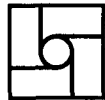
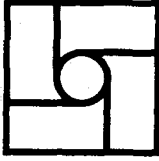


**51<sup>st</sup>  
Annual  
REPORT**

**2011-2012**



**SHARDA ISPAT LIMITED**  
**Nagpur**



# **SHARDA ISPAT LIMITED, Nagpur**

## **BOARD OF DIRECTORS**

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

## **AUDITORS**

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

## **INTERNAL AUDITOR**

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

## **BANKERS**

: NAGPUR NAGRIK SAHAKARI BANK LTD.

## **REGISTERED OFFICE**

: Kamptee Road, Nagpur - 440026

## **PLANT**

: Kamptee Road, Nagpur - 440026

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

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

## **WEBSITE**

: [www.shardaispat.com](http://www.shardaispat.com)



## NOTICE TO THE SHAREHOLDERS

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

### ORDINARY BUSINESS:

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

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

### SPECIAL BUSINESS:

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

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



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

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

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

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

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

**By Order of the Board,**

Date : 01.08.2012

**N.K.Sarda**  
Chairman & Managing Director

**NOTES :**

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

**ADROIT CORPORATE SERVICES PRIVATE LIMITED**

19/20, Jaferbhoy Industrial Estate, Makwana Road,

Marol Naka, Marol, Andheri (E)

Mumbai 400 059

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

**ANNEXURE TO NOTICE**

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

**Item No. 5:**

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

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

**1) Tenure:**

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

**2) Salary :**

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

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

**3) Duties & Responsibilities:**

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

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

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

Your Directors therefore recommend that the resolution be passed.

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

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

**Item No. 6:**

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

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

**1) Tenure :**

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

**2) Salary:**

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

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

**3) Duties & Responsibilities:**

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

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

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

Your Directors therefore recommend that the resolution be passed.

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

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

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

**By Order of the Board,**

Date : 01.08.2012

**N.K.Sarda**  
Chairman & Managing Director

**DIRECTOR'S REPORT**

To the Members of **SHARDA ISPAT LIMITED**

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

**1. REHABILITATION SCHEME & FINANCIAL RESULTS :**

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

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

**FINANCIAL RESULTS :**

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

**2) REVIEW OF OPERATIONS :**

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

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





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

**3) DIRECTORS :**

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

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

**4) FIXED DEPOSITS :**

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

**5) AUDITORS' REPORT & AUDITORS :**

The Auditor's Report and its Annexures are self-explanatory. M/s Loya Bagri & Co. Chartered Accountants retire as statutory Auditors of the Company at the conclusion of 51<sup>st</sup> Annual General Meeting and are eligible for re-appointment. The audit committee and the Board recommended the re-appointment of M/s Loya Bagri & Co., Chartered Accountants, as Statutory Auditor of your company.

**6) LISTING OF SECURITIES :**

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

**7) PARTICULARS OF EMPLOYEES :**

The particulars of employees as required under the provisions of Section 217 (2A) of the Companies Act , 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not furnished as none of the employees was in receipt of remuneration exceeding the prescribed limits.

**8) CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE :**

The information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with Companies ( Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo, is given in the Annexure forming part of the report.

**9) DIVIDEND :**

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

**10) CORPORATE GOVERNANCE :**

A section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is given herein after separately and forms an integral part of this Annual Report.

**11) DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to section 217 (2AA) of the Companies Act, 1956 your Directors to the best of their knowledge and belief hereby confirm that :

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure.
- ii) The Directors had selected such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year as on 31.03.2012 and of the profit / loss the company for that year.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Director had prepared the annual accounts on a 'going concern' basis;

**12) DEMATERIALIZATION OF SHARES :**

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

**13) INDUSTRIAL RELATIONS ;**

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

**14) ACKNOWLEDGEMENT:**

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

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

For and on behalf of the Board of Directors

Place : Nagpur  
Date : 01.08.2012

**N.K. Sarda**  
Chairman & Managing Director

**Poonam Sarda**  
Whole-Time Director

**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 31.03.2012.
- 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)

