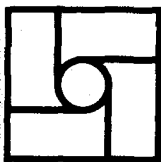


**51st
Annual
REPORT**

2011-2012



SHARDA ISPAT LIMITED
Nagpur



SHARDA ISPAT LIMITED, Nagpur

BOARD OF DIRECTORS

SHRI N. K. SARDA	: Chairman & Managing Director
SMT POONAM SARDA	: Whole Time Director
SHRI H. K. DASS	: Director
SHRI R. P. MOHANKA	: Director
SHRI RAMESH MANTRI	: Director

AUDITORS

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

INTERNAL AUDITOR

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

BANKERS

: NAGPUR NAGRIK SAHAKARI BANK LTD.

REGISTERED OFFICE

: Kamptee Road, Nagpur - 440026

PLANT

: Kamptee Road, Nagpur - 440026

ADDRESS FOR CORRESPONDENCE TO SHARE DEPARTMENT

: **M/s. Adroit Corporate Services Pvt. Ltd.**
19/20, Jaferbhoy Industrial Estate,
Makwana Road, Marol Naka,
Marol, Andheri (E),
Mumbai - 400 059

WEBSITE

: www.shardaispat.com



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 51st Annual General Meeting ('the Meeting') of the Members of **SHARDA ISPAT LIMITED** ('the Company') will be held on Friday, the 31st day of August, 2012 at 10.00 a.m at the Registered Office of the Company at, Sharda Ispat Limited Office Premises, Kamptee Road, Nagpur -440 026, to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
- 2) To appoint a Director in place of Shri. H.K. Dass who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri Ramesh Mantri who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 4) **To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

"RESOLVED that M/s Loya Bagri & Company, Chartered Accountants, Nagpur, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, to audit the Accounts of the Company for the financial year 2012-13, including the Cash Flow Statements, on a remuneration to be mutually decided upon between the Auditors and the Board of Directors of the Company".

SPECIAL BUSINESS:

- 5) **To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:**

"RESOLVED THAT that pursuant to section 269 and other applicable provisions of the Companies Act, 1956, if any, read with the Schedule XIII thereof, Articles 25 to 29 of the Articles of Association of the Company and subject to such other enactments, permissions and approvals, if any, approval of the shareholders of the Company be and is hereby accorded to the re-appointment of Shri. N.K. Sarda as the Chairman & Managing Director of the Company for a further period of 5 (five) years effective from 01.04.2012 on the remuneration and the terms and conditions, as set out in the explanatory statement annexed to the notice of the meeting.



"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to vary, alter or modify the aforesaid terms and conditions of his re-appointment including the remuneration payable to him from time to time in the light of and conformity with the relevant provisions of the Companies Act, 1956 including amendment(s), modification(s), enactment(s) and re-enactment(s) thereof."

6) To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT that pursuant to section 269 and other applicable provisions of the Companies Act, 1956, if any, read with the Schedule XIII thereof, Articles 25 to 29 of the Articles of Association of the Company and subject to such other enactments, permissions and approvals, if any, approval of the shareholders of the Company be and is hereby accorded to the appointment of Smt. Poonam Sarda as the Whole-Time Director of the Company for a period of 5 (five) years effective from 01.04.2012 on the remuneration and the terms and conditions, as specified in the explanatory statement annexed to the notice of the meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to vary, alter or modify the aforesaid terms and conditions of her appointment including the remuneration payable to her from time to time subject to the relevant provisions of the Companies Act, 1956 including amendment(s), modification(s), enactment(s) and re-enactment(s) thereof."

Registered Office :
Kamptee Road,
Nagpur 440026

By Order of the Board,

Date : 01.08.2012

N.K.Sarda
Chairman & 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) Proxies in Order to be effective must be received by the Company at its Registered Office not less than 48 hours before the Meeting. A proxy is not entitled to vote except on a poll. Proxies submitted on behalf of limited companies, societies etc must be supported by appropriate resolution / authority, as applicable.
- 3) A blank proxy form is sent herewith.
- 4) The Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting .
- 5) The Register of Members and Share Transfer Books of the company will remain closed from 30th August, 2012 to 31st August, 2012 (both days inclusive)
- 6) Members are requested to make all correspondence relating to physical shares, transfer of shares, dematerialization of shares, bank mandate, registration of e-mail address to R & T Agent of the Company at the following address :

ADROIT CORPORATE SERVICES PRIVATE LIMITED

19/20, Jaferbhoy Industrial Estate, Makwana Road,
Marol Naka, Marol, Andheri (E)
Mumbai 400 059

- 7) 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.
- 8) Since the securities of the Company are already admitted on both the depositories i.e National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) the members have got option for dematerializing their shares.
- 9) Members holding shares in physical form are requested to consider converting their holding into dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact Adroit Corporate Services private Limited for assistance in this regard.
- 10) Members are requested to intimate the Company, queries if any, regarding the accounts at least 10 days before the date of the Annual General Meeting to enable the Management to keep the information ready at the Meeting. The queries may be sent to the Company at its registered office.
- 11) The Ministry of Corporate Affairs (Vide circular nos 17/2011 and 18/ 2011 dated April 21, 2011 and April 29, 2011 respectively) has undertaken a Green Initiative in Corporate Governance' and allowed the companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchange permit companies to send soft copies of the Annual report to all its share holders who have registered their email address for the said purpose. Members are requested to support this Green initiative by registering / updating their e mail addresses for receiving electronic communications.



