

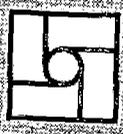
**47<sup>th</sup>**

**Annual Report**  
**2007-2008**



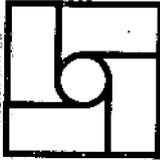
FOR SHARDA ISPAT LIMITED

*J. M. ...*  
J. M. ... DIRECTOR



**SHARDA ISPAT LIMITED**

*Nagpur*



## **SHARDA ISPAT LIMITED, Nagpur**

### **BOARD OF DIRECTORS**

SHRI J.K.SARDA	:	Managing Director
SHRI N.K.SARDA	:	Joint Managing Director
SHRI G.D.SARDA	:	Whole-Time Director
SHRI H.K.DAS	:	Director
SHRI A.K.MUKHERJEE	:	Director
SHRI J.C.SABOO	:	Director

### **AUDITORS**

: LOYA BAGRI & CO.  
Chartered Accountants,  
Gandhibagh, Nagpur 440002

### **INTERNAL AUDITOR**

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

### **BANKER**

: STATE BANK OF INDIA

### **REGISTERED OFFICE**

: Kamptee Road, Nagpur - 440026

### **PLANT**

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

### **ADDRESS FOR CORRESPONDENCE TO SHARE DEPARTMENT**

: M/s. SHARDA ISPAT LTD.  
Kamptee Road,  
Nagpur - 440026.



## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 46th Annual General Meeting of the Members of **SHARDA ISPAT LIMITED** will be held on Tuesday, the 30th day of September, 2008 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, 2008 and the Reports of the Directors and Auditors thereon.
- 2) 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.
- 3) To appoint a Director in place of Shri G.D. Sarda 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 440 026

By Order of the Board,

Date : 28.08.2008

N.K.Sarda  
Joint Managing 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 29th September, 2008 to 30th September, 2008 (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 :

**SHARDA ISPAT LIMITED**  
KAMPTEE ROAD,  
NAGPUR - 440 026.



## DIRECTORS' REPORT

To the Members of SHARDA ISPAT LIMITED

Your Directors are pleased to present the 47<sup>th</sup> Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2008.

### 1. FINANCIAL RESULTS:

	Rs.	Rs.
<b>SALES AND SERVICE CHARGES</b>		99,75,90,682/-
Gross Profit before interest, Depreciation, Taxation Provisions & other adjustments		9,65,68,307/-
Add / Less:		
Depreciation	(-) 93,07,698	
Interest	(-) 6,44,39,796	
Taxation Provision / Adjustment	(-) 1,33,670	
		(-)7,38,81,164
Net Profit After Taxation Provision		2,26,87,143/-
Add : Brought forward balance of P/L Account		(30,08,54,792/-)
Balance of loss carried to Balance Sheet		27,81,67,649/-

### 2. REVIEW OF OPERATIONS :

During the year under review the iron & steel market conditions were further improved as compared to the last year. The increased demand for steel and shortage of raw materials all over caused the increase in steel prices. The increase in sale prices was not however, resulted into increased profitability due to proportional increase in raw materials prices. Nevertheless, the Company witnessed an encouraging performance.

During the period, the production of rolled products and by products in own account where the sale value remains on higher side was increased by 17% and that of in conversion account was reduced by 16%. In fact, the Company posted sales turnover of Rs. 11389.72 Lacs (Own Unit : Rs 10307.72 Lacs & Conversion Services : Rs. 1082.00 Lacs) (69000 MT) as against Rs. 9457.87 Lacs (Own Unit : Rs. 8113.16 Lacs & Conversion Services Rs. 1344.70 Lacs) (71529 MT) during the previous year.

After providing Rs. 93.07 Lacs for depreciation and Rs. 644.40 Lacs against interest and further Rs. 1.28 Lacs for income tax, the Company earned net profit after tax of Rs. 226.87 Lacs as against net loss of Rs. 442.60 Lacs during the previous year.

### 3. DIRECTORS :

Shri A.K. Mukherjee and Shri G.D. Sarda retire by rotation and being eligible, offer themselves for re-appointment. .

### 4. FIXED DEPOSITS :

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



outstanding as on 31.03.2008.

**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 47th 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 2008-2009.

**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 :**

In view of meeting out working capital requirements of the Company in the ensuing year, your Directors express their inability to recommend any dividend for this year.

**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 hereinafter 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 31.03.2008.
- 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;

**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. As per the directives of BIFR the Company has also done One Time Settlement with State Bank of India by making arrangement for payment in installments of their outstanding dues.

**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. The Directors also grateful to all the shareholders for their continued faith in the Company.

