

SHARAT INDUSTRIES LIMITED



18th Annual Report 2007-2008

BOARD OF DIRECTORS

1. Mr. S. Prasad Reddy Chairman & Managing Director
2. Mr. A. Rama Krishna Reddy Director
3. Mr. N. Suresh Director
4. Mr. T. Valsaraj Director

BANKERS

ORIENTAL BANK OF COMMERCE

AUDITORS

M/s. P.A. REDDY & CO.,
Chartered Accountants,
241 1/422 A, Saraswathi Nagar,
Dargamitta,
Nellore - 524 003.

REGISTERED OFFICE & FARM

VENKANNAPELEM VILLAGE
T.P. Gudur Mandal,
Nellore District,
Andhra Pradesh.

CORPORATE OFFICE

No. 17 (old No. 30)
Luz Avenue,
Mylapore,
CHENNAI - 600 004.

NOTICE

NOTICE is hereby given that the **Eighteenth Annual General Meeting** of the Members of the Company will be held on **Monday, the 29th September, 2008**, at 10 a.m. at the Registered Office at Venkannapalem Village, T.P. Gudur Mandal, Nellore District to consider the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. S. Prasada Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution.

"Resolved that pursuant to Sections 269, 198, 309 and Schedule XIII and all other applicable provisions if any, of the Companies Act, 1956, the consent of the members be and is hereby given to the reappointment of Mr. S. Prasad Reddy as Managing Director for a period of two years w.e.f. 30th November 2008 on the following terms and conditions :

- (i) Salary Rs. 20,000/- per month
- (ii) Furnished accommodation, the expenditure on which shall not exceed Rs. 20,000/- per month.
- (iii) provision of car for official business and telephone at residence for official purpose"

BY THE ORDER OF BOARD OF DIRECTORS
For SHARAT INDUSTRIES LIMITED

PLACE : VENKANNAPELEM
DATE : 01.09.2008

{SD}
S. PRASAD REDDY
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 OF THE COMPANY.
2. PROXIES, TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
3. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED ON 29TH SEPTEMBER, 2008.
4. THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956, IN RESPECT OF SPECIAL BUSINESS IS ANNEXED HERETO.

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 4

Mr. S. Prasad Reddy was re-appointed as Managing Director of the company for a period of two years w.e.f. 30th November, 2006. The re-appointment is valid upto 29th November 2008.

The Board of Directors at their meeting held on 30th July, 2008 have re-appointed Mr. S. Prasad Reddy as Managing Director for a further period of two years w.e.f. 30th November, 2008 on the terms and conditions mentioned in the proposed resolution. This was also approved by the Remuneration Committee constituted pursuant to Schedule XIII to the Companies Act 1956. The Board recommends the passing of the resolution.

Except Mr. S. Prasad Reddy, no other director is either interested or concerned in the resolution.

The above may be considered as an 'Abstract of the terms and conditions of the appointment' for the purpose of section 302 of the Companies Act, 1956.

BY THE ORDER OF BOARD OF DIRECTORS
For SHARAT INDUSTRIES LIMITED

PLACE : VENKANNAPELEM
DATE : 01.09.2008

{SD}
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

DIRECTORS' REPORT

To
The Members of Sharat Industries Limited,
Venkannapalem Village, Nellore Dist.

The Directors have pleasure in presenting the Eighteenth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

Particulars	YEAR ENDED	YEAR ENDED
	31-03-2008	31-03-2007
	(Rs. In lakhs)	(Rs. In lakhs)
Total Sales	2445.20	2049.95
Profit (+) / Loss (-)	(+)174.50	(+)430.37
Deferred tax adjustments	(-)65.73	(-)55.47
Balance Brought forward	(+)297.55	(-)76.96
Balance Carried forward	(+)405.83	(+)297.55

CURRENT YEAR TAX AND DEFERRED TAX: On the basis of BIFR Recommendations to CBDT, an application was made to consider exempting the company from the provisions of sections 41(1), 41(2) and 155 (5) of the Income Tax 1961 in respect of remissions arising out of sacrifices allowed by the bank and other agencies under the scheme and also from the provisions of Sections 72(3) and 115JB of the Income Tax Act, 1961. We are awaiting the approval. In view of this there is no tax liability on the current year's income and deferred tax has been considered accordingly.

RETIREMENT BENEFITS : The report of the insurance company on actuarial liability for gratuity is awaited. We shall make the requisite provision in the current year. We are also taking steps to cover all the employees under ESI Scheme in the current year.

CONFIRMATION OF BALANCES : Confirmation of balances from some of the creditors who are illiterate farmers could not be obtained. However we are following up the matter to obtain the confirmations. We do not foresee any discrepancies in the balances and hence there will not be any effect on the Accounts.

OPERATIONS: We are in the process of obtaining working capital facilities. Your directors are confident that the performance of the company will improve in the years to come.

FUTURE OUTLOOK: Our product is well received in the international market as well as domestic market. We are hopeful of achieving much better results in the years to come.

