52nd Annual REPORT

2012-2013

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 52nd Annual General Meeting (the meeting) of the Members of **SHARDA ISPAT LIMITED** (the company) will be held on Monday, the 30st day of September, 2013 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) **Adoption of Accounts**
To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March 2013 and the Reports of the Directors' and Auditors' thereon.

2) **Re-appointment of Shri R.P. Mohanka**
To appoint a Director in place of Shri. R.P. Mohanka who retires by rotation at this meeting and being eligible, offers himself for re-appointment.

3) **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 2013-14, including the Cash Flow Statements, on a remuneration to be mutually decided upon between the Auditors and the Board of Directors of the Company".

Registered Office :
Kamptee Road,
Nagpur 440026

By Order of the Board,

N.K.Sarda
Chairman & Managing Director

Date : 01.09.2013

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. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2) 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 29th September, 2013 to 30th September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
6) Members are requested to make all correspondence relating to physical shares, transfer of shares, dematerialization of shares, bank mandate, their registered address, registration of e-mail address to their respective Depository Participant (DP) if shares are held in the Demat Form or, if the shares are held in the physical form then to the 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.
12) Members are requested to bring their copy of annual report with them at the time of attending the Annual General Meeting.

DIRECTORS' REPORT

To
The Members of **SHARDA ISPAT LIMITED**

Your Directors are pleased to present their the **52nd** Annual Report on the business and operations of the company together with the Audited Annual Accounts of your Company for the financial year ended 31st March, 2013:

1) FINANCIAL RESULTS :

The financial performance of the Company for the year ended 31st March, 2013 is summarized below.

FINANCIAL RESULTS :

(Amt. in Rs.)

Sr. No.	Particulars	FY 2012-13	FY 2011-12
1	Sales and Service Charges	802,682,485	559,014,619
2	Profit Before Interest and Depreciation	23,802,772	25,942,119
3	Less : Interest and Finance Charges	13,543,513	13,169,373
4	Less : Depreciation	7066,027	6,898,395
5	Profit After Interest and Depreciation	3,193,232	5,874,351
6	Less : Provision for Taxation		
	a) Current Tax	2,855,000	3,650,000
	b) Income Tax (Earlier Years)	328,169	7,097
	c) Deferred Tax	(117,203)	(1,679,113)
7	Net Profit After Taxation	127,266	3,896,367
8	Add Brought Forward Balance of Loss	(2,272,049)	(6,168,416)
9	Surplus or Deficit Carried Over to Balance Sheet	(2,144,783)	(2,272,049)

2. REVIEW OF OPERATIONS :

During the year under review, in spite of dismal global scenario and recessionary trend in Indian steel market the Company recorded further growth in its operational performance but the profitability vis-à-vis the sales turnover, as compared to last year declined due to persistent rise in cost of various inputs.

Nevertheless, the Company witnessed the sales turnover Rs. 9018.41 Lacs (Own Unit 8997.89 Lacs and Conversion / Service Rs. 20.52 Lacs as against Rs. 6,121.71 Lacs (Own Unit 5852.62 Lacs and Conversion / Service Rs. 269.09 Lacs) during the last year, registering thereby the growth in turnover of 47.32% over the previous year. After providing Rs.70.66 Lacs for depreciation and Rs. 135.44 Lacs against interest and further providing Rs. 30.66 Lacs towards taxation, the Company posted net profit after tax of Rs. 1.27 Lacs as against Rs. 38.96 Lacs during the previous year.

As can be seen the profitability is not in commensuration with the turnover which is due to adverse market conditions especially higher prices of oil and raw materials besides higher cost of borrowed funds.

3. DIRECTORS :

During the period under review, the Board of Directors of the Company at their meeting held on 30.05.2012 re-appointed Shri. N.K. Sarda as Chairman & Managing Director and appointed Smt. Poonam Sarda as Whole Time Director of the company for the period of five years effective from 01.04.2012. The necessary approval to the said appointments was obtained by the Company at its annual general meeting held on 31.08.2012.