	<b>March 2012</b>	<b>March 2011</b>
<b>D. Power and Fuel Consumption</b>		
1. Electricity :		
a) Purchased : Units	<b>23,51,160</b>	<b>36,34,320</b>
Total Amount (Rs.)	<b>149,03,206</b>	<b>1,87,16,748</b>
Average Rate /Unit (Rs.)	<b>6.34</b>	<b>5.15</b>
b) Own Generation	<b>NIL</b>	<b>NIL</b>
2. Steam Coal :		
Quantity (Tonnes)	<b>4,684</b>	<b>5,807</b>
Total Cost (Rs.)	<b>308,33,375</b>	<b>1,98,94,726</b>
Average Rate / Tonne (Rs.)	<b>6,583</b>	<b>3,426</b>
3. Furnace Oil :		
Quantity (K . Ltrs.)	<b>62</b>	<b>352</b>
Total Amount (Rs.)	<b>20,99,157</b>	<b>97,61,631</b>
Average Rate / K.Ltrs.(Rs.)	<b>33,886</b>	<b>27,732</b>
4. Other / Internal Generation	<b>NIL</b>	<b>NIL</b>
5. Consumption per MT of production (Standards if any)		
Products (with details) unit		
Rolled Iron & Steel (in MT)	<b>20,493</b>	<b>26,766</b>
Electricity (in Units)	<b>114.730</b>	<b>135.781</b>
Furnace Oil (Secondary Fuel) (in Ltrs.)	<b>3.02</b>	<b>13.15</b>
Coal (Steam Coal 'B'Grade ) (in MT)	<b>0.229</b>	<b>0.217</b>
(excluding Shell & dust)		
Other (Specify)	<b>NIL</b>	<b>NIL</b>

For and on behalf of the Board of Directors

Place : Nagpur  
Date : 01.08.2012**N.K. Sarda**  
Chairman & Managing Director**Poonam Sarda**  
Whole-Time Director



## SECRETARIAL COMPLIANCE CERTIFICATE

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

Nominal Capital: Rs. 5,10,00,000/--

Paid-up Capital: Rs. 5,07,68,000/-

To,

The Members

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, 2012 (financial year from 01.04.2011 to 31.03.2012). 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. The Company has not filed any form or return with the Regional Director, Central Government, Company Law Board, or other authorities under the Act during the financial year.
3. The Company being a public limited Company, comments are not required
4. The Board of Directors duly met 7 (Seven) times respectively on 30.04.2011, 05.08.2011, 29.08.2011, 14.11.2011, 10.02.2012, 12.03.2012 and 26.03.2012. 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<sup>th</sup> September, 2011 to 30<sup>th</sup> September, 2011 ( both days inclusive) during the financial year. However, the previous notice thereof was not published in the newspapers.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2011 was held on 30.09.2011 after giving due notice to the members of the Company and the resolutions 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 the 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 duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. (i) The Company has delivered all the certificates on lodgment thereof for transfer /transmission in accordance with the provisions of the Act. The Company has not made allotment 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. There was no appointment of Director(s), additional director(s), alternate director(s), and director(s) to fill casual vacancies during the financial year..
  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 except under Clause (9) above, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under various provisions of the Act 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 including unsecured loan(s), 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 amount borrowed by the Company from Directors, members, public, financial institutions, banks, and others during the financial year ending 31.03.2012 is/are within the borrowing powers limits of the Company and that necessary resolution as per section 293(1)(d) of the Act have been passed in duly convened annual/ extra-ordinary general meeting.
  25. The Company has made loans and advances but has not given any guarantees or provided securities to other bodies corporate and has made necessary entries in the Register kept for that 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 employee's and employer's contribution to Provident Fund with the prescribed authorities. 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.

VILAS NICHAT  
Company Secretary

Date : 01.08.2012

Place : Nagpur

Membership No. FCS- 6561 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 of charges under section 125 of the Act.
10. Share Transfer Register
11. Register of Issue of Duplicate Share Certificates.

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.