PARTICULARS OF EMPLOYEES: During the year, there were no employees drawing remuneration as per limits specified under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 profit of the company for the year under review.
- (iii) That the Directors have taken proper 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; and
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2008 on a going concern basis.

ADDITIONAL INFORMATION AS REQUIRED U/S 217(1) (e) OF THE COMPANIES ACT, 1956

- (a) Conservation of Energy: The Company is monitoring the consumption of energy and is identifying the areas for conservation of energy.
- (b) (i) Technology Absorption, adaptation and Innovation:
(1) The Company has entered into Technical Collaboration Agreement with M/s HIGH WON FISHERY DEVELOPMENT CORPORATION, SINGAPORE for the transfer of Technical know-how and Training the production personnel of the organization.
(2) Buy-back Agreement: The Company has entered into Buy-back Agreement for its products with M/s High Won Fishery Development Corporation, Singapore.
- (ii) Research and Development (R&D): The Company is in the process of identifying areas in which R & D can be carried out.
- (c) **Foreign Exchange Earnings and out go:**
(i) Foreign exchange earnings Us \$ 4690621 equivalent to Rs. 18,90,75,096 (P.Y Us \$ 32,58,977.15 equivalent to Rs. 14,75,15,898 /-
(ii) Foreign exchange outflow on account of import of Capital goods & Raw Materials US \$ 702325.90 equivalent to RS. 2,80,04,823/- (P.Y. US \$ 55886 equivalent to Rs. 25,87,809/-).

CORPORATE GOVERNANCE

As your company has become sick, it could not comply with the requirements of Corporate Governance. However, the company is take necessary steps to comply with the same.

AUDIT COMMITTEE

The Audit committee consists of three independent directors viz., Mr. A. Rama Krishna Reddy, Mr. N. Suresh and Mr. T. Valasraj. The Committee met on 20.07.2007, 25.08.2007, 23.10.2007 and 22.01.2008 at which all the members were present.

DIRECTORS

Mr. S. Prasada Reddy retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS

M/s P.A. Reddy & Co., Chartered Accountants, retiring auditors of the Company, being eligible, offer themselves for re-appointment as auditors of the company. They have furnished a certificate of their eligibility U/S 224(1B) of the Companies Act, 1956. The members are requested to re-appoint the auditors and authorize the Managing Director to fix their remuneration.

PERSONNEL

The relations between the management and the staff were very cordial throughout the year. Your Directors take this opportunity to record their appreciation for the co-operation and loyal services rendered by the employees.

DEPOSITS

The Company has not accepted any deposits during the year.

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge with thanks the constructive guidance and co-operation extended by MPEDA and other Government Agencies.

BY THE ORDER OF BOARD OF DIRECTORS
for SHARAT INDUSTRIES LIMITED

Sd/-

S. PRASAD REDDY

CHAIRMAN & MANAGING DIRECTOR

PLACE : VENKANNAPELEM

DATE : 01-09-2008

AUDITOR'S REPORT TO THE MEMBERS OF SHARAT INDUSTRIES LIMITED

To
The Members of Sharat Industries Limited,

- 1) We have audited the attached Balance Sheet of **SHARAT INDUSTRIES LTD** as at March 31st, 2008, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
 - 2) We have conducted our audit in accordance with auditing standards generally accepted in India . These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 - 3) As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex here to a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 - 4) Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - a) *We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit ;*
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books ;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section 3 (c) of Section 211 of the Companies Act, 1956 and subject to:
 - i) *Non provision for retirement benefits to the employees as required by the Accounting Standard -15 issued by the Institute of Chartered Accountants of India;*
 - e) On the basis of written declaration received from the directors, as on March 31st, 2008 and taken on record by the board of directors of the Company, none of the directors is disqualified from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules and notes thereon give the information required by the Companies Act, 1956, in the manner so required and subject to:
 - i) *Non-provision for retirement benefits to the employees as required by the accounting standard - 15 issued by the Institute of chartered accountants of India. In the absence of information, the effect of such non provision on the profit for the year and Reserves of the company, could not be quantified;*
 - ii) *Non availability of confirmation of balances from the trade creditors and advances recoverable and the effect of such non reconciliation of balance if any, on the accounts of the Company, could not be quantified;*
 - iii) *With reference to para 4(b) of schedule-R to the Balance Sheet, in the absence of conclusive order from the CBDT regarding the exemptions under the Income Tax Act granted to the Company in the scheme of BIFR, we are unable to express opinion on the non provision of Income Tax and the calculation of Deferred tax for the current year on the strength of such scheme;*
- give a true and fair view in conformity with the accounting principles generally accepted in India;
- (I) In the case of Balance Sheet, of the state of affairs of the Company as at March 31st 2008;
 - (II) In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (III) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for P.A. REDDY & CO.,
CHARTERED ACCOUNTANTS

P. ASHOK REDDY
(Partner)
M. No. 23202

PLACE : NELLORE
DATE : 01-09-2008

ANNEXURE TO THE AUDITOR'S REPORT OF SHARAT INDUSTRIES LIMITED

(Referred to in paragraph 3 of our report of even date)

Based on the information and explanations furnished to us and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and belief:

- i) In respect of its Fixed Assets:
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) We are informed that during the year, the fixed assets have been physically verified by the management and that there are no discrepancies between the physical stocks and the book records.
 - c) No fixed assets were disposed off during the year.
- ii) In respect of Inventories of finished goods, work in process, raw materials and stores and spares:
 - a) Physical verification of inventory has been conducted at various intervals by the management during the year.
 - b) The procedures of physical verification of inventories followed by the management are by and large adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and book records are not material and the same have been properly dealt with in the book of account.

