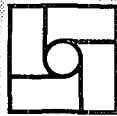


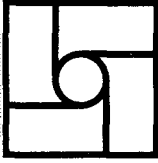
**48<sup>th</sup> Annual**  
**R·E·P·O·R·T**

**2008-2009**



**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 GHANSHYAM SARDA	:	Whole-Time Director
SHRI H. K. DAS	:	Director
SHRI A. K. MUKHERJEE	:	Director
SHRI J. C. SABOO	:	Director

**AUDITORS** : LOYABAGRI & CO.  
Chartered Accountants,  
Gandhibagh, Nagpur 440002

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

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



## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 48th Annual General Meeting of the Members of **SHARDA ISPAT LIMITED** will be held on Wednesday, the 30th day of September, 2009 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, 2009 and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Shri J.C. Saboo who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri H.K. Das who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 4) To appoint auditors and to fix their remuneration.

Registered Office :  
Kamptee Road,  
Nagpur 440 026

By Order of the Board,

Date : 01.09.2009

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, 2009 to 30th September, 2009 (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 :

### **ADROIT CORPORATE SERVICES PRIVATE LIMITED**

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

**DIRECTORS' REPORT**

To the Members of SHARDA ISPAT LIMITED

Your Directors are pleased to present the 48<sup>th</sup> Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2009.

**1. FINANCIAL RESULTS:**

	Rs.	Rs.
<b>SALES AND SERVICE CHARGES</b>		101,17,94,558/-
Gross Profit before interest, Depreciation, Taxation Provisions & Extra Ordinary Items		8,92,61,681/-
Add : Extra Ordinary Items		22,36,95,225/-
Gross Profit After Extra Ordinary Items		31,29,56,906/-
Add : Prior Year Adjustment		4,69,100/-
Less :		
Depreciation	96,34,683/-	
Interest	95,23,404/-	
Taxation Provision / Adjustment	1,22,050/-	
		<u>1,92,80,137/-</u>
Net Profit After Taxation Provision		29,41,45,869/-
Add : Brought forward balance of loss		(27,81,67,649/-)
Profit carried to Balance Sheet		<u>1,59,78,220/-</u>

**2. REVIEW OF OPERATIONS :**

During the year under review the global recession has also affected the Country's iron and steel market considerably. As a result the overall demand for the steel was fallen drastically. In spite of such recessionary period the Company could witness the encouraging results.

In fact, the Company posted sales turnover of Rs. 11272.75 Lacs (Own Unit : Rs.10093.94 Lacs & Conversion Services : Rs. 1178.81 Lacs ) (66994 MT) as against Rs. 11389.72 Lacs (Own Unit : Rs. 10307.72 Lacs & Conversion Services Rs. 1082.00 Lacs) (69006 MT) during the previous year.

The Management has made one time settlement with Industrial Bank of India, IFCI Ltd., and State Bank of India by making payment in installments. The settlements so done have relieved the Company from the liability of Rs. 2816.57 Lacs out of which the amount of Rs.2236.95 Lacs is against interest liability which had been provided for in the accounts. The said amount is therefore credited to Profit & Loss Account as an Extra Ordinary Items. The balance amount i.e. Rs. 579.62 Lacs is against principal and the same is transferred to Capital Reserve Account.

Accordingly, the gross profit after the aforesaid Extra Ordinary Items was Rs. 3129.57 Lacs . After providing Rs. 96.34 Lacs for depreciation and Rs. 95.23 Lacs against interest and further Rs. 1.22 Lacs for income tax , the Company earned net profit after tax of Rs. 2941.46 Lacs as against Rs. 226.87 Lacs during the previous year.

**3. DIRECTORS :**

Shri. J.C. Saboo and Shri H.K. Dass 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 31.03.2009.

**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 48th Annual General Meeting and are eligible for re-appointment.

**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 2009-2010.

**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 fund 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 herein after separately and forms 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 31.03.2009.



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. APPOINTMENT OF R & T AGENT :

During the year, the Company has appointed M/s Adroit Corporate Services Private Limited, Mumbai as its R & T Agent to look after and carry out the entire share transfer work and also the work related to Dematerialization of shares of the Company from time to time. The Company has entered into MOU Agreement with them on 16.12.2008.

## 13. SECRETARIAL COMPLIANCE CERTIFICATE :

By reason of amendments taken place in the provisions of the Companies (Appointment And Qualification of Secretary) Rules, 1988, the Company was required to obtain a secretarial compliance certificate from the Secretary in whole-time practice in respect of this financial year, under Rule 3 of the Companies (Compliance Certificate) Rules, 2001. Accordingly, the Company has obtained the certificate from Vilas Nichat, Practising Company Secretary, Nagpur and the same is attached hereto forming part of this Directors' Report.

## 14. 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 done one time settlement with Industrial Bank of India, IFCI Ltd and State Bank of India by making payment in installments.

## 15. 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 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

**J.K. SARDA**

**N.K. Sarda**

Date : 01.09.2009

(Managing Director)

(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 :**

- i. The company has not effected any import or export during the year ended 31.03.2009.
- ii. The inflow of foreign exchange is NIL
- iii. The outflow of foreign exchange is NIL

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

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

	March 2009	March 2008
<b>D. Power and Fuel Consumption</b>		
1. Electricity		
a) Purchased : Units	86,22,338	94,70,590
Total Amount (Rs.)	4,18,33,132/-	5,10,60,600/-
Average Rate /Unit (Rs.)	4.85	5.39
b) Own Generation	NIL	NIL
2. Steam Coal :		
Quantity (Tonnes)	7,283	5,930
Total Cost (Rs.)	2,08,10,363/-	1,69,16,922/-
Average Rate / Tonne (Rs.)	2857/-	2852/-
3. Furnace Oil :		
Quantity (K. Ltrs.)	1,513	1,866
Total Amount (Rs.)	4,06,89,665/-	4,00,79,367/-
Average Rate / K.Ltrs.(Rs.)	26,891/-	21,498/-
4. Other / Internal Generation	NIL	NIL
5. Consumption per MT of production (Standards if any )		
Products (with details) unit	---	---
Rolled Iron &Steel (in MT)	66994	69,006
Electricity (in Units)	128,703	137,243
Furnace Oil (Secondary Fuel) (in Ltrs.)	22,584	27,041
Coal (Steam Coal 'B'Grade ) (in MT)	0.109	0.086
Excluding Shell & dust Other (Specify)	NIL	NIL

For and on behalf of the Board of Directors

Place : Nagpur  
Date : 01.09.2009

**J.K. SARDA**  
(Managing Director)

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





## SECRETARIAL COMPLIANCE CERTIFICATE

**Registration No. of the Company: 11-011830 of 1960**

Nominal Capital: Rs. 5,00,00,000/--

Paid-up Capital: Rs. 4,23,79,000/-

To,

The Shareholders

**SHARDA ISPAT LIMITED**

Nagpur (M.S.)

I have examined the registers, records, books and papers of SHARDA ISPAT LIMITED ( the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31<sup>st</sup> March, 2009 (financial year from 01.04.2008 to 31.03.2009). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company and its officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies along with necessary fees including additional fees in respect of delayed filing.
3. The Company being a public limited Company, comments are not required
4. The Board of Directors duly met 9 (Nine) times respectively on 30.04.2008, 25.05.2008, 02.06.2008, 31.07.2008, 28.08.2008, 27.10.2008, 31.10.2008, 24.11.2008 and 31.01.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members for two days from 29.09.2008 to 30.09.2008 ( both days inclusive) during the financial year. However the previous notice thereof was not advertised in the newspaper.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2008 was held on 30.09.2008 after giving due notice to the members of the Company and the resolution passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under section 295 of the Act.
9. The Company has not obtained the previous approval of Central Government in respect of contract(s) covered in section 297 of the Act..
10. The Company has made necessary entries in the register maintained under section 301 of the Act.