ANNEXURE TO NOTICE

As required by section 173 (2) of the Companies Act, 196, the following explanatory statements sets out all material facts relating to the business mentioned under item no. 5 & 6 of the accompanying Notice dated 01.08.2012.

Item No. 5:

The five years tenure of appointment of Shri. N.K.Sarda as Chairman & Managing Director of the Company expired on 31.03.2012.

Appreciating his unstinted deliberations and the abundant experience and further considering the recommendations of the remuneration committee of the Board, the Board of the Company, at its meeting held on 30.05.2012 re-appointed him as Chairman & Managing Director of the Company on the remuneration and the terms and conditions stated below:

1) Tenure:

For 5 (five) years commencing from 01.04.2012 till 31.03.2017.

2) Salary :

Minimum remuneration @ Rs. 1,25,000/- per month plus the following perquisites,

- i) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- iii) encashment of leave at the end of tenure.

3) Duties & Responsibilities:

- i) To supervise overall functioning of the Company
- ii) Implement the Board's Policies and decisions.
- iii) Develop and present the strategic and annual business plans to the Board for approval.
- iv) Manage, motivate, develop and lead members of the management Team
- v) To report regularly to Board and to perform all other duties and discharge all such responsibilities as the Board may delegate from time to time.
- vi) To handle day to day affairs of the Company
- vii) To appoint and terminate services of the employees
- viii) To operate bank accounts of the Company.
- ix) To sign cheques, Bills, promissory notes, etc.

Due to inadequacy of the profits of the Company he is being paid a minimum remuneration as aforesaid and the same is in conformity with the limits and fulfillment of the prescribed conditions provided under Schedule XIII to the Companies Act, 1956.

Section 269 read with Schedule XIII to the Companies Act, 1956 requires the Company to obtain an approval of the shareholders in general meeting to re-appoint and pay remuneration to the Managing Director.

Your Directors therefore recommend that the resolution be passed.

This may be treated as an abstract of the terms of re-appointment between Shri. N. K. Sarda and the Company pursuant to the provisions of section 302 of the Companies Act, 1956.

Smt. Poonam Sarda being relative of Shri. N K Sarda is deemed to be interested in the resolution. Accordingly, none of the Directors of the Company except Shri. N K Sarda and Smt. Poonam Sarda, are concerned or interested in any way in the said resolution.

**Item No. 6:**

In view of increased scope of the business of the Company Shri. N K Sarda, Chairman & Managing Director of the Company needs to be assisted through sharing his duties and responsibilities on full time basis for the effective management of the Company.

The Board thought that Smt. Poonam Sarda, Director of the Company having past working experience at the executive level would be a fit and proper person for the said job. Accordingly with due consideration of the recommendations of the remuneration committee the Board at its meeting held on 30.05.2012 appointed her as Whole-Time Director of the Company on the remuneration and the terms and conditions given below:

1) Tenure :

For 5 (five) years commencing from 01.04.2012 till 31.03.2017.

2) Salary:

Minimum remuneration @ Rs. 1,00,000/- per month plus the following perquisites:

- i) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- iii) encashment of leave at the end of tenure.

3) Duties & Responsibilities:

- i) To supervise overall functioning of the Company.
- ii) To handle day to day affairs of the Company.
- iii) To appoint and terminate services of the employees.
- iv) To operate bank accounts of the Company.
- v) To sign cheques, Bills, promissory notes, etc.
- vi) To report regularly to Board and to perform all other duties and discharge all such responsibilities as the Board may delegate from time to time.

Due to inadequacy of the profits, she is being paid the minimum remuneration and the same is within the ceiling and in fulfillment of the prescribed conditions provided under Schedule XIII to the Companies Act, 1956.

As per the provisions of section 269 read with Schedule XIII to the Companies Act, 1956 the Company is required to obtain an approval of the shareholders in general meeting to -appoint and pay remuneration to the Whole-Time Director.

Your Directors therefore recommend that the resolution be passed.

This may be treated as an abstract of the terms of appointment between Smt. Poonam Sarda and the Company pursuant to the provisions of section 302 of the Companies Act, 1956.

Shri. N. K. Sarda being relative of Smt. Poonam Sarda is deemed to be interested in the resolution. Accordingly, none of the Directors of the Company except Smt. Poonam Sarda and Shri. N K. Sarda, are concerned or interested in any way in the said resolution.

Registered Office :
Kamptee Road,
Nagpur 440026

By Order of the Board,

Date : 01.08.2012

N.K.Sarda
Chairman & Managing Director

**DIRECTOR'S REPORT**

To the Members of **SHARDA ISPAT LIMITED**

Your Directors are pleased to present the 51st Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2012.