In accordance with the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Shri. R.P. Mohanka retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Board of Directors recommends the above reappointment.

4. FIXED DEPOSITS :

Your Company has not invited or accepted any fixed deposits during the year under review and no deposit was outstanding as on 31st March, 2013.

5. AUDITORS' REPORT & AUDITORS :

The Auditor's Report and its Annexures are self-explanatory. M/s Loya Bagri & Co., Chartered Accountants, Nagpur retire as statutory Auditors of the Company at the conclusion of 52nd Annual General Meeting and are eligible for re-appointment. The Audit Committee and the Board of Directors recommends the reappointment of M/s Loya Bagri & Co., Chartered Accountants, as Statutory Auditors of your company.

Clause (i) (a) of Annexure to the Auditor's Report needs explanation which is as under:

Your Company has taken steps to update the fixed assets register of the Company to incorporate therein the details regarding fixed assets added during the year under review.

6. LISTING OF SECURITIES :

The Shares of the Company continue 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 2013-2014. 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 Delisting Application made to these three stock exchanges are in process.

7. PARTICULARS OF EMPLOYEES :

Your company has no employee whose remuneration exceeds the limits prescribed under the provisions of Section 217 (2A) of the Companies Act , 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, and hence the prescribed information has not been given in the report.

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 :

Corporate Governance Report 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 are given separately and forms an integral part of this Annual Report.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, the Board of Directors of your company to the best of their knowledge and belief hereby confirm that :

i) In the preparation of the annual accounts for the year ended 31st March 2013, 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 the end of the financial year ended on 31st March 2013 and of the profit for the year under review.

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 for the financial year ended on 31st March, 2013 have been prepared 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 31.03.2013, 24,71, 340 shares have been dematerialized representing 48.68 % 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 of your company 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 Board of Directors would like to take opportunity to 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 the continued faith reposed by them in the Company.

For and on behalf of the Board of Directors

Place : Nagpur	N.K.Sarda	Smt. Poonam Sarda
Date : 01.09.2013	Chairman & Managing Director	Whole-Time 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.

FORM 'A'

(See Rule 2)

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

		March 2013	March 2012
B.	**Power and Fuel Consumption**		
1.	Electricity		
	Purchased : Units (No.)	19,80,020	23,51,160
	Total Amount (Rs.)	1,45,49,756	1,49,03,206
	Average Rate /Unit (Rs.)	7.35	6.34
	Own Generation	Nil	Nil
2.	Steam Coal :		
	Quantity (Tonnes)	4,623	4684
	Total Cost (Rs.)	1,97,91,063	30,833,375
	Average Rate / Tonne (Rs.)	4,281	6,583
3.	Furnace Oil :		
	Quantity (K. Ltrs.)	Nil	62
	Total Amount (Rs.)	Nil	20,99,157
	Average Rate / K. Ltrs.(Rs.)	Nil	33,857
4.	Other / Internal Generation	Nil	Nil
5.	Consumption per MT of production (Standards if any)		
	Products (with details) Unit		
	Rolled Iron & Steel (in MT)	20,100	20,493
	Electricity (in Units)	98.51	114.73
	Furnace Oil (Secondary Fuel) (in Ltrs.)	Nil	3.02
	Coal (Steam Coal 'B'Grade) (in MT)	0.230	0.229
	Excluding Shell & Dust		
	Other (Specify)	Nil	Nil

B. TECHNOLOGY ABSORPTION : RESEARCH & DEVELOPMENT

The technology used for the existing project is fully indigenous. The production department of the Company is 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 31.03.2013.

ii. The inflow of foreign exchange is Nil

iii. The outflow of foreign exchange is Nil

For and on behalf of the Board of Directors

Place : Nagpur	N.K.Sarda	Smt. Poonam Sarda
Date : 01.09.2013	Chairman & Managing Director	Whole-Time Director