11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. (i) The Company has not made allotment or approved transfer/ transmission of any securities during the financial year.  
(ii) The Company was not required to deposit any amount in a separate bank account as no dividend was declared during the financial year.  
(iii) The Company was not required to post warrants for dividends to any members of the Company.  
(iv) The Company was not required to transfer any amounts in Investor Education and Protection Fund as there were no outstanding balances in unpaid dividend account or application money due for refund or matured deposits or matured debentures and interest accrued thereon which have remained unclaimed or unpaid for the period of seven years.  
(v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the reappointment of Directors retiring by rotation has been duly made.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under various provisions of the Act except the previous approval of the Central Government as mentioned under Clause (9) above, during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. As there were no outstanding preference shares or debentures, question of redemption does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits except unsecured loans, falling within the purview of section 58A and 58 AA of the Act read with Companies (Acceptance of Deposits) Rules, 1975 during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has made loans or advances or but has not given any guarantees or provided securities to other bodies corporate and made necessary entries in the Register kept for the purpose.



26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees' and employer's contribution to provident fund with the prescribed authority. As such, the Company has not constituted any specific Fund / Trust for the said purpose and hence, the provisions of section 418 of the Act are not applicable.

Date : 17.08.2009

VILAS NICHAT  
Company Secretary

Place : Nagpur

Membership No. ACS- 11940 C.P. No. 4374

**ANNEXURE 'A' TO SECRETARIAL COMPLIANCE CERTIFICATE****Registers as maintained by the Company**

1. Register of Members under section 150 of the Act.
2. Copies of Annual Return under section 163 of the Act.
3. Minutes Book containing minutes of Board Meetings and General Meetings under section 193 of the Act.
4. Books of Accounts under section 209 of the Act.
5. Register of contracts / Companies and firms in which directors etc. are interested under section 301 of the Act.
6. Register of Directors, Managing Directors/Manager/Secretary under section 303 of the Act.
7. Register of Directors' Shareholdings under section 307 of the Act.
8. Register of investments or loans made, guarantee or security provided under section 372A of the Act.
9. Register off charges under section 141 of the Act.

Apart from above, the Company has also maintained all the requisite statutory registers, books, returns, etc. to be kept or maintained by the Company in terms of various provisions of the Act/Rules. Nevertheless, there were no entries/transactions to be recorded therein during the financial year.

Date : 17.08.2009

Place : Nagpur

VILAS NICHAT  
Company Secretary

Membership No. ACS- 11940 C.P. No. 4374

**ANNEXURE 'B' TO SECRETARIAL COMPLIANCE CERTIFICATE**

Forms and returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the Financial Year ending on 31<sup>st</sup> March, 2009: **With Registrar of Companies, Maharashtra**

1. Form 23AC with audited Balance Sheet in respect of financial year ended 31<sup>st</sup> March, 2008 attached thereto, approved and adopted at the Annual General Meeting held on 30.09.2008 due for filing on 29.10.2008 was duly e-filed under section 220 of the Act on 01.01.2009 vide SRN P29104445.
2. Form 23ACA with audited Profit & Loss Account in respect of financial year ended 31<sup>st</sup> March, 2008 attached thereto, approved and adopted at the Annual General Meeting held on 30.09.2008 due for filing on 29.10.2008 was duly e-filed under section 220 of the Act on 01.01.2009 vide SRN P29104445.
3. Form 20B with Annual Return in respect of the Annual General Meeting held on 30.09.2008, attached thereto due for filing on 28.11.2008 was duly e-filed under section 159 of the Act on 21.04.2009 vide SRN P32006827..

Date : 17.08.2009

Place : Nagpur

VILAS NICHAT  
Company Secretary

Membership No. ACS- 11940 C.P. No. 4374



## 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 "Sparking 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 regulation.
- 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. 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. Ghanshyam 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 :

9 ( Nine ) Meetings of Board of Directors were held during the financial year ended 31st March, 2009. These were held on :-

01.	30.04.2008	06.	27.10.2008
02.	25.05.2008	07.	31.10.2008
03.	02.06.2008	08.	24.11.2008
04.	31.07.2008	09.	31.01.2009
05.	28.08.2008		

**Attendance :**

Sr. No.	Name of the Directors	Attendance at the Board Meeting	Attendance at the Last AGM
01.	Shri. J.K. Sarda	9	Yes
02.	Shri. N.K. Sarda	9	Yes
03.	Shri. Ghanshyam Sarda	9	Yes
04.	Shri. H. K. Das	9	Yes
05.	Shri. A. K. Mukherjee	9	Yes
06.	Shri. J.C. Saboo	6	Yes

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

Sr. No.	Name of the Directors	No. of outside Directorship(s) Held	Chairman/ Member of other BOD/Board Committee
01.	Shri. J.K. Sarda	NIL	NIL
02.	Shri. N.K. Sarda	2	NIL
03.	Shri. Ghanshyam Sarda	NIL	NIL
04.	Shri. H. K. Das	1	NIL
05.	Shri. A. K. Mukherjee	NIL	NIL
06.	Shri. J.C. Saboo	1	NIL

**D. Remuneration of Directors :**

The details of remuneration of the directors of the company is given below :

Sr. No.	Name of the Directors	Salary including Perquisites (Refer Note 1)	Services Contract	Notice Period
01.	Shri. J.K. Sarda	Rs. 9,00,000/-	5 Years (Till 31.03.2012)	12 Months
02.	Shri. N.K. Sarda	Rs. 9,00,000/-	5 Years (Till 31.03.2012)	12 Months
03.	Shri. Ghanshyam Sarda	Rs. 9,00,000/-	5 Years (Till 31.03.2012)	12 Months
04.	Shri. H. K. Das	NIL	NIL	NIL
05.	Shri. A. K. Mukherjee	NIL	NIL	NIL
06.	Shri. J.C. Saboo	NIL	NIL	NIL

**Note 1:**

In addition to salary including Perquisites payable to Shri. J.K Sarda, Shri. N.K. Sarda and Shri. Ghanshyam Sarda, the agreement provides for housing, medical expenses, leave travel concession, club fees, personal accident insurance, contribution to provident fund and superannuation fund, car perquisite etc.



## Note 2:

Looking to the financial position of the company, no sitting fees was paid to any director for attending Board meeting /Committee meeting.

### E. New Appointments and re- appointments:

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

### IV. AUDIT COMMITTEE :

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

#### A. Composition :

(1) Shri. A.K Mukherjee                      (2) Shri H. K. Das                      (3) Shri. J.C. Saboo

All the members of the Audit Committee are Non- Executive & independent directors. Shri A. K. Mukherjee having financial and accounting knowledge is the Chairman of the Committee.

#### B. Meeting and Attendance :

During the year under review, Four (4) meeting (s) were held on 30.04.2008, 30.07.2008, 31.10.2008, 31.01.2009.

Sr. No.	Name of the members (Directors)	Attendance
01.	Shri. A. K. Mukherjee	4
02.	Shri. H. K. Das	4
03.	Shri. J.C. Saboo	4

#### C. Powers & Functions :

The terms of reference stipulated by the Board to Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, as follows :

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of the external auditors, fixation of audit fee and also approval for payment for any other services .
- Reviewing with management the quarterly, half yearly and annual financial statement before submission to the Board . Focusing Primary on (i) any changes in accounting policies and practices, (ii) major accounting entries based on the exercise of judgment by management , (iii) qualification in draft audit report , (iv) significant adjustments arising out of audit , (v) the going concern concept , (vi) compliance with accounting standard (vii) Compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions having conflict with the interest of the company at large.
- Reviewing with management, external and internal auditors, the adequacy and compliance of internal control system.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant finding and follow up there on.





- g. Discussion with external auditors regarding nature and scope of audit.
- h. Reviewing of Company's financial and risk management policies.

## V. REMUNERATION COMMITTEE :

In view of complying the provisions of the Companies Act, 1956 as regards to payment of remuneration to the Executive Directors of the Company, the Board of Directors of the Company has at their meeting held on 31.07.2006 approved the constitution of the Remuneration Committee with composition as under :

### Composition :

Shri H. K. Das	Independent Director	-	Chairman
Shri A. K. Mukherjee	Independent Director	-	Member
Shri J. C. Saboo	Independent Director	-	Member

### Terms of Reference :

- i) To frame policy as regards to specific remuneration packages for executive Directors.
- ii) To evaluate services of the executive Directors and decide on remuneration payable to them.
- iii) To review the remuneration packages from time to time.
- iv) To ensure that the remuneration being paid to executive Directors are in conformity with the legal provisions.

No meeting of the committee was held during the year.