VILAS NICHAT  
Company Secretary

Date : 01.08.2012

Place : Nagpur

Membership No. FCS- 6561 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, 2012 : **With Registrar of Companies, Maharashtra**

1. Form 23AC XBRL with audited Balance Sheet in respect of financial year ended 31<sup>st</sup> March, 2011 attached thereto, approved and adopted at the Annual General Meeting held on 30.09.2011 due for filing on 31.12.2011 was duly e-filed under section 220 of the Act on 31.12.2011 vide Challan No. P84266170.
2. Form 23ACA XBRL with audited Profit & Loss Account in respect of financial year ended 31<sup>st</sup> March, 2011 attached thereto, approved and adopted at the Annual General Meeting held on 30.09.2011 due for filing on 31.12.2011 was duly e-filed under section 220 of the Act on 31.12.2011 vide Challan No. P84266170.
3. Form 66 with Secretarial Compliance Certificate in respect of financial year ended 31.03.2011 attached thereto, approved and adopted at an Annual General Meeting held on 30.09.2011 due for filing on 29.10.2011 was duly e-filed under proviso to section 383A of the Act read with Companies (Compliance Certificate) Rules, 2001 on 30.10.2011 vide Challan No. P77179331.
4. Form 20B with Annual Return in respect of the Annual General Meeting held on 30.09.2011, attached thereto due for filing on 28.11.2011 was duly e-filed under section 159 of the Act on 25.11.2011 vide Challan No. SRN P80624273.
5. Form 32 dated 21.01.2010 regarding return of appointment of Director due for e-filing on 19.02.2010, was duly e-filed under section 303 of the Act on 25.05.2011 vide Challan No. B12802112...
6. Form 2 dated 31.03.2011 regarding return of Allotment of shares, due for e-filing on 30.04.2011, was duly e-filed under section 75 of the Act on 04.06.2011 vide Challan No. S05271713..

VILAS NICHAT  
Company Secretary

Date : 01.08.2012

Place : Nagpur

Membership No. FCS- 6561 C.P. No. 4374





## AUDITOR'S CERTIFICATE OF CORPORATE GOVERNANCE

To,  
The Members,  
**SHARDA ISPAT LIMITED**  
**NAGPUR.**

- 1) We have examined the compliance of conditions of Corporate Governance by **SHARDA ISPAT LIMITED** for the year ended on 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
- 2) 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.
- 3) 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 Clause-49 of the above mentioned Listing Agreement.
- 4) 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.**  
(Firm Registration No. 105658W)  
Chartered Accountants

**(GOPAL DAS BAGRI)**  
Partner  
(M.No. 002933)

Nagpur, Dated the,  
30th May, 2012



## 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 their 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 department duties and responsibilities with due observation of the relevant statutory provision.
- 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. MANAGEMENT DISCUSSION & ANALYSIS

### ECONOMY :

The year 2011-2012 has also been crucial as the World economy was badly affected due to consistent recession resulting in serious economic slowdown particularly in the West. Under such a dismal scenario, the Indian economy although not declined remarkably did not register the growth and prosperity. Sky rocketing prices of oil, high price of commodities, inflationary trend due to fall in value of rupee and further higher rate of interest have been the major bottlenecks for accelerated growth to enable the Indian economy to survive and emerge as an economic super power the Company has to cope with the global competition.

### OVERVIEW :

During the financial year 2011-2012 the Company, in spite of high cost of inputs witnessed the encouraging performance and maintained the shareholder value. The production figure of the Company has shown improvement in own manufactured goods from 7005.290 MT to 11257.752 MT from the previous year.

### INDUSTRY STRUCTURE AND DEVELOPMENTS STEEL INDUSTRY OVERVIEW :

The inflationary trend as regards to raw material prices backed with other increased costs, prevailed during the year has affected the financial performance of the steel industry in the country. Efforts are being taken all over the World especially by USA to restore the world economy and industrial growth.

### FUTURE OUTLOOK-BRIGHTER PROSPECTS :

The Indian economy grew at 6.5% during the financial year 2011-12. The economy is likely to grow at approx. 8% over the next decade driven by the infrastructure (power, road, railways, ports etc.) and consumption (automobile, real estate etc.) sectors which will result in robust growth in demand for various iron and steel products.

The States of Orissa, Chhattisgarh and Jharkhand which account for majority of the iron ore and coal reserves in the country will remain the most attractive locations for setting up iron and steel manufacturing capacity.