1. REHABILITATION SCHEME & FINANCIAL RESULTS :

The Rehabilitation Scheme sanctioned to the Company by Hon'ble Board For Industrial and Financial Reconstruction (BIFR) vide their Order dated 23.02.2010 has been successfully implemented by the Company.

During, the year under review, the Company running its Plant at Kamptee Road, Nagpur (New Unit) witnessed the following financial results :-

FINANCIAL RESULTS :

	Rs. (in '000')	Rs. (in '000')
SALES AND SERVICE CHARGES		559,015
Gross Profit before interest, Depreciation, Taxation Provisions & Extra Ordinary Items		259,41
Profit Before Taxation		259,41
Less :		
Depreciation	6,898	
Interest	13,169	
Current Income Tax	3,650	
Earlier Year Income Tax	7	
Deferred Tax	(1,679)	
		220,45
Net Profit After Taxation		3,896
Add : Brought forward balance of loss		(6,168)
Loss carried to Balance Sheet		2,272

2) REVIEW OF OPERATIONS :

During the period under review, despite persistent recession in the steel market of the country the Company has registered a remarkable growth in its operational performance but due to enormous hike in input prices the Company has been unable to post the optimal financial results.

Nevertheless, the Company witnessed a sales turnover of Rs. 6,121.71 Lacs (Own unit : Rs. 5852.62 Lacs and Conversion / Service Rs. 269.09 Lacs) (20014 MT) as against Rs. Rs. 3875.30 Lacs (Own unit : Rs. 3,250.06 Lacs and Conversion / Service Rs. 625.24 Lacs) (26399 MT) during the last financial year representing accordingly a growth of 57.97% over the previous year. After providing Rs. 131.69 Lacs towards interest and Rs. 68.98 Lacs for depreciation and further adjusting Rs. 19.78 against income tax (net) the Company earned net profit after tax of Rs. 38.96 Lacs as against Rs. 35.79 Lacs during the previous year.



As pointed out above the profitability is not in commensuration with the turnover due to adverse market conditions especially higher prices of oil and raw materials apart from high cost of interest..

3) DIRECTORS :

For implementing the Rehabilitation scheme sanctioned by Hon'ble BIFR date 23.02.2010 the composition Board of Directors was to be restructured. Accordingly, Shri J. K. Sarda, Shri Ghanshyam Sarda and Shri. AK Mukherjee have been ceased to be Managing Director, Whole Time Director and Director of the Company by resignation respectively. Their resignations were duly accepted by the Board at their meeting held on 30.05.2012 effective from 01.04.2012. The Board records its sincere appreciation of the valuable contribution and learned advice rendered by these outgoing directors during their tenure as Managing Director, Whole Time Director and Director of the company.

Shri. H.K. Dass and Shri. Ramesh Mantri, retire by rotation and being eligible, offer themselves for re-appointment.

4) FIXED DEPOSITS :

Your company has not invited accepted any fixed deposit during the year under review and no deposit was outstanding as on March 31, 2012.

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 51st Annual General Meeting and are eligible for re-appointment. The audit committee and the Board recommended the re-appointment of M/s Loya Bagri & Co., Chartered Accountants, as Statutory Auditor of your company.

6) LISTING OF SECURITIES :

The Shares of the Company continued to be listed at the stock exchanges namely Bombay, Ahmadabad, Kolkata, and Pune. The Company has made due payment of the listing fees in respect of the financial year 2012-2013. As already reported the Company has, however, decided to delist its shares from Ahmadabad, Kolkata, and Pune exchange due to non-trading of shares of the Company on these exchanges. Presently the application made to them for delisting is in process.

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 as amended, are not furnished as none of the employees was in receipt of remuneration exceeding the prescribed limits.

8) CONSERVATION OF 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 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 herein after separately and forms an integral 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) The Directors had selected such accounting policies and applied them 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 the end of the financial year as on 31.03.2012 and of the profit / loss the company for that year.
- iii) The Directors had taken proper and sufficient care 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 Director had prepared the annual accounts on a 'going concern' basis;

12) DEMATERIALIZATION OF SHARES :

The Company has established electronic connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar & Transfer Agent of the Company M/s Adroit Corporate Services Private Limited. As on 31.03.2012, 24,41,940 shares have been dematerialized representing 48.10 % of the total shares of the Company. The International Securities Identification Number (ISIN) of the Company is INE 385M01012.

13) INDUSTRIAL RELATIONS ;

During the period under review, the industrial relations have been cordial.

14) ACKNOWLEDGEMENT:

Your directors are pleased to place on record their sincere gratitude to Nagpur Nagrik Sahakari Bank Limited and other Bankers of the Company, various Government Departments, Financial Institutions and Business Associates for their continued financial assistance, co-operation and guidance extended to the Company during the year.

The Directors express their deep appreciation for the devoted and sincere efforts put in by the workers, staff and officers in the Company during the year. The Directors are also grateful to all the shareholders for their continued faith in the Company.

For and on behalf of the Board of Directors

Place : Nagpur
Date : 01.08.2012

N.K. Sarda
Chairman & Managing Director

Poonam Sarda
Whole-Time Director