## VI. SHARE TRANSFER AND SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE :

The Board of the Company has constituted a Shareholders' / Investors' Grievance Committee in Compliance with Clause 49 of the Listing Agreement. The Committee inter alia, approves the various aspects of Transfer / Transmission of Shares, consolidation / split of shares, issue of duplicate share certificates and other allied matters including redressal of Investors' complaints. The committee monitors the entire share transfer working, assigned to the R & T Agent "Adroit Corporate Services Private Limited" and recommends measures for overall improvement in the quality of investor services.

### A. Composition of the committee, as reconstituted is under :

Shri. H. K. Das, Shri. J. K. Sarda and Shri. N. K. Sarda

Except Shri. H. K. Das, who is a Non- Executive Director, the other members of the Shareholders / Investors Grievances committee are Executive Directors. Presently Shri. H. K. Das is the Chairman of the Share Transfer and Shareholders / Investors Grievances Committee and Shri. N.K. Sarda is acting as Compliance Officer of the Company.

### B. Meetings and Attendance :

Meetings :

The Company has received no share transfer for registration. Hence no meeting of the committee was held during the year.

- C. No. of complaints received from the Shareholders / Investors : Nil
- D. No. of Complaints not solved : N.A.
- E. No. of pending Share transfer : N.A.

**VII. GENERAL BODY MEETINGS :****A. Details of Annual General Meetings : Location, Date and Time of the Last Three Annual General Meetings :**

For the year ended	Date	Time	Venue
31.03.2008	30.09.2008	10.00 A.M.	Registered Office of the
31.03.2007	29.09.2007	10.00 A.M.	Company at Kamptee Road,
31.03.2006	30.09.2006	10.00 A.M.	Nagpur - 440026

**B. Resolution Passed By Postal Ballot :**

No Special Resolution was put through Postal Ballot last year.

**VIII. OTHER DISCLOSURES :**

During the period under review :

- i) there were no materially significant transactions with the related parties viz, promoters, Directors or the management, their Subsidiaries or relatives conflicting with the Company's interest.
- ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any statutory authority on any matter related to Capital markets.

**IX. MEANS OF COMMUNICATION :**

The financial results (statements) in the prescribed proforma on Quarterly basis are being sent to the Stock Exchanges as per norms prescribed by the Listing Agreement.

1. Half -Yearly report sent to each household of shareholders. No
2. Newspapers in which Quarterly results are normally published Not Published
3. Web site where quarterly results are displayed No
4. Analysis is a part of Annual Report No

**X. GENERAL SHAREHOLDERS INFORMATION :**

1. Annual General Meeting Wednesday , the 30th September , 2009 at 10 A.M at the Registered Office of the Company at Kamptee Road , Nagpur
2. Financial Calendar Refer Note 1
3. Book Closure Date 29th September, 2009 to 30th September, 2009
4. Dividend Payment Date Not Applicable
5. Listing of Shares & other Securities On Stock Exchanges Refer Note 2
6. Stock Code (s) Refer Note 2
7. Market Price Data Refer Note 3



- |     |  |   |
|-----|--|---|
| 8.  | Registrar and Transfer Agents                                | Adroit Corporate Services Pvt. Ltd.<br>19/20, Jaferbhoy Industrial Estate,<br>Makwana Road, Marol Naka, Marol,<br>Andheri, (E), Mumbai 400059 |
| 9.  | Share Transfer and Investors'<br>Grievances Redressal System | Refer Note 4  |
| 10. | Distribution of Shareholding                                 | Refer Note 5  |
| 11. | Dematerialisation of Shares<br>and Liquidity                 | Dematerialisation: Till date the Company<br>has not gone for dematerialisation<br>Liquidity through Trading at Four Stock<br>Exchanges .      |
| 12. | Plant Locations  | (a) Kamptee Road , Nagpur-440026<br>(Maharashtra)<br>(b) T- 1/1 . Hingna Road MIDC.<br>Nagpur-440016 (M.S.)                                   |
| 13. | Address of Correspondence                                    | Registered Office :<br>Kamptee Road, Nagpur 440026 .<br>(Maharashtra)   |

## Note 1: Financial Calendar for the Financial Year 2009-2010

Financial Year Ending : 31st March, 2010

Un - audited Financial Results for the period of 3 months ended 30th June, 2009:  
Last week of July , 2009.

Annual General Meeting : Saturday, Last week of September, 2009 at 10 A.M.

Un - audited Financial Results for the period of 3 months ended 30th September, 2009:  
Last week of October, 2009

Un - audited Financial Results for the period of 3 months ended 31st December, 2009:  
Last week of January, 2010

Un - audited Financial Results for the period of 3 months ended 31st March, 2010:  
Last week of April, 2010.

## Note 2: Listing Information :

The Company's Equity Shares are Listed on :

- |     |                                |                         |
|-----|--------------------------------|-------------------------|
| (a) | The Stock Exchange , Mumbai    | (Stock Code No. 513548) |
| (b) | The Stock Exchange , Kolkata   | (Stock Code No.029292)  |
| (c) | The Stock Exchange , Pune      | (Stock Code No. 13548)  |
| (d) | The Stock Exchange , Ahmedabad | (Stock Code No. 52710)  |

**Note 3: Market Price Data of Company's Equity Shares :**

MONTH	PRICE OF TRANSFER	
	HIGH	LOW
APRIL - 2008	---	---
MAY - 2008	---	---
JUNE - 2008	---	---
JULY - 2008	---	---
AUG - 2008	---	---
SEPT - 2008	---	---
OCT - 2008	---	---
NOV - 2008	---	---
DEC - 2008	---	---
JAN - 2009	---	---
FEB - 2009	---	---
MAR - 2009	---	---

During the year, there has been no trading in the Shares of the Company. Hence market prices are not given.

**Note 4: Share Transfer and Investor's Grievances Redressal System :**

The Shareholders / Investor Grievances Committee approves and monitors the transfer and transmission of shares and allied matters. Till date the Company has not gone for Dematerialization and the shares are in physical form. As regards to execution of share transfer work the Company avails services of M/s. Adroit Corporate Services Private Limited, which have got adequate Infrastructure to process the share transfers. The share transfers are received and processed promptly subject to transfer documents valid and complete in all respects. The said Company is having adequate facility to respond and attend investors' grievances at the earliest.

**Note 5: Distribution of Shareholdings :**

Sr. No	Category	No. of Shares Held	Percentage of Shareholding
1.	Promoters' holding : - Indian Promoters - Foreign Promoters	2,99,900 --	7.06 --
2.	Persons acting in concert	28,15,840	66.25



3.	Non-promoters' holding		
	- Institutional Investors	Nil	Nil
	- Mutul Funds & UTI	Nil	Nil
	- Banks & Financial Institutions	Nil	Nil
	- Insurance Companies	Nil	Nil
4.	Others :		
	- Private Corporate Bodies	3,23,860	7.62
	- Trust	15,000	0.35
	- Indian Public	7,95,400	18.72
	- NRI / OCBs	Nil	Nil
	<b>GRAND TOTAL</b>	<b>42,50,000</b>	<b>100.00</b>

For and on behalf of the Board of Directors

Place : Nagpur  
Date : 01.09.2009

**J.K. SARDA**  
( Managing Director )

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



## **CERTIFICATE OF CORPORATE GOVERNANCE**

To,  
The Shareholders,  
**SHARDA ISPAT LIMITED**

We have examined the compliance of conditions of Corporate Governance by **SHARDA ISPAT LIMITED** for the year ended on 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

*For LOYA BAGRI & CO.*  
Chartered Accountants

*(GOPAL DAS BAGRI)*  
Partner  
(M.No. 2933)

Nagpur, Dated the,  
1st September, 2009

**AUDITOR'S REPORT**

To,  
The Shareholders,  
SHARDA ISPAT LTD.,  
NAGPUR.

- 1) We have audited the attached Balance Sheet of Sharda Ispat Ltd., Nagpur, as at 31st March, 2009, the Profit and Loss Account for the year ended on that date annexed thereto and also the Cash Flow Statement for the year ended on that date read with notes annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those 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 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in paragraphs '4' and '5' of the said order.
- 4) Attention is invited to the following :
  - a) Regarding adjustment of settlement with Financial Institution and effect on Capital Reserve, Secured Loans from Financial Institutions in Balance Sheet and Liability no longer payable under settlement with Banker and Financial Institutions (Net) under "Extra Ordinary Items" in Profit & Loss Account as the no dues certificate from Financial Institution is in process. (Note "11 (i) of Schedule "R")
  - b) Regarding transactions covered under section 297 of the Companies Act, 1956 the previous sanction of Central Government under Section 297 of the Companies Act was not made available.
- 5) In our opinion, subject to our comments vide Paragraph 4(a) above, the Cash Flow Statement, the Profit & Loss Account and the Balance Sheet comply the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.
- 6) Subject to our comments in Paras 4, above, we report that :
  - (i) 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.
  - (ii) In our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books.
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.