In respect of loans, secured or unsecured, from/to from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- a) The Company has not granted/taken any loans to/from any companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of paragraph 4 (iii) of the Order are not applicable to the Company.
- iv) In respect of internal control procedures:
 - a) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and with regard to the sale of goods. No services were rendered during this year by the Company. We have not observed any major weakness in the internal controls during the course of audit.
- v) In respect of transactions that need to be entered into a register in pursuance of section 301 of the Companies Act:
 - a) There are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of paragraph 4 (v) of the Order, are not applicable to the Company.
- vi) In respect of public deposits:
 - a) The Company has not accepted any deposits from the public. Therefore, the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 and the provisions of paragraph 4(vi) of the Order, are not applicable to the Company.
- vii) In respect of internal audit system:
 - a) In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.
- viii) In respect of cost records:
 - a) The Central Government has not prescribed for the Company the maintenance of cost records under section 209(1) (a) of the Companies Act, 1956. Therefore, the provisions of paragraph 4(viii) of the order are not applicable to the company.
- ix) In respect of statutory dues:
 - a) The Company has been generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, Income tax, sales tax, customs duty, excise duty and other statutory dues applicable. No undisputed dues payable in respect of Income tax, sales tax, customs duty and excise duty were in arrears, as at March 31, 2008 for more than six months from the date they became payable except fringe benefit tax of Rs.48,811/- and the employees state insurance [in the absence of details, could not be quantified].
 - b) There are no dues of sales tax, Income tax, customs duty, and excise duty as at March 31, 2008 which have not been deposited on account of a dispute.

- x) In respect of its losses:
 - a) The Company does not have any accumulated losses as at March 31st, 2008 and has not incurred Cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi) In respect of repayment of dues to Banks, Financial Institutions and Debenture holders:
 - a) As at the beginning of the year, there were no out standing dues to banks/ financial Institutions (they have been settled through OTS in the preceding year).No borrowings are made from banks/financial Institutions nor any debentures issued during the year.
- xii) In respect of loans on the basis of security by way of pledge of shares, debentures and other securities:
 - a) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of paragraph 4 (xii) of the Order are not applicable to the Company.
- xiii) In respect of applicability of any special statutes:
 - a) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of paragraph 4 (xiii) of the Order are not applicable to the Company.
- xiv) In respect of dealing in shares, securities, debentures and other investments:
 - a) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of paragraph 4 (xiv) of the Order are not applicable to the Company.
- xv) In respect of guarantees given for loans taken by others from banks or financial institutions:
 - a) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Therefore, the provisions of paragraph 4 (xv) of the Order are not applicable to the Company.
- xvi) In respect of utilization of term loans:
 - a) The Company has not obtained any term loans during the year. Therefore, the provisions of paragraph (xvi) of the order are not applicable to the Company for the year under audit.
- xvii) In respect of utilization of funds raised on short term basis:
 - a) On the basis of overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
- xviii) In respect of preferential allotment of shares:
 - a) The Company has not issued any preferential allotment of shares during the year other than the application money received from a group of investors.
- xix) In respect of issue of debentures:
 - a) The Company has not issued any debentures during the year nor any debentures are outstanding at the end of the year. Hence, the matters to be reported as per paragraph 4(xix) of the Order are not applicable to the Company.
- xx) In respect of public issues:
 - a) The Company has not raised any money by way of public issues during the year by way of public issue. Hence, the matters to be reported as per paragraph 4(xx) of the Order are not applicable to the Company.
- xxi) In respect of frauds:
 - a) In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