Report



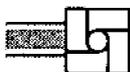
JUNCTION

For and on behalf of the Board of Directors

Place : Nagpur  
Date : 28th August , 2008

**J.K. SARDA**  
Managing Director

**N.K. Sarda**  
Jt. Managing Director



## 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:

- The company has not effected any import or export during the year ended 31.03.2008.
- The inflow of foreign exchange is NIL
- The outflow of foreign exchange is NIL

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

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

	March 2008	March 2007
<b>D. Power and Fuel Consumption</b>		
1. Electricity		
a) Purchased : Units	9,470,590	10,202,979
Total Amount (Rs.)	5,10,60,600	4,61,81,232
Average Rate /Unit (Rs.)	5.391	4.526
b) Own Generation	NIL	NIL
2. Steam Coal :		
Quantity (Tonnes)	5,930	5,370
Total Cost (Rs.)	1,69,16,922	1,64,20,991
Average Rate / Tonne (Rs.)	2852.668	3057.913
3. Furnace Oil :		
Quantity (K. Ltrs.)	1,866	2026
Total Amount (Rs.)	4,00,79,367	38,568,640
Average Rate / K. Ltrs. (Rs.)	21,498.53	19,036.84
4. Other / Internal Generation	NIL	NIL
5. Consumption per MT of production (Standards if any)		
Products (with details) unit	---	---
Rolled Iron & Steel (in MT)	69,006	71,530
Electricity (in Units)	137,243	142,639
Furnace Oil (Secondary Fuel) (in Ltrs.)	27,041	23,273
Coal (Steam Coal 'B' Grade) (in MT)	0.086	0.094
Excluding Shell & dust Other (Specify)	NIL	NIL

For and on behalf of the Board of Directors

Place : Nagpur  
Date : 28th August, 2008

(J.K. SARDA)  
Managing Director

N.K. Sarda  
Jt. Managing Director



## REPORT ON CORPORATE GOVERNANCE

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

The Company conducts its business under the governance of the set of principles and beliefs through its "brain-trust", the Board. The Board being the "Sparkling Chamber" of the Company plays its crucial role in the conduct of the business of the Company adhering to certain ethics viz., truth, honesty, promptness, accountability and transparency within the legal frame with aim to achieve consistent growth of the Company maximizing the shareholders' value.

#### A) Code of Conduct For Members of Board :

- 1) The members of the Board shall exercise their powers in good faith, honestly and in the interest of the Company.
- 2) Powers vested in the Board members under the articles of association of the Company, by the Company in general meeting or by a Board resolution must be exercised for the proper purposes and to the extent permissible.
- 3) The members of the Board should not participate in and vote on any discussion in Board meetings on any resolution or a matter relating to his own affairs or to the affairs of another Company in which he is a Director or a shareholder or relating to a firm in which he is a partner or relating to his proprietary business.
- 4) Where there is conflict between the Board Members' own interest and the interest of the Company, he must put the interest of the Company first.
- 5) The Board Members must act honestly and should exercise reasonable skill and diligence in the discharge of his duties.
- 6) The Board Members shall review and monitor the statutory compliance by the Company from time to time.
- 7) The Board members should delegate the works with adequate empowerment and necessary accountability.
- 8) The members while working for the Company should follow a proper leadership and set of standards for working.
- 9) The members of the Board should also ensure from time to time the due implementation of the aforesaid code.

#### B) Code of Conduct For Senior Management Personnel :

- 1) They should ensure proper maintenance of books, records, files etc and suitable system, procedures and practice for the purpose.
- 2) The officers shall not involve themselves in fraudulent dealing in securities.
- 3) They should discharge their departmental duties and responsibilities with due observation of the relevant statutory provisions.
- 4) They should avoid the Government Officials from making undue/improper benefits through the Company.
- 5) The officers shall not indulge themselves in any anti-competitive conduct.
- 6) The officers should respect each other and create a congenial atmosphere.
- 7) The officers should extend their full co-operation during investigations of alleged violation of law, if any.
- 8) The officers shall not misuse the name of the Company.
- 9) The officers shall ensure from time to time that their working is within frame work of the code of conduct so laid down for them.



## II. JOINT MANAGING DIRECTOR'S CERTIFICATION :

In terms of the provisions of Clause 49 of the Listing Agreement, as amended, the Joint Managing Director of the Company hereby certifies to the Board that :

- a) They have reviewed financial statements and the cash flow statement, for the year and that to the best of their knowledge and belief :
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) They have indicated to the auditors and the Audit Committee
  - i) significant changes in internal control over financial reporting during the year.
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
  - iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

## III. BOARD OF DIRECTORS :

### A. Composition :

The Board of Directors of the Company is comprised of total 6 ( six) Nos. Directors out of which 3 (Three) Nos. Directors are Non-executive and Independent one. The Chairman of the Board is a Executive Director. The presence of 3 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	Jt. 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

### B. Meetings & Attendance :

6 ( Six ) Meetings of Board of Directors were held during the financial year ended 31st March, 2008. These were held on :-