- (iv) On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (v) 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 notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
  - (b) in the case of the Profit and Loss Account of the profit for the year ended on that date.
  - (c) in the case of the cash flow statement, of cash flows for the year ended on that date.

**For LOYA BAGRI & CO.,**  
Chartered Accountants,

**(GOPAL DAS BAGRI)**  
Partner  
(M.No. 2933)

Nagpur, Dated the,  
17th August, 2009.



**ANNEXURE TO AUDITORS'S REPORT OF SHARDA ISPAT LTD.**

(Referred to in Paragraph 3 of our Report of Even date on the Accounts as at 31st March, 2009.)

- i)
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for additions of the current year.
  - (b) All the Assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verification, as reported to us.
  - (c) In our opinion and according to the information and explanations given to us, substantial part of fixed assets has not been disposed off by the company during the year.
- ii)
  - (a) As explained to us, inventory has been physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification.
- iii)
  - (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register under section 301 of the Act. The provisions of (iii) (b) & (d) of paragraph 4 of the order are not applicable to the company.
  - (b) The Company has taken unsecured loans from Companies, Firms or other parties covered in the register maintained u / s. 301 of The Companies Act, 1956. The amount of Rs. 98.74 Lacs from one party has been taken.
  - (c) The rate of interest and other terms and conditions of such unsecured loans taken by the company are, in our opinion, prima facie not prejudicial to the interest of the Company.
  - (d) There is no stipulation for repayment of principal loans taken and interest thereon.
- iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- v)
  - (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us and as per the records of the company, there is no transactions made in pursuance of contracts or arrangements entered in the register in pursuance of section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lacs in respect of any party during the year.
- vi) In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of sections 58-A, 58-AA or any other relevant provisions of the Companies Act, 1956 and rules made thereunder are applicable.



- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) The maintenance of cost records has not been prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956, for the products of the company.
- ix) (a) According to the information and explanations given to us and records of the company examined by us, in our opinion, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom duty, Excise duty and any other statutory dues which remained outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of Sales Tax and Excise duty as at 31st March, 2009, that have not been deposited on account of a dispute pending are as under :

Sr. No.	Name of Statute	Nature of Dues	Amount (Rs.)	Forum where Dispute is pending
1.	Central Excise Act	Excise Duty	12,57,012	High Court, Delhi
2.	Central Excise Act	Excise Duty	10,55,280	High Court, Delhi
3.	Central Excise Act	Excise Duty	80,000	Customs, Excise and Service Tax Appellate Tribunal WZB, Mumbai
4.	Central Excise Act	Penalty	6,29,933	Custom, Excise, Service Tax Appellate Tribunal, Mumbai.
5.	Central Excise Act	Excise Duty & Penalties	1,74,990	CEGAT, Mumbai (Appeals), Nagpur
6.	Central Excise Act	Excise Duty & Penalty	2,80,200	Customs, Excise and Service Tax Appellate Tribunal WZB, Mumbai
7.	Central Excise Act	Excise Duty	1,87,954	Customs, Excise and Service Tax Appellate Tribunal WZB, Mumbai
8.	Bombay Sales Tax Act	Sales Tax, Interest and Penalty	13,08,650	Dy. Commissioner of Sales Tax (Appeals), Nagpur
9.	Central Sales Tax Act	Sales Tax, Interest and Penalty	2,37,211	Dy. Commissioner of Sales Tax (Appeals), Nagpur
10.	Bombay Sales Tax Act	Sales Tax	28,515	Joint Commissioner of Sales Tax (Appeals), Nagpur

- x) There is no accumulated losses of the company at the end of the financial year. The company has not incurred cash losses during the current financial year and in the immediately preceding financial year.



- xi) In our opinion, and according to the information and explanations given to us, the company has not defaulted in the repayments of dues to bank or Financial Institutions as the dues of all the Financial Institutions and Banker are settled during the year.
- xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/society are not applicable to the company.
- xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- xvi) As per records examined by us, the company has not received any term loan during the year.
- xvii) According to the information and explanation given to us, and the records of the company examined by us and on an overall basis, we report that short term fund have not been used for long term investment during the year.
- xviii) The company has not made any preferential allotment of shares during the year.
- xix) The company has not issued any debentures during the year.
- xx) The company has not raised any money by public issue during the year.
- xxi) According to information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

**For LOYA BAGRI & CO.**  
Chartered Accountants

**(GOPAL DAS BAGRI)**  
Partner  
(M. No. 2933)

Nagpur, Dated the,  
17th August, 2009.

**BALANCE SHEET AS AT 31ST MARCH 2009**

	SCHEDULE	MARCH - 2009 (Rs.)	MARCH - 2008 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	'A'	42,379,000	42,379,000
Reserve & Surplus	'B'	107,551,171	33,611,070
		<b>149,930,171</b>	<b>75,990,070</b>
<b>LOAN FUNDS</b>			
Secured Loans	'C'	-	255,994,590
Unsecured Loans	'D'	137,023,332	165,118,619
		<b>137,023,332</b>	<b>421,113,209</b>
	<b>Total</b>	<b>286,953,503</b>	<b>497,103,279</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	'E'	313,747,807	309,365,552
Less : Depreciation		211,302,653	201,909,053
Net Block		102,445,154	107,456,499
Add : Capital Work in Progress		2,285,541	-
		<b>104,730,695</b>	<b>107,456,499</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Current Assets	'F'	263,233,378	366,782,388
Loans & Advances	'G'	69,732,992	174,738,641
		<b>332,966,369</b>	<b>541,521,030</b>
Less : Current Liabilities & Provisions	'H'	150,743,560	430,041,899
		<b>182,222,809</b>	<b>111,479,131</b>
		<b>-</b>	<b>278,167,649</b>
	<b>Total</b>	<b>286,953,503</b>	<b>497,103,279</b>
Accounting Policies, Contingent liabilities	'R'		

& Notes to the Accounts

Schedule 'A' to 'H' and Schedule 'R' referred to above form an integral Part of the Balance sheet

As per our report of even date.

For **LOYA BAGRI & CO.**  
Chartered Accountants

(**J.K. SARDA**)  
Managing Director

(**GOPAL DAS BAGRI**)  
Partner  
M. No. 2933

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

Nagpur, Dated the  
17th August, 2009



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

SCHEDULE	MARCH - 2009 (Rs.)	MARCH - 2008 (Rs.)
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### INCOME

Sales & Service Charges	'I'	1,127,274,561	1,138,971,917
Less : Excise Duty		115,480,003	141,381,235
		<u>1,011,794,558</u>	<u>997,590,682</u>

Other Income	'J'	1,690,159	2,096,949
Closing Stock	'K'	101,928,410	93,216,205

<b>Total</b>		<u>1,115,413,127</u>	<u>1,092,903,835</u>
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### EXPENDITURE

Opening Stock	'L'	93,216,205	56,994,525
Purchases		829,064	-
Raw Material Consumed	'M'	746,345,189	743,541,253
Intra Transfer of Goods		1,247,937	662,157
Manufacturing Expenses	'N'	144,460,032	152,883,850
Salaries, Wages & Benefits to Employees'	'O'	17,983,535	17,376,931
Operating Expenses	'P'	22,069,483	24,876,811
Interest Expenses	'Q'	9,523,404	64,439,796
Depreciation		9,634,683	9,307,698

<b>Total</b>		<u>1,045,309,533</u>	<u>1,070,083,022</u>
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Profit before Extra Ordinary Items		70,103,594	22,820,813
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Add : Extra ordinary Items			
Liability no longer payable under Settlement with Banker & Financial Institutions (Net)		223,695,225	-

Profit after Extra Ordinary Items		<u>293,798,819</u>	<u>22,820,813</u>
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Add : Prior year adjustments (Net)		469,100	(7,500)
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Profit before taxation		<u>294,267,919</u>	<u>22,813,313</u>
------------------------	--	--------------------	-------------------

#### Add : **Taxation Provision**

Fringe Benefit Tax			
Current Year		117,000	128,000
Earlier years		5,050	(1,830)

Profit After Taxation		<u>294,145,869</u>	<u>22,687,143</u>
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Add : Balance of Loss brought forward		(278,167,649)	(300,854,792)
---------------------------------------	--	---------------	---------------

Profit/(Loss) Carried to Balance Sheet		<u>15,978,220</u>	<u>(278,167,649)</u>
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Earnings per Share before Extra Ordinary Items		16.58	5.34
--	--	-------	------

Earnings per Share after Extra Ordinary Items		69.21	5.34
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Accounting Policies, Contingent liabilities & Notes to the Accounts.