for P.A. REDDY & CO.,
CHARTERED ACCOUNTANTS

P. ASHOK REDDY
(Partner)
M. No. 23202

PLACE : NELLORE
DATE : 01-09-2008

SHARAT INDUSTRIES LIMITED**BALANCE SHEET AS AT 31-03-2008**

PARTICULARS	SCHEDULE No.	AS AT 31-03-2008	AS AT 31-03-2007
I. SOURCES OF FUNDS		Rs.	Rs.
1. SHAREHOLDERS FUNDS			
a. Capital	A	220,125,000	220,125,000
b. Reserves & surplus	B	181,965,189	171,197,462
2. PREFERENCE SHARE APPLICATION MONEY		137,641,395	131,901,617
	TOTAL	539,731,584	523,224,079
II. APPLICATION OF FUNDS			
1. FIXED ASSETS	C		
a. Gross Block		622,165,884	620,984,410
b. Less Depreciation		<u>266,069,499</u>	<u>239,510,164</u>
c. Net Block		<u>356,096,385</u>	<u>381,474,246</u>
d. Capital work in progress		14,296,829	13,721,674
2. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories	D	74,254,142	33,340,747
b. Sundry Debtors	E	2,109,891	11,785,350
c. Cash & Bank Balances	F	23,461,703	9,098,010
d. Loans, Advances & Deposits	G	<u>46,861,620</u>	<u>43,421,589</u>
		<u>146,687,356</u>	<u>97,645,696</u>
3. Less : Current Liabilities and Provisions	H	<u>52,143,669</u>	<u>50,985,839</u>
NET CURRENT ASSETS		<u>94,543,688</u>	<u>46,659,857</u>
4. DEFERRED TAX ASSET		74,794,682	81,368,303
	TOTAL	539731584	523224079

NOTES ON ACCOUNTS

Q

The Schedules referred to above form part of the accounts.

Per our Report attached

for P. A. REDDY & CO.,
CHARTERED ACCOUNTANTS

ON BEHALF OF THE BOARD

(Sd)
P. ASHOK REDDY
Partner
M. No. 023202(Sd/-)
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR(Sd)
A. RAMAKRISHNA REDDY
DIRECTOR

PLACE : VENKANNAPELEM

DATE : 01-09-2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

PARTICULARS	SCHEDULE No.	For the Year Ending 31-03-2008	For the Year Ending 31-03-2007
INCOME		Rs.	Rs.
Operating Revenue	I	244,520,984	204,995,433
Other Income	J	11,864,257	17,834,211
variance in stock	K	35,492,768	(4,903,000)
	TOTAL	291,878,008	217,926,644
EXPENDITURE			
Materials	L	130,672,736	94,211,940
Personnel	M	11,897,286	9,331,759
Over heads	N	104,109,142	70,951,857
Finance Charges	O	1,188,788	877,123
Depreciation	C	26,559,335	26,483,280
	TOTAL	274,427,287	201,855,958
PROFIT BEFORE TAX & EXCEPTIONAL ITEMS		17,450,721	16,070,686
EXCEPTIONAL ITEMS	P		26,967,246
PROFIT BEFORE TAX		17,450,721	43,037,932
LESS : PROVISION FOR TAX			
CURRENT TAX	—	NIL	
DEFERRED TAX	—	6,573,621	
FRINGE BENEFIT TAX	—	48,811	
PROFIT AFTER TAX		10,828,289	37,451,840
SURPLUS/(DEFICIT) CARRIED TO BALANCE SHEET		29,755,025	(7,696,815)
		40,583,314	29,755,025
SURPLUS CARRIED TO BALANCE SHEET		40,583,314	29,755,025
Basic and Diluted Earnings per Equity Share			
After Extraordinary Items		0.79	1.96
Before Extraordinary Items		0.79	0.73

NOTES ON ACCOUNTS

Q

The Schedules referred to above form part of the accounts.

Per our Report attached.

for P.A. REDDY & CO.,
CHARTERED ACCOUNTANTS

(Sd)

P. ASHOK REDDY
PARTNER

M. No. 023202

PLACE : VENKANNAPELEM

DATE : 01-09-2008

ON BEHALF OF THE BOARD

(Sd)

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

(Sd)

A. RAMAKRISHNA REDDY
DIRECTOR

SCHEDULE - A

SHARE CAPITAL

PARTICULARS	AS AT	AS AT
	31-03-2008	31-03-2007
	Rs.	Rs.
AUTHORISED CAPITAL		
30000000 (30000000) Equity Shares of Rs. 10/- each	300,000,000	300,000,000
2000000 (2000000) Redeemable preference shares of Rs. 100/- each	200,000,000	200,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP :		
22012500 (22012500) Equity Shares of Rs. 10/- Each	220,125,000	220,125,000
	<u>220,125,000</u>	<u>220,125,000</u>

SCHEDULE - B

RESERVES & SURPLUS

PARTICULARS	AS AT	AS AT
	31-03-2008	31-03-2007
	Rs	Rs
<u>CAPITAL RESERVE :</u>		
Opening Balance	140,832,436	110,438,437
Add : Waiver of principal portion of Secured Loans settled through OTS :	<u>140,832,436</u>	<u>30,393,999</u>
		<u>140,832,436</u>
<u>Capital Subsidy</u>		
Opening Balance	610001	
Less Transferred to P & L A/c	<u>60562</u>	549,439
		610,001
SURPLUS IN PROFIT AND LOSS A/C	<u>40,583,314</u>	<u>29,755,025</u>
	<u>181,965,189</u>	<u>171,197,462</u>

SCHEDULE - D

INVENTORIES

(Valued and quantified as certified by the management)

PARTICULARS	AS AT	AS AT
	31-03-2008	31-03-2007
	Rs.	Rs.
Raw materials	17,043,487	11,622,860
Finished Goods	57,210,655	21,717,887
	<u>74,254,142</u>	<u>33,340,747</u>

