : 17th August , 2005

(J.K. SARDA)
(Managing Director)

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

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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 acceptable legal and ethical framework. By adhering to a good Governance Sharda Ispat Limited. is striving to strengthen its internal control systems and build relationship with employees and shareholders.

II. BOARD OF DIRECTORS :

A. Composition :

The Board of Directors of the Company is comprised of total 7 (seven) Nos. Directors out of which 4 (Four) Nos. Directors are Non-executive and Independent one. The Chairman of the Board is a Executive Director. The presence of 4 Nos. independent Directors on the Board as stated above is in conformity with the provisions of Corporate Governance.

Sr. No.	Name of the Directors	Designation
01.	Shri. J.K. Sarda	Managing Director
02.	Shri. N.K. Sarda	Joint Managing Director
03.	Shri. G. D. Sarda	Whole Time Director
04.	Shri. H. K. Das	Non Executive & Independent Director
05.	Shri. A. K. Mukherjee	Non Executive & Independent Director
06.	Shri. J.C. Saboo	Non Executive & Independent Director
07.	Shri. V.P. Agrawal	Non Executive & Independent Director

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B. Meetings & Attendance :

11 (Eleven) Meetings of Board of Directors were held during the financial year ended 31st March, 2005. These were held on :-

01.	10.04.2004	07.	07.10.2004
02.	28.04.2004	08.	30.10.2004
03.	25.05.2004	09.	12.01.2005
04.	08.07.2004	10.	31.01.2005
05.	28.07.2004	11.	25.02.2005
06.	27.08.2004		

Attendance :

Sr. No.	Name of the Directors	Attendance at the Board Meeting	Attendance at the Last AGM
01.	Shri. J.K. Sarda	11	Yes
02.	Shri. N.K. Sarda	11	Yes
03.	Shri. G. D. Sarda	11	Yes
04.	Shri. H. K. Das	8	Yes
05.	Shri. A. K. Mukherjee	10	Yes
06.	Shri. J.C. Saboo	7	Yes
07.	Shri. V. P. Agrawal	5	No

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

Sr. No.	Name of the Directors	No. of outside Directorship(s) Held	Chairman/ Member of other BOD/Board Committee
01.	Shri. J.K. Sarda	NIL	NIL
02.	Shri. N.K. Sarda	NIL	NIL
03.	Shri. G. D. Sarda	NIL	NIL
04.	Shri. H. K. Das	NIL	NIL
05.	Shri. A. K. Mukherjee	NIL	NIL
06.	Shri. J.C. Saboo	1	NIL
07.	Shri. V.P. Agrawal	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)	Services Contract	Notice Period
01.	Shri. J.K. Sarda	3,44,290	5 Years	12 Months
02.	Shri. N.K. Sarda	3,64,810	5 Years	12 Months
03.	Shri. G. D. Sarda	2,53,678	5 Years	12 Months
04.	Shri. H. K. Das	NIL	NIL	NIL
05.	Shri. A. K. Mukherjee	NIL	NIL	NIL
06.	Shri. J.C. Saboo	NIL	NIL	NIL
07.	Shri. V.P. Agrawal	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 fees was paid to any director for attending Board meeting /Committee meeting.

E. New Appointments and re- appointments:

Shri. H.K. Das and Shri. A.K. Mukherjee are liable to retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

II. AUDIT COMMITTEE :

Your Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 II (C) and (D) of the Listing Agreement. The Committee acts as a link between the management, the statutory auditors and internal auditors and the Board of Directors and oversees the financial reporting process. Presently, the composition of the Audit Committee which was originally constituted on 11th October, 2002 is as under :

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