'R'

Schedules 'I' to 'R' referred to above form an integral part of the Profit & Loss Account.

As per our report of even date.

For LOYA BAGRI & CO.  
Chartered Accountants

(J.K. SARDA)  
Managing Director

(GOPAL DAS BAGRI)  
Partner  
M. No. 2933

(N.K. SARDA)  
Jt. Mananging Director

Nagpur, Dated the  
17th August, 2009

**SCHEDULES FORMING PART OF THE ACCOUNT FOR THE YEAR ENDED  
31ST MARCH 2009****MARCH - 2009**      **MARCH - 2008**  
**(Rs.)**                      **(Rs.)****SCHEDULE 'A'**  
**SHARE CAPITAL :**

<b>Authorised :</b>		
50,00,000 Equity Shares of Rs. 10/- each	<b>50,000,000</b>	50,000,000
<b>Issued :</b>		
42,50,000 Equity Shares of Rs. 10/- each (Previous Year 42,50,000 Equity Shares)	<b>42,500,000</b>	42,500,000
<b>Subscribed and paid up :</b>		
42,50,000 Equity Shares of Rs. 10/- each Fully paid up	<b>42,500,000</b>	42,500,000
Less : Unpaid allotment Money other than Directors	<b>121,000</b>	121,000
	<b>42,379,000</b>	42,379,000

**NOTE :** (Out of above 7,50,000 equity shares were issued as bonus shares by way of capitalisation of general reserve)

	<b>7,500,000</b>	7,500,000
--	------------------	-----------

**SCHEDULE 'B'**  
**RESERVES & SURPLUS :**

A) Revaluation Reserve (Created by revaluation of Plant & Machinery) As per last Balance Sheet	<b>332,070</b>	332,070
	<b>(A)</b>	<b>332,070</b>
B) Capital Reserve As per last Balance Sheet	<b>5,900,000</b>	5,900,000
Add : During the year (See Note 11 of Schedule 'R')	<b>57,961,882</b>	-
	<b>(B)</b>	<b>63,861,882</b>
C) Securities Premium Account As per last Balance Sheet	<b>27,500,000</b>	27,500,000
Less : Share Premium money unpaid.	<b>121,000</b>	121,000
	<b>(C)</b>	<b>27,379,000</b>
D) Surplus As per Profit & Loss Account	<b>15,978,220</b>	
	<b>(D)</b>	<b>15,978,220</b>
<b>Total (A to D)</b>	<b>107,551,171</b>	33,611,070

**MARCH - 2009**  
(Rs.)**MARCH - 2008**  
(Rs.)**SCHEDULE 'C'**  
**SECURED LOANS :**

(I)	From Bank		
	a)	Working Capital Loan (Secured against hypothecation of Finished Goods, Raw Materials, Book Debts & Advances to Suppliers & First Charge by way of Equitable Mortgage of Kamptee Road Properties and Second Charge by way of Joint Mortgage of Hingna Road Properties)	- 121,994,411
			- 121,994,411
(II)	From Financial Institutions		
	a)	Under Equipment Finance Scheme (Secured under loan agreement by an exclusive first charge by way of hypothecation of all movable machineries, machinery spares tools and accessories acquired out of the proceeds of the loan and First Charge by way of Joint Mortgage of Hingna Road Properties)	- 35,057,865
		Interest accrued and due	- 12,065,285
			- 47,123,150
	b)	Other (Secured under common loan agreement by way of hypothecation of all Machineries, Machinery Parts, Spares, Tools, Other Movable and Accessories acquired out of the proceeds of the Loan and First Charge by way of Joint Mortgage of Hingna Road Properties)	- 60,769,505
		Interest accrued and due	- 26,107,524
			- 86,877,029
		(a + b)	- 134,000,179
		<b>Total (I + II)</b>	- 255,994,590

**Note :**

Amount due of loans on closing day

95,827,370

**MARCH - 2009  
(Rs.)****MARCH - 2008  
(Rs.)****SCHEDULE 'D'****UNSECURED LOANS AND ADVANCES :**

A) From SICOM :			
i) Special Capital Incentives		<b>5,000,000</b>	5,000,000
ii) Sales Tax Deferral			
Sales Tax deferral under package scheme of Incentive 1988, of Govt. of Maharashtra (Refer. Note no 15 of Schedule 'R')		<b>8,624,321</b>	7,308,582
	(A)	<b>13,624,321</b>	12,308,582
B) Interest Free Loan			
From Corporate Sector		<b>8,567,541</b>	46,942,026
From Others		<b>9,100,603</b>	24,740,253
From Join Managing Director		<b>6,131,804</b>	-
	(B)	<b>23,799,948</b>	71,682,280
C) Interest bearing Loan			
From Corporate Sector		<b>99,599,063</b>	81,127,757
	(C)	<b>99,599,063</b>	81,127,757
	<b>Total (A+B+C)</b>	<b>137,023,332</b>	165,118,619

Note : Special Capital Incentives received in 2007 amounting to Rs. 50,00,000/- as grant under package scheme of Incentives, 1988.





## SCHEDULE 'E'

### Schedule of Fixed Assets as at 31st March 2009

ASSETS	Gross Block on Opening Date Rs.	Additions During the Year Rs.	Sales or Adjustments Rs.	Gross Block on Closing Date Rs.	DEPRECIATION				Net-Block As on Closing Date Rs.	Previous Year Rs.
					Upto Last Year Rs.	Adjustment Rs.	For the Year Rs.	Total Upto Closing Date Rs.		
Land (Free Hold)	484,613	-	-	484,613	-	-	-	-	484,613	484,613
Land (Lease Hold)	1,605,831	-	-	1,605,831	-	-	-	-	1,605,831	1,605,831
Buildings	40,186,744	-	-	40,186,744	17,509,560	-	1,249,407	18,758,967	21,427,777	22,677,184
Plant & Machinery	260,623,769	4,159,791	-	264,783,560	180,431,155	-	8,012,772	188,443,927	76,339,633	80,230,932
Furniture & Fixtures	1,049,062	-	6,188	1,042,874	875,910	356	15,168	890,722	152,152	173,152
Office Equipments	2,275,001	495,601	-	2,770,602	991,832	-	112,622	1,104,454	1,666,148	1,244,851
Vehicles	555,063	-	498,325	56,738	267,779	240,726	26,848	53,901	2,837	287,284
Computers	2,585,469	231,377	-	2,816,846	1,832,817	-	217,865	2,050,682	766,164	752,652
<b>Total</b>	<b>309,365,552</b>	<b>4,886,769</b>	<b>504,513</b>	<b>313,747,808</b>	<b>201,909,053</b>	<b>241,082</b>	<b>9,634,682</b>	<b>211,302,653</b>	<b>102,445,155</b>	<b>107,456,499</b>
Previous Year	305,824,239	3,580,913	39,600	309,365,552	192,601,355	-	9,307,698	201,909,053	107,565,499	113,222,884

Note : (1) Land (Lease Hold) has not been registered in favour of company as the possession taken under settlement vide memorandum of understanding.

(2) Cost of Building Include ownership Flats & Shops in proposed Society Rs. 12,80,000/- which includes Rs. 16,000/- towards Share Money.