SCHEDULE - C

FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 01-04-2007	Acqon: During the year	Deletion During the year	As at 31-03-2006	Up to 31-03-2007	For the year	Dations	Up to 31-03-2006	As on 31-03-2008	As on 31-03-2007
Land	37236372	273000	-	37509372	-	-	-	-	37509372	37236372
Plant & Machinery	203418093	159830	-	203577926	73521450	9666392	-	83187842	120390084	129896646
Building	114547674	-	-	114547674	38334171	3825892	-	42160063	72387611	76213503
Electrical Equipment	18097430	-	-	18097430	8887412	859628	-	9747040	8350390	9210018
Vehicles	6633135	582194	-	7215329	5527314	666168	-	6193482	1021847	1105821
Pond construction	199402250	-	-	199402250	91572549	9471607	-	101044156	98358094	107829701
Furniture & Fixtures	4040470	-	-	4040470	2978258	255762	-	3234020	806450	1062212
Office Equipment	2232665	105400	-	2338065	11114939	108571	-	1223510	1114555	1117726
Computers	188700	61050	-	249750	152892	33902	-	186794	62956	35808
Jetty	35187618	-	-	35187618	17421179	1671412	-	19092591	16095027	17766439
	620984410	1181474	-	622165884	239510164	26559335	-	266069499	356096385	381474246
Capital WIP	13721674	575155	-	14296829	-	-	-	-	14296829	13721674
TOTAL	634706084	1756629	-	636462713	239510164	26559335	-	266069499	370393215	395195920
Previous Year	629187316	5518768	-	634706084	213026884	26483280	-	239510164	395195921	416160432

SCHEDULE - E

SUNDRY DEBTORS (Unsecured & Considered Good)

PARTICULARS	AS AT 31-03-2008 Rs.	AS AT 31-03-2007 Rs.
More than six months		
(Six months to one year)	645248	452978
(One Year to Two Years)	204388	760446
(More than Two Years)		
Others	1260255	10571926
	<u>2109891</u>	<u>11785350</u>

SCHEDULE - F

CASH & BANK BALANCES

PARTICULARS	AS AT	AS AT
	31-03-2008	31-03-2007
	Rs.	Rs.
Cash on Hand	1197937	1315610
Cash at Bank		
<u>With Scheduled Banks :</u>		
On Current Accounts	16983628	2544423
On Deposit Accounts	5280337	5237977
	<u>23461702</u>	<u>9098010</u>

SCHEDULE - G

LOANS, ADVANCES & DEPOSITS

PARTICULARS	AS AT	AS AT
	31-03-2008	31-03-2007
	Rs.	Rs.
(Recoverable in cash or in kind or for value to be received) un-secured, considered good		
Loans & Advances	38737696	25461273
Deposits	6421198	16385067
Other Current Assets	1702726	1575249
	<u>46861620</u>	<u>43421589</u>

SCHEDULE - H

CURRENT LIABILITIES & PROVISIONS

PARTICULARS	AS AT	AS AT
	31-03-2008	31-03-2007
	Rs.	Rs.
Creditors for Suppliers	15236215	28730120
Creditors for Expenses	7439649	6014930
Creditors for Others	29467805	16240789
	<u>52143669</u>	<u>50985839</u>

SCHEDULE - I

OPERATING REVENUE

PARTICULARS	Current Year 2007-08 Rs.	Previous Year 2006-07 Rs.
Sale of Shrimp (Export)	189075096	147515898
Sale of Seed	5216200	6911260
Sale of Feed	49566335	40184975
Local sale of shrimp	663353	10383300
	<u>244520984</u>	<u>204995433</u>

SCHEDULE - J

OTHER INCOME

PARTICULARS	Current Year 2007-08 Rs.	Previous Year 2006-07 Rs.
Interest on F.D. / Bank Guarantee / TDS (Gross : 723307, Tds : 143381)	723307	411350
Miscellaneous sales/Discount	485045	250719
Job work charges	4398490	6477398
Cash subsidy N/w off previous year	60562	60562
Creditors Written off	212	296452
Interest received on HT line Electricity deposit	361851	351770
Sale of DEPB	4926881	8643334
Insurance Claim	---	1342626
Excess provision written back	165009	---
Credits no longer payable	742900	---
	<u>11864257</u>	<u>17834211</u>

SCHEDULE - K

VARIANCE IN STOCK

PARTICULARS	Current Year 2007-08 Rs.	Previous Year 2006-07 Rs.
Closing stock of Finished Goods	57210655	21717887
Opening stock of Finished Goods	21717887	26620887
	<u>35492768</u>	<u>(4903000)</u>

SCHEDULE - L

MATERIALS

PARTICULARS	Current Year 2007-08 Rs.	Previous Year 2006-07 Rs.
Opening Stock	11622860	28014489
Add: Purchases	136093363	77820311
	147716223	105834800
Less: Closing Stock	17043487	11622860
	<u>130672736</u>	<u>94211940</u>