### OPPORTUNITIES AND THREATS :

Your Company is poised to seize the opportunities in the Iron & Steel industry (both for steel & intermediary saleable products) through its strengths of locational and logistical advantages, raw material linkages, technology edge and management expertise. These opportunities will be linked directly to the growing demand from the automobile and auto components, infrastructure, construction and power sectors. Your Company's strategic location in Nagpur offer scope for seamless value addition in its manufacturing process from hot metal to stainless steel. Your Company is also well positioned in its conscious adherence to a modular project implementation, thereby enabling ploughing of internal accruals in future projects, thereby reducing costs related to financing. The threats for your Company would come from adverse fluctuations in input and capital costs, foreign exchange variations and taxes & duties. The buoyancy in the Iron & Steel sector has attracted many players, resulting in reduced availability of skilled manpower and contractor workforce. Delay in implementation of project may lead to opportunity loss in revenue generation and rise in costs.

### RISK MANAGEMENT :

Your Company has identified major focus areas for risk management to ensure achievement of the organisational objectives and has a well defined structure and proactive approach to assess, monitor and mitigate risks associated with these areas, briefly enumerated below :

- a) Systems - Your Company has implemented ERP, the software for Enterprised Resource Planning and integrated its operations to use best business and commercial practices.
- b) Statutory compliances - Procedure is in place for monthly reporting of compliance of statutory



obligations and reported to the Board of Directors at its meetings.

**FINANCE REVIEW AND ANALYSIS :**

During the period under review the Company posted sales turnover of Rs. 6,121.71 Lacs (Own unit : 5852.62 Lacs and Conversation / Service Rs. 269.09 Lacs) as against Rs. 3875.30 Lacs (Own unit : 3,250.06 Lacs and Conversion / Service Rs. 625.24 Lacs) during the last year registering thereby the growth in turnover of 57.97 % over the previous year. After providing Rs. 68.98 Lacs for depreciation and Rs. 131.69 Lacs against interest and further providing Rs. 19.78 Lacs towards taxation (net), the Company earned net profit after tax of Rs. 38.96 Lacs as against Rs. 35.79 Lacs during the previous year.

**DEVELOPMENT IN HUMAN RESOURCES & INDUSTRIAL RELATIONS :**

Your Company recognizes the fact that manpower is one of the vital constituents of a successful organisation. The success of any business lies under the qualified, trained & motivated Human Resources. The Company gives more importance to the development of Human Resources than any other Resources. The Company updates its HR policy in line with the changing system in the industry as a whole the company takes adequate steps for maintaining safety and healthy environment for the workers. The industrial relations continue to be cordial, throughout the year. Your Directors place on record their sincere appreciation for the excellent team work displayed by the employees of the Company.

**INTERNAL CONTROL AND SYSTEMS :**

The internal control systems in your Company commensurate with the size and nature of its operations and periodic audits are conducted in various disciplines to ensure adherence to the same. During the year Internal Auditors of your Company had independently evaluated the adequacy and efficacy of the audit controls. The Board and the management review the findings and recommendations of the auditors and take corrective actions, whenever necessary. The Board considers risk assessment, identifications of mitigating actions and internal control procedure to ensure that business risks are identified, managed and regularly reviewed at all levels and that Directors are periodically appraised of the key risks.

**OUTLOOK :**

India has immense potential for creating new steel production capacity. Indian per capital steel consumption is presently very low compared to the world average, which further re-confirms the opportunities for steel demand to continue accelerating in the times ahead. Your Company with a well diversified product portfolio is well poised to take advantages of the growth in the Iron and Steel demand.

**CAUTIONARY STATEMENT**

Statement in this "Management Discussion & Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statement' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, input availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

**III. CHAIRMAN & MANAGING DIRECTOR'S CERTIFICATION :**

In terms of the provisions of Clause 49 of the Listing Agreement, as amended, the Chairman & 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 :