## SCHEDULE 'F'

### CURRENT ASSETS, LOANS & ADVANCES :

#### A) CURRENT ASSETS :

##### i) Stocks :

(As taken, valued & certified by Management)

Manufactured Goods

101,928,410 93,216,205

Raw Material

50,617,283 108,407,237

Stores & Fuel

6,123,534 13,392,296

**158,669,227 215,015,738**

##### ii) Sundry Debtors :

(Unsecured but considered good)

Exceeding Six Months

8,233,417 4,499,536

Others

84,286,011 138,938,995

**92,519,428 143,438,531**

##### iii) Cash & Bank Balances :

Cash-in-hand

438,950 186,444

Balance with Scheduled Banks

11,205,773 3,258,331

on current Accounts

400,000 4,883,343

Fixed Deposits with Scheduled Banks

12,044,723 8,328,119

**263,233,378 366,782,388**

**Total**

Notes 1) Out of above, suits have been filed against debtors (Exceeding six months)

3,139,326 3,139,326

2) Fixed deposit with scheduled bank submitted with court for above cases in (1)

400,000 400,000

**MARCH - 2009**  
**(Rs.)****MARCH - 2008**  
**(Rs.)****SCHEDULE 'G'****B) LOANS & ADVANCES :**

(Unsecured but considered good)  
(Advances Recoverable in Cash or in Kind or for  
value to be received or Pending adjustments)

Other Advances	<b>46,774,920</b>	145,399,219
Deposits	<b>22,958,072</b>	29,339,422
	<b>69,732,992</b>	174,738,641

**SCHEDULE 'H'****CURRENT LIABILITIES & PROVISIONS :****A) Current Liabilities :**

Sundry Creditors	<b>100,670,364</b>	164,903,334
Other Liabilities	<b>44,257,280</b>	258,969,796
	<b>144,927,644</b>	423,873,130

**B) Provisions :**

For Gratuity	<b>5,255,929</b>	5,558,031
For leave Encashment	<b>442,987</b>	482,738
For Fringe Benefit Tax	<b>117,000</b>	128,000
	<b>5,815,916</b>	6,168,769

**Total (A + B)**      **150,743,560**      430,041,899**Note :**

Sundry Creditors includes amount due to Micro,      NIL      NIL  
Small & Medium Enterprises (Refer Note "14" of  
Schedule 'R')

**MARCH - 2009**  
(Rs.)**MARCH - 2008**  
(Rs.)**SCHEDULE 'I'****SALES & SERVICE CHARGES**

## i) Sales :

## a) Iron &amp; Steel

Manufactured Goods

**1,004,177,776**

1,007,206,291

Raw material (Unusable)

**4,901,265**

23,514,771

## b) Misc. Stores &amp; Others

**314,437**

50,790

(i)

**1,009,393,478**

1,030,771,852

## ii) Service Charges :

Conversion Charges (Gross)

**117,881,083**

108,200,065

(TDS Rs. 12,70,128/-, P.Y. Rs. 5,82,892/-)

(ii)

**117,881,083**

108,200,065

(i + ii)

**1,127,274,561**

1,138,971,917

**SCHEDULE 'J'****OTHER INCOME :**

Interest Received (Gross)

**542,782**

906,726

(TDS Rs. 9,53,697/-, P.Y. Rs. 91,874/-)

Rent received

**34,200**

37,749

Insurance Claim Received

**363,907**

109,377

Sales Tax Adjustments

**556,686**

---

Liabilities no longer payable

**192,584**

---

(Other than Extra Ordinary Items)

Others

---

1,043,097

**1,690,159**

2,096,949

**SCHEDULE 'K'****CLOSING STOCK :**

Manufactured Goods

**101,928,410**

93,216,205

**101,928,410**

93,216,205

**SCHEDULE 'L'****OPENING STOCK :**

Manufactured Goods

**93,216,205**

56,994,525

**93,216,205**

56,994,525



MARCH - 2009      MARCH - 2008  
(Rs.)                      (Rs.)

## SCHEDULE 'M'

### RAW MATERIAL CONSUMED :

(Including for Re-sales)

Opening Stock	108,407,237	43,698,113
Add : Purchases & Expenses	669,391,363	793,927,917
Transfer from other accounts	19,163,874	14,322,460
	<u>796,962,474</u>	<u>851,948,490</u>
Less : Closing Stock	50,617,283	108,407,237
	<u>746,345,191</u>	<u>743,541,253</u>

Consumed

## SCHEDULE 'N'

### MANUFACTURING EXPENSES :

Goods Expenses	20,261,781	18,490,993
Power and Fuel	103,333,160	108,056,889
Stores Consumption	8,921,100	6,071,122
Repairs & Maintenance		
Plant & Machinery	14,692,397	11,108,189
Building	<u>2,200,220</u>	<u>1,325,138</u>
	16,892,618	12,433,326
Conversion Charges paid to others	-	406,980
Factory Insurance	250,549	268,839
Other Expenses	1,443,045	1,628,485
Lease Rent Paid	-	302,705
Excise duty on finished goods stock (Net)	(6,642,220)	5,224,510
	<u>144,460,032</u>	<u>152,883,848</u>

## SCHEDULE 'O'

### SALARIES, WAGES & BENEFITS TO EMPLOYEES' :

Salary, Wages, Bonus and Allowances	16,208,593	15,840,031
Contribution to P.F. and Other Funds	661,205	613,271
Workmen and Staff Welfare Expenses	1,113,737	923,630
	<u>17,983,535</u>	<u>17,376,931</u>



MARCH - 2009  
(Rs.)

MARCH - 2008  
(Rs.)

## SCHEDULE 'P'

### OPERATING EXPENSES :

Sales Tax	-	213,447
Excise duty other than collected	494,999	618,098
Rates and Taxes	123,431	120,204
Service Tax	438,778	511,953
Rent	62,000	171,518
Commission on Sales	108,873	175,240
Charities and Donations	-	5,000
Outward Transportation & Others	12,984,765	15,909,702
Bank Commission & Other Charges	59,685	167,864
Miscellaneous & Administrative Expenses	5,536,055	5,412,476
Loss on Sale of Assets	79,432	-
Provision for Sales Tax Deferral	1,315,739	970,281
F.G. Outside Handling Charges	561,004	390,909
<u>Payment to Auditors :</u>		
Audit Fees	60,000	80,562
Tax Audit Fees	144,972	73,090
Other Taxation Services	99,750	56,467
	304,722	210,119
	<b>22,069,483</b>	<b>24,876,811</b>

## SCHEDULE 'Q'

### INTEREST EXPENSES :

On Term Loans	-	1,031
Others	9,523,404	64,438,765
	<b>9,523,404</b>	<b>64,439,796</b>



## **SCHEDULE - 'R' :**

Accounting Policies, Contingent Liabilities and Notes forming part of the Accounts.

### **I. SIGNIFICANT ACCOUNTING POLICIES :**

#### **1. General :**

- a) These accounts are prepared on historical cost basis and on the accounting principles of the going concern.
- b) Accounting Policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.

#### **2. The Method of Accounting :**

The company maintains its accounts on accrual basis, unless otherwise stated.

#### **3. Fixed Assets :**

Fixed Assets are stated at cost less depreciation except part of Plant & Machinery which is stated at revaluation price less depreciation. Interest on borrowings used during the period of construction is added to the cost of Fixed Assets. Cost includes purchase price, freight cost, installation cost and finance cost.

#### **4. Depreciation :**

Depreciation has been provided on straight line basis as under :-

##### **a. Till 31st March 1993 :**

- i) On the fixed assets acquired upto 7.4.87 (Ramnavami 1987) at the rates corresponding to the rates applicable under Income Tax Rules in the force at the time of acquisition / purchase / installation of assets pursuant to the Circular No. 1/86 dated 21.5.1986 issued by the Department of Company Affairs in accordance with the provisions of Section 205(2) (b) of the Companies Act, 1956.
- ii) On the fixed assets acquired after 7.4.87, at the rates as prescribed in Schedule XIV of the Companies Act, 1956.

##### **b. After 31st March, 1993 :**

On all the fixed assets at the new rates as amended by the Notification No. GSR 756(e) dated 16.12.1993 read with Circular No. 14 dated 20.12.1993 issued by the Department of Company Affairs.

- c. For addition / deletion / sales, depreciation has been charged at the applicable rates on pro-rata basis.

#### **5. Inventory Valuation :**

Raw Material, Stores and Spares are valued at cost. Iron Goods and Manufactured Goods are valued at lower of cost and net realisable value.

#### **6. Sales Tax/Service Tax :**

Liability of Sales Tax/Service Tax has been taken as per returns including Fresh / Revised Submitted. The demands, if any, on completion of assessment/Vat Audits, are accounted for on accrual basis.