SCHEDULE - M

PERSONNEL

PARTICULARS	Current Year	Previous Year
	2007-08	2006-07
	Rs.	Rs.
Salaries & Wages	9210874	7201280
Staff Welfare	637627	332093
Provident Fund & Security charges	1381285	1198386
Bonus & HRA	667500	600000
	<u>11897286</u>	<u>9331759</u>

SCHEDULE - N

OVERHEADS

(A) FACTORY & FARM

PARTICULARS	Current Year	Previous Year
	2007-08	2006-07
	Rs.	Rs.
Power & Fuel	38666485	32702510
Processing Labour Charges	2178766	3933636
Repairs & Maintenance	13111406	7188569
Technical Fees	1073110	905100
Hatchery & Culture Expenses	4228173	1432101
Other Expenses	1264849	995334
Insurance	727082	680570
TOTAL (A)	<u>61249871</u>	<u>47837821</u>

(B) ADMINISTRATION

PARTICULARS	Current Year	Previous Year
	2007-08	2006-07
	Rs.	Rs.
Travelling & Conveyance	329685	322303
Telephone & Postage	456790	492743
Audit Fees	188751	156389
Rent, Rates & Taxes	980050	423690
Listing & Legal Expenses	49538	67250
A.G.M. Expenses	67880	61865
Other Expenses	2354017	1141802
Customs & Excise duty/Expenses	136670	44764
TOTAL (B)	<u>4563681</u>	<u>2710806</u>

(C) SELLING EXPENSES

PARTICULARS	Current Year	Previous Year
	2007-08	2006-07
	Rs.	Rs.
AMC & Sales Tax	873097	650641
Clearing & Forwarding	150267	82414
Custom & Excise Duty	3486841	1619411
Freight & Transportation	13893285	8749094
Packing Materials	11585728	5299636
Foreign exchange fluctuation	1854527	24444
Other Expenses	6452145	3977589
TOTAL (C)	38295889	20403230
GRAND TOTAL (A + B + C)	104109142	70951857

SCHEDULE - O

FINANCE CHARGES

PARTICULARS	Current Year	Previous Year
	2007-08	2006-07
	Rs.	Rs.
Interest & Bank Charges	1188788	877123
TOTAL	1188788	877123

SCHEDULE - P

EXCEPTIONAL ITEMS

PARTICULARS	Current Year	Previous Year
	2007-08	2006-07
	Rs.	Rs.
Excess Provision written back	---	(346099)
Interest written back	---	27313345
Total	---	26967246

**ADDITIONAL INFORMATION PURSUANT TO PROVISIONS OF PART-II OF
SCHEDULE VI OF THE COMPANIES ACT, 1956**

	Year ended 31-03-2008		Year ended 31-03-2007	
	Quantity	Amount (In Lakhs)	Quantity	Amount (In Lakhs)
A. Turnover				
Frozen Shrimp (Export) (MT)	1006.538	1,890.75	658.512	1,475.16
Seed (Mill)	61.360	52.16	39.371	69.11
Feed (MT)	1339.877	495.66	1095.975	401.85
Local Sale of Shrimp (MT)	2.225	6.63	47.717	103.83
B. Details of Raw Material Consumed				
Shrimp Seed, Others		96.88		71.51
Shrimp		381.68		362.58
Feed		828.17		508.03
Total		1306.73		942.12
Details of Captive Consumption				
Seed (Mill)	236.907		205.648	
Feed (MT)	1859.295		1197.475	
C. Capacity & Production				
Installed Capacity				
Farm (TPA)	1300.000		1300.000	
Seed (Millions)	400.000		400.000	
Feed Mill (MT)	9600.00		9600.000	
Processing Plant (MT)	3000.000		3000.000	
Actual Production				
Shrimp				
Own (MT)	1357.00		790.89	
less: Local sale (Raw)			47.717	
Total			743.17	
Purchases (MT)	265.86		196.523	
	1622.860		939.696	
Less: Wastage	486.194	1136.66	282.111	
			657.59	
Seed (Millions)	298.502		244.252	
Feed Mill (MT)	3310.32		2285.825	
D. Opening Stock				
Shrimp - Farm (MT)	0.000	0.00	0.000	0.00
Seed (Millions)	1.453	1.16	2.220	2.22
Feed Mill (MT)	35.825	8.92	43.450	10.48
Frozen Shrimp (MT)	99.773	208.26	100.700	255.73
Closing Stock				
Shrimp - Farm (MT)	0.000	0.00	0.000	0.00
Seed (Millions)	1.688	1.01	1.453	1.16
Feed Mill (MT)	146.973	42.79	35.825	8.92
Frozen Shrimp (MT)	227.68	529.31	99.773	208.26

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SCHEDULE - Q

1. SIGNIFICANT ACCOUNTING POLICIES:

a. General

- i) The accounts are prepared on the historical cost basis, as a going concern and in accordance with normally accepted accounting standards.
- ii) Accounting policies not specifically referred to otherwise are consistent and in accordance with generally accepted accounting principles.

b. Revenue Recognition

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. In the case of Export benefits, DEPB License and Duty Draw back are accounted on accrual basis.