**7. Sales :**

Sales are inclusive of Excise Duty and net of Sales Tax and Discounts.

**8. Intra and Inter Unit Transfers :**

Intra and Inter Unit transfers of goods for Sale and Captive consumption being raw material and others are shown as contra items in the Profit & Loss Account to reflect the true economic value of the Unit. Any unrealized profit on unsold stock is ignored while valuing inventories. The accounting treatment has no impact on the Profit of the Company.

**9. Retirement Benefits etc :**

- a] The Company makes regular contribution to Provident Fund and charge it to the Profit & Loss Account.
- b] The liabilities of Gratuity and unavailed Leave are estimated at the year end and have been charged to the Profit & Loss Account.

**II. CONTINGENT LIABILITIES :****10. Contingent liabilities not provided for are in respect of :**

	<u>March 2009</u>	<u>March 2008</u>
i) Letters of Bank guarantee	3,85,600	3,85,600
ii) Claims not acknowledged as debts by the Company on account of :		
a) Labour Cases	13,76,374	13,48,898
b) Interest on unpaid Lease Rent	733,185	733,185
c) Various claims made by customers	1,165	1,165
d) Gram Panchayat Tax	659,380	551,206
e) Water Charges	21,98,076	-
iii) Sales Tax matters under appeal for which the Company denies liability.	19,74,376	19,40,861
iv) Excise Duty matters under appeal for which the Company denies liability.	42,95,302	35,60,436

**III. NOTES TO THE ACCOUNTS :****11. ONE TIME SETTLEMENT WITH FINANCIAL INSTITUTIONS AND BANKER****i) Industrial Development Bank Of India**

The Management has made one time settlement with IDBI Bank Ltd. by making payment in installments. The total amount which was payable to aforesaid financial institution as per books was Rs. 1204 Lacs which includes Rs. 801 Lacs towards principal and balance Rs. 404 Lacs for interest. The principal account is settled by payment of Rs. 525 Lacs. Therefore, the waiver of loan of Rs. 276 Lacs has been credited to Capital Reserve Account and Rs. 404 Lacs has been credited to profit & loss account as "Extra Ordinary Items", for which provision had been made in the accounts. The no dues certificate from the financial institution is in process.



## ii) Industrial Finance Corporation of India Ltd.

The Management has made one time settlement with IFCI Ltd. by making payment in installments. The total amount which was payable to aforesaid financial institution as per books was Rs. 135 Lacs which includes Rs. 88 Lacs towards principal and balance Rs. 47 Lacs for interest. The principal account is settled by payment of Rs. 88 Lacs. Therefore, the waiver of Rs. 47 Lacs has been credited to profit & loss account as "Extra Ordinary Items", for which provision had been made in the accounts.

## iii) State Bank of India

The Management has made one time settlement with SBI by making payment in installments. The total amount which was payable to aforesaid financial institution as per books was Rs. 3024 Lacs which includes Rs. 1203 Lacs towards principal and balance Rs. 1821 Lacs for interest. The principal account is settled by payment of Rs. 900 Lacs. Therefore, the waiver of loan of Rs. 303 Lacs has been credited to Capital Reserve Account and Rs. 1786 Lacs (Net) has been credited to profit & loss account as "Extra Ordinary Items", for which provision had been made in the accounts.

## 12. Secured Loans :

Shri J.K. Sarda, Shri. N.K. Sarda, Shri Ghanshyam Sarda and Shri A. Mukherjee, Directors have executed personal guarantees in favour of State Bank of India, Industrial Financial Branch, Nagpur and Financial Institutions, i.e. IDBI and IFCI for the amounts advanced. The Directors of the company have also pledged their equity shares held in company to the aforesaid financial institutions for advance under common loan agreement.

13. The Company has agreed to purchase 4.98 acres of Land on terms and conditions that the principal amount shall be paid along with 11% interest per annum. Out of the above land agreed to be purchased, 2.48 acres of Land has yet to be registered in the name of the Company (for value of Rs. 1,86,750/-). The value of the land shall be adjusted in the fixed assets at the time of execution of sale-deed. Company has advanced to the Seller an amount of Rs. 1,49,400/- till 31st March, 2009 but no provision for interest has been made.
14. The Company has not received any intimation from suppliers regarding their status under the Micro, Small & Medium Enterprise Development Act, 2006 & hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid or payable as required under the said act have not been given.
15. The company is entitled to defer its liability to pay Sales Tax (including a portion of Purchase Tax) for a period of 10 years and is liable to pay the same in five annual equal installments thereafter in respect of its one unit at Kamptee Road. The liability under the Package Scheme of Incentive, 1988 as on 31st March, 2009 is Rs. 12,447,153/- (previous year Rs. 12,447,153/-) which is provided for on the basis of its net present value of Rs. 86,24,321/- (previous year Rs. 73,08,582/-).
16. The company had incurred substantial losses since past few years and had registered as a Sick Industrial Company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. The matter was remanded back by Appellate Authority under The Sick Industrial Companies (Special Provisions) Act, 1985 to Board. The proceedings before Board are in progress.





The accounts have been prepared on going concern basis as the Company is taking all measures practicable in the circumstances and efforts are on towards continuity of the company and revival of its operations. Further, the company is carrying on manufacturing activities at all the units.

## 17. Segment Reporting :

The financial results relate to mainly "Iron & Steel Products" segment, in accordance with Accounting Standard - 17 "Segment Reporting".

## 18. Deferred Tax :

In accordance with Accounting Standard - 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has not accounted for deferred taxes. The Company has significant amount of carried forward losses and unabsorbed depreciation under Income Tax Act and there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

19. Letters of confirmation of balances have not been received from Sundry Creditors, Sundry Debtors and Persons from whom advances & deposits have been received or to whom advances and deposits have been given.

20. Previous year's figures have been regrouped wherever necessary.

21. The following expenses are related to earlier years for the following heads & shown as Prior Year Adjustments in the Profit & Loss Accounts:-

	<u>March 2009</u>	<u>March 2008</u>
i) Repairs & Maintenance - Other Fixed Assets	-	1,500
ii) Fees & Subscription	-	6,000
iii) Interest paid to Financial Institutions	<b>2,80,900</b>	-
iv) Gratuity as excess provision written back	<b>7,50,000</b>	-

22. All Consumption of Stores & all Raw Material consumed (Including for Resale) are indigenous only.

## 23. Managerial Remuneration :

Remuneration to Managing Director, Jt. Managing Director and Whole time Director is as under:

	<u>March 2009</u>	<u>March 2008</u>
Salaries, Allowances Perquisites	<b>27,00,000</b>	27,00,000
Contribution to Provident Fund	<b>23,400</b>	23,400
Rs.	<b>27,23,400</b>	27,23,400

## 24. Earning per Share :

Profit before Extra Ordinary Items	<b>7,04,50,644</b>	2,26,87,143
Profit after Extra Ordinary Items	<b>29,41,45,869</b>	2,26,87,143
No. of Equity Shares	<b>42,50,000</b>	42,50,000
Basic and Diluted		
Earning per Share (Rs.) Before Extra Ordinary Items	<b>16.58</b>	5.34
Earning per Share (Rs.) After Extra Ordinary Items	<b>69.21</b>	5.34
Nominal Value of per Equity Share (Rs.)	<b>10</b>	10

**25. Related Party Disclosures :**

As required by Accounting Standard - 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the details are as follows :

**(a) Relationships :****(i) Associates**

M/s Sharda Dharamkanta.

**(ii) Key Management Personnel**

Shri J.K. Sarda	Managing Director
Shri N.K. Sarda	Joint Managing Director
Shri Ghanshyam Sarda	Director (Whole Time)

<b>(b) Nature of transaction</b>	<b>Associates</b>	<b>Key Management Personnel</b>	<b>Total</b>
Purchase of Services	3,47,192 (5,19,874)	--- ---	3,47,192 (5,19,874)
Remuneration	---	27,23,400	27,23,400
Allowances & Percusite		(27,23,400)	(27,23,400)
Rent Received	4,200 (4,200)	--- ---	4,200 (4,200)
Loans Repaid	--- (-)	1,93,81,703 (55,49,350)	1,93,81,703 (55,49,350)
Loan Received	--- (-)	98,73,857 (1,21,70,000)	98,73,857 (1,21,70,000)
<b>Balance Outstanding at year end :</b>			
Outstanding payable	29,33,397 (61,28,922)	61,31,804 (1,56,39,650)	90,65,201 (2,17,68,572)

**Notes :** (1) The Figures in the brackets are related with the previous year.

(2) The above information has been determined to the extent such parties have been identified on the basis of information provided by the company which has been relied upon by the auditors.