c. Fixed Assets

Fixed Assets are recorded at the cost of acquisition inclusive of freight, duties, taxes and other incidental charges related to acquisition. Grants / subsidies received relating to specific fixed assets are deducted from the gross value of the asset concerned.

d. Foreign Currency Transactions

- i) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of transaction.
- ii) The monetary items denominated in foreign currencies (such as cash, receivables, payables etc.,) outstanding at the year-end, are translated at the exchange rates applicable as of the date.
- iii) Any gain or loss arising due to exchange differences at the time of translation or settlement are accounted for in the profit & loss account under the head foreign exchange fluctuation a/c.

e. Depreciation

Depreciation on fixed assets is calculated on Straight-line method at the rates given in the Schedule XIV of the Companies Act, 1956.

f. Current Liabilities

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws prevailing as on the Balance Sheet date. Deferred Tax asset is created in respect of Unabsorbed losses, only if there is virtual certainty of future profits to absorb the same.

g. Contingent Liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the Financial Statements.

h. Inventories

Finished goods and raw materials are valued at lower of cost and market price. Cost for this purpose includes material and related Factory, Farm and administrative overheads. Stores, spares and consumables are charged to profit and loss account in the year of purchase.

i. Retirement benefits

Contribution to defined contribution schemes such as provident fund and family pension funds are charged to profit and loss account as incurred. In respect of gratuity, no provision is made in the accounts for the actuarial liability for future payment of gratuity. Gratuity payments are charged to profit and loss account in the year in which payments are made.

j. Impairment of Assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a) the provision for impairment loss, if any, required; or
- b) the reversal, if any, required of impairment loss recognized in previous periods.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined;

- a) in the case of an individual asset, at higher of the net selling price and the value in use;
 c) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at higher of the cash generating unit's net selling price and the value in use.
 (Value in use is determined as the present value estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

2. ACCOUNTING YEAR

The current accounting year consists of 12 months from April 1, 2007 to March 31, 2008.

3. Taxes & Duties:

- a) Income Tax: The assessments for and up to the assessment year 2005-06 have been completed.
 b) Current Year Tax : BIFR in its sanctioned scheme directed CBDT to consider exempting the Company from the provisions of sections 41(1), 41(2) and 155(5) of the Income Tax Act 1961 in respect of remissions arising out of sacrifices allowed by the bank and other agencies under the scheme and also from the provisions of Sections 72(3) and 115JB of the Income Tax Act, 1961. The Company's application to CBDT is under consideration. Based on the strength of the BIFR's order and the facts of the Company's case, no provision is deemed necessary towards income tax liability on current year's income.

4. Excise duty on closing inventory of feed:

The company has opted out of 100% EOU, under the EPCG scheme. All the customs and excise duties resulting after the debonding have been paid in full. Henceforth, there is no liability on feed manufactured by the company and hence no provision is made for excise duty on inventory of shrimp feed.

5. Particulars of employees in accordance with sub section (2A) of section 217 of the Companies Act, 1956 read with companies (Particulars of Employees) Rule 1975.

NIL-

6. Auditor's Remuneration:

	Current Year Rs.	Previous Year Rs.
Audit Fees	50000.00	50000.00
Tax Audit	25000.00	25000.00
Tax Representation	50000.00	50000.00
Service Tax	15450.00	15450.00

7. Foreign Currency:

Inflow:

Foreign exchange inflow on account of Export of Sales US \$ **4690621** equivalent to Rs. **18,90,75,096/-** (PY: US \$ **32,58,977.15** equivalent to Rs. **14,75,15,898/-**)

Outflow:

Foreign exchange outflow on account of import of Capital goods & Raw materials US \$ **702325.90** equivalent to Rs. **2,80,04,823/-** (PY US \$ **55886** equivalent to Rs. **25,87,809/-**)

8. Contingent Liabilities:

Claims against the company not acknowledged as debts:

	Current Year (Rs. In Lakhs)	Previous Year (Rs. In Lakhs)
i) Claims on account Of contractual obligations In connection with construction at site	179.56	179.56
ii) Customs Duty and Excise Duty	76.31	76.31
iii) Income Tax assessments relating to the a.y. 93-94 to 95-96 for which the dept has gone in appeal before ITAT, Hyd.	645.00	645.00

9. As no commission has been paid to the directors, the computation of net profit for the purpose of directors' remuneration u/s 349 of the Companies Act 1956 is not enumerated. Fixed monthly remuneration has been paid to the Managing Director as per schedule XIII of the Companies Act, 1956.

Details	Current year Rs.	Previous Year Rs.
Salary	60,000.00	60,000.00
Perquisites	60,000.00	60,000.00

10. Deferred Tax:

Deferred tax Asset (net) as at March 31, 2008 comprises of :
(Amount in Rupees)

Sl. No.	Particulars	2008		2007	
		Deferred Tax Asset	Deferred Tax liability	Deferred Tax Asset	Deferred Tax liability
1.	Depreciation		58957201		61795098
2.	Unabsorbed Losses	133539446		142959460	
3.	Other 43B disallowances	212438		203940	
	Total	133751884		143163400	61795098
	Deferred Tax Asset (net)	74794682		81368303	

11. Segment Reporting:

The Company's only Business is Integrated Aqua Culture and related activities and hence disclosure of segment wise information is not applicable as required as per Accounting Standard 17 notified by the company's (Accounting Standard) Rules, 2006. There is no geographical segment to be reported since all the operations are in India.