**26. Licensed / Installed Capacities (In M.T.) :**

<b>Iron &amp; Steel (Rolled Products)</b>	<b>Licensed</b>	<b>Installed</b>
Kamptee Road Unit	100,000	100,000
Hingna Road Unit	100,000	50,000

**Note :** As certified by the Management and accepted by the Auditors being a technical matter.



	<u>March 2009</u>	<u>March 2008</u>
<b>27. Quantitative Details are as under :</b>		
<b>(i) Iron &amp; Steel (In M.T.) :</b>		
Opening Stock	Nil	Nil
Closing Stock	22,480	Nil
Purchases	22,480	Nil
Sales	Nil	Nil
<b>(ii) Production (In M.T.) :</b>		
Rolled Products & By Products :		
In Own Units	66,994	68,914
By Others	-	92
	<u>66,994</u>	<u>69,006</u>
Own Account	27,105	30,910
On Conversion Account	39,889	38,096
	<u>66,994</u>	<u>69,006</u>
<b>(iii) Rolled Products &amp; By Products (In M.T.) :</b>		
Opening stock	2,834	2,259
Closing stock	3,325	2,834
Production	27,105	30,910
Sales	26,677	30,356
Intra Transfer	63	21
<b>Note :</b> Sales includes transfer for own consumption	786	668
<b>(iv) By-Products which have been included in above : (In M.T.)</b>		
Opening Stock	168	621
Closing Stock	422	168
Production	1025	778
Sales	834	1238
Intra Transfer	63	7
<b>Note :</b> Sales includes transfer for own consumption	637	583
<b>(v) Raw Material Consumed (In M.T.) :</b>		
In Production	27,818	31,910
In Sales	128	950



28. Additional information as required under Part-IV of Schedule VI of the Companies Act, 1956.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

### I. REGISTRATION DETAILS :

REGISTRATION NO. : 11-11830 STATE CODE : 11  
BALANCE SHEET DATE : 31-03-2009

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS) :

PUBLIC ISSUE NIL RIGHT ISSUE NIL  
BONUS ISSUE NIL PRIVATE PLACEMENT NIL

### III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS) :

TOTAL LIABILITIES 2,86,954 TOTAL ASSETS 2,86,954

#### SOURCES OF FUNDS :

PAID UP CAPITAL 42,379 RESERVES & SURPLUS 1,07,551  
SECURED LOANS NIL UNSECURED LOANS 1,37,024

#### APPLICATION OF FUNDS :

NET FIXED ASSETS 1,04,731 INVESTMENTS NIL  
NET CURRENT ASSETS 1,82,223 MISC. EXPENDITURE NIL  
ACCUMULATED LOSSES NIL

### IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS) :

TURNOVER 11,27,275 TOTAL EXPENDITURE 10,58,861  
PROFIT BEFORE TAX 2,94,268 PROFIT AFTER TAX 2,94,146  
EARNING PER SHARE IN RS. 69.21 DIVIDEND NIL  
AFTER EXTRAORDINARY ITEMS

### V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY.

(AS PER MONETARY TERMS)

ITEM CODE NO. (ITC CODE)	PRODUCTS DESCRIPTION
72262000	ROLLED PRODUCTS

**Note:** Classification of Products under ITC Code being of a Technical Nature, is not verified by the Auditors.

### Signatures to Schedules 'A' to 'R'

As per our report of even date.

For LOYA BAGRI & CO.,  
Chartered Accountants

(GOPAL DAS BAGRI)

Partner  
M.No. 2933

(J.K. SARDA)  
Managing Director

(N.K. SARDA)  
Jt. Managing Director

Nagpur, Dated the,  
17th August, 2009

**Cash Flow Statement for the year ended 31st March, 2009**

	(Rs. in lacs)	
	March, 2009	March, 2008
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before taxation	2942.68	228.13
<b>ADJUSTMENTS FOR</b>		
Depreciation	96.35	93.08
Loss on Sales of Assets	0.79	
Sales Tax Deferred	13.16	9.70
Interest Expenses	95.23	644.40
Interest Income	(5.43)	(9.07)
	<b>200.10</b>	<b>738.11</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3,142.78</b>	<b>966.24</b>
Trade & Other Receivable	1582.72	(667.07)
Inventories	563.47	(1047.95)
Trade & Other Payable	(2,794.16)	1334.27
	<b>(647.97)</b>	<b>(380.75)</b>
<b>CASH GENERATED FROM OPERATIONS :</b>	<b>2,494.81</b>	<b>585.49</b>
Income Tax paid (Net of Refunds)	(23.52)	(4.27)
Net Cash / (Used in) from Operating Activities	<b>2,471.29</b>	<b>581.22</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets (Net)	(69.88)	(17.61)
Interest Received	5.43	9.07
Net Cash / (Used in) from Investing Activities.	<b>(64.45)</b>	<b>(8.54)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Expenses	(95.23)	(644.40)
Proceeds of Long Term Borrowings	(1,980.33)	0.01
Net Receipts of Short Term Borrowings	(294.11)	73.18
Net Cash / (used in) from Financing Activities.	<b>(2,369.67)</b>	<b>(571.21)</b>
Net Increase / (Decrease) in Cash and Cash Equivalents	<b>37.17</b>	<b>1.47</b>
Cash and Cash Equivalents (Opening Balance)	<b>83.28</b>	<b>81.81</b>
Cash and Cash Equivalents (Closing Balance)	<b>120.45</b>	<b>83.28</b>

**NOTES :**

1. The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard '3'.



2. Cash and Cash equivalents consist of cash, cheques in hand, balances with banks including fixed deposit receipts.
3. Previous year's figures have been regrouped whenever necessary.

As per our report of even date

For & on Behalf of the Board of Directors

For **LOYA BAGRI & CO.**  
Chartered Accountants

**(J.K.SARDA)**  
Managing Director

**(GOPAL DAS BARGI)**  
Partner  
(M. No. 2933)

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

Nagpur, Dated the,  
17th August, 2009

## Auditor's Certificate

To,  
The Board of Directors,  
Sharda Ispat Ltd.,  
Kamptee Road,  
Nagpur - 440 026

We have examined the attached Cash flow statement of the Sharda Ispat Limited, Nagpur, for the year ended 31st March, 2009. The statement have been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report to the members of the Company.

For **LOYA BAGRI & CO.**  
Chartered Accountants

**(GOPAL DAS BARGI)**  
Partner  
(M.No. 2933)

Nagpur, dated the,  
17th August, 2009



**Registered Office :** Kamptee Road, Nagpur 440026

## **ATTENDANCE SLIP**

Please complete this attendance slip and hand it over at the entrance of the meeting hall

I hereby record my presence at the 48<sup>th</sup> Annual General Meeting held on 30th September, 2009

Signature :

Folio No. :

Name of Shareholder :

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## **SHARDA ISPAT LIMITED**

**Registered Office :** Kamptee Road, Nagpur 440026

### **Proxy Form**

I/We of \_\_\_\_\_ in \_\_\_\_\_

the District of \_\_\_\_\_ being a member / members of

SHARDA ISPAT LIMITED hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him / her of \_\_\_\_\_

in the District of \_\_\_\_\_ as my / our proxy to vote for me / us on my / our

behalf at the Annual General Meeting of the Company to be held on **30<sup>th</sup> September, 2009.**

Signature : \_\_\_\_\_

(Affix Re. 1/- Revenue Stamp)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Folio No. : \_\_\_\_\_

No. of shares held : \_\_\_\_\_

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**Note :** The form duly completed should be deposited at the registered office of the Company at Kamptee Road, Nagpur 440 026, not later than 48 hours before the time of the meeting.

BOOK-POST  
(PRINTED MATERIAL)

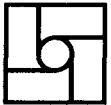
To,

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*If undelivered please return to :*



***Sharda Ispat Limited***

*Kamptee Road, Nagpur - 440 026*

*Ph. : (0712) 2640071 / 3 (lines)*

*Fax : (0712) 2641171*