12. Related Party Disclosures:

Information relating to related party transactions as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India is given below:

Name of the related party

Sl. No.	Party	Relationship
1.	Sri S. Prasad Reddy	Chairman & Managing Director
2.	Cee Impex-Chennai	Associate Concern

Key management personnel

Sri S. Prasad Reddy Chairman & Managing Director

Transactions with related parties during the year:

Party	Nature of Transaction	Amount in Rs.
S.Prasad Reddy	Purchase of Seed & Feed	1,07,28,523/-
Cee Impex	Purchase of Seed & Feed	73,17,933/-

13. Basic and Diluted Earning per share

(Amount in Rupees)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Nominal Value of Equity Shares (Rs. Per share)	10/-	10/-
Total number of Equity Shares out- standing at the beginning of the year	22012500	22012500
Total Number of Equity Shares out- standing at the end of the year	22012500	22012500
Net Profit after tax for the purpose of EPS	17450721	43037932
EPS – Basic and Diluted (Rs.)	0.79	1.96

14. Previous year figures have been regrouped, reclassified wherever necessary to conform to the current year's presentation.
15. There were no dues to micro, small & medium enterprises.
16. Figures have been rounded off to the nearest rupee.

For P.A. REDDY & CO.,
CHARTERED ACCOUNTANTS

(Sd)
P. ASHOK REDDY
Partner

M. No. 023202

Signatures to Schedules A to R
As per our report of even date

ON BEHALF OF THE BOARD

(Sd/-)
S. PRASAD REDDY
CHARMAN & MANAGING DIRECTOR

(Sd)
A. RAMAKRISHNA REDDY
DIRECTOR

DATE : 01.09.2008
PLACE: NELLORE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2008

	Current Year (Rs. in Lakhs) 2007-2008	Previous Year (Rs. in Lakhs) 2006-2007
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / Loss before tax and Exceptional Items	174.51	430.38
Less:Exceptional Items	0.00	269.67
	<u>0.00</u>	<u>269.67</u>
Net profit before tax and Exceptional Items	174.51	160.71
ADJUSTMENTS FOR :		
Depreciation	265.59	264.83
Interest / Financial Charges	11.89	8.77
Subsidy written off during the year	<u>(0.61)</u>	<u>(0.61)</u>
	<u>276.88</u>	<u>273.00</u>
Operating Profit before working.Capital changes	451.38	433.71
Adjustment for :		
Trade and other receivables	62.35	(120.54)
Inventories	(409.13)	212.95
Trade payables	11.58	(350.54)
	<u>(335.20)</u>	<u>(258.14)</u>
Cash generated from operations	116.18	175.56
Interest / Financial Charges	(11.89)	(8.77)
Fringe Benefit Tax Paid	(0.49)	(0.39)
	<u>(12.38)</u>	<u>(9.16)</u>
Cash flow from operating activities	103.81	166.40
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	<u>103.81</u>	<u>166.40</u>
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Assets	(17.57)	(55.19)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	<u>(17.57)</u>	<u>(55.19)</u>
C CASH FLOW FROM FINANCING ACTIVITIES :		
Net Borrowings	0.00	(168.26)
Share application money received	57.40	42.13
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	<u>57.40</u>	<u>(126.13)</u>
	<u>57.40</u>	<u>(126.13)</u>
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	<u>(143.64)</u>	<u>(14.92)</u>
Cash and Cash equivalents at the beginning of the year	90.98	105.90
Cash and Cash equivalents at the close of the year	234.62	90.98
Net Increase / (decrease) in cash and cash equivalents	<u>143.64</u>	<u>(14.92)</u>

for and on behalf of the board
(Sd/-)

S.PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

for **P.A.REDDY & CO.,**
CHARTERED ACCOUNTANTS

(Sd/-)

P.ASHOK REDDY

Partner

M. No.023202

PLACE : VENKANNAPALEM

DATE : 01-09-2008

Statement Pursuant to part IV of Schedule VI to Companies Act, 1956 :

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet

Date Date Month Year

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid-Up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Mis. Expenditure

Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

Total Expenditure

Profit / Loss Before Tax

Profit / Loss After Tax

Earning Per Share in Rs.

Dividend rate %

+ -

+ -

+ -

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

ON BEHALF OF THE BOARD
(Sd)
S. PRASAD REDDY
MANAGING DIRECTOR

(Sd)
A. RAMA KRISHNA REDDY
DIRECTOR

PLACE : VENKANNAPELEM
DATE : 01-09-2008

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Venkannapalem Village,
T.P. Gudur Mandal,
Nellore - 524 002.