During the year review the Board of Directors of the Company was comprised of total 8 (Eight) Nos. Directors out of which 4 (Four) Nos. Directors are Non-executive and remaining 4 Independent one. The Chairman of the Board is a Executive Director. The presence of 4 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. N.K. Sarda	Chairman & Managing Director
02.	Shri. J.K. Sarda	Managing Director
03.	Shri. Ghanshyam Sarda	Whole Time Director
04.	Shri. H. K. Dass	Non - Executive & Independent Director
05.	Shri. A. K. Mukherjee	Non - Executive & Independent Director
06.	Shri. R.P. Mohanka	Non - Executive & Independent Director
07.	Smt. Poonam Sarda	Non - Executive Director
08.	Shri. Ramesh Mantri	Non - Executive & Independent Director

#### B. Meetings & Attendance :

7 (Seven) Meetings of Board of Directors were held during the financial year ended 31st March, 2012. These were held on :-

##### Meeting :

01. 30.04.2011	05. 10.02.2012
02. 05.08.2011	06. 12.03.2012
03. 29.08.2011	07. 26.03.2012
04. 14.11.2011	

**Attendance :**

Sr. No.	Name of the Directors	Attendance at the Board Meeting	Attendance at the Last AGM
01.	Shri. N.K. Sarda	7	Yes
02.	Shri. J.K. Sarda	7	Yes
03.	Shri. Ghanshyam Sarda	7	Yes
04.	Shri. H. K. Dass	7	Yes
05.	Shri. A. K. Mukherjee	7	Yes
06.	Shri. R.P. Mohanka	7	Yes
07.	Smt. Poonam Sarda	2	Yes
08.	Shri. Ramesh Mantri	5	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	1	NIL
02.	Shri. N.K. Sarda	3	1
03.	Shri. Ghanshyam Sarda	1	NIL
04.	Shri. H. K. Dass	2	NIL
05.	Shri. A. K. Mukherjee	NIL	NIL
06.	Shri. R.P. Mohanka	4	NIL
07.	Smt. Poonam Sarda	1	NIL
08.	Shri. Ramesh Mantri	2	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	Services
01.	Shri. J.K. Sarda	NIL	5 Years (Till 31.03.2012)
02.	Shri. N.K. Sarda	Rs. 9 Lacs	5 Years (Till 31.03.2012)
03.	Shri. Ghanshyam Sarda	NIL	5 Years (Till 31.03.2012)
04.	Shri. H. K. Dass	NIL	NIL
05.	Shri. A. K. Mukherjee	NIL	NIL
06.	Shri. R P Mohanka	NIL	NIL
07.	Smt. Poonam Sarda	NIL	NIL
08.	Shri. Ramesh Mantri	NIL	NIL

**Note :**

In addition to salary including Perquisites payable to Shri. N.K. 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.

**New Appointments and re-appointments:**

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

During the year under review the composition of the committee was as under :

**A. Composition :**

(1) Shri. R. P. Mohanka                      (2) Shri. H. K. Dass                      (3) Shri. A.K. Mukherjee

All the members of the Audit Committee are Non- Executive & independent directors. Shri R.P. Mohanka being a qualified Chartered Accountant having expert knowledge in finance and accounts is the Chairman of the Committee.

**B. Meeting and Attendance :**

During the year under review, (5) meeting (s) were held on 30.04.2011, 30.07.2011, 27.08.2011, 14.11.2011, 10.02.2012.

Sr. No.	Name of the members (Directors)	Attendance
01.	Shri. R. P. Mohanka	5
02.	Shri. A.K. Mukherjee	5
03.	Shri. H.K. Dass	5

**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 :

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of the external auditors, fixation of audit fee and also approval for payment for any other services .
- c. 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.
- d. Reviewing with management, external and internal auditors, the adequacy and compliance of internal control system.
- e. Reviewing the adequacy of internal audit functions.
- f. 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 had constituted the Remuneration Committee on 31.07.2006. The committee was reconstituted on 01.11.2009 with composition as under.

**Composition :**

Sr. No.	Name of Member (Director)	Nature of Directorship	Designation in the Committee
1.	Shri. R.P. Mohanka	Independent Director	Chairman
2.	Shri. H. K. Dass	Independent Director	Member
3.	Shri. A. K. Mukherjee	Independent Director	Member

**Terms of Reference :**

- To frame policy as regards to specific remuneration packages for executive Directors.
- To evaluate services of the executive Directors and decide on remuneration payable to them.
- To review the remuneration packages from time to time.
- 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 :**

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

Shri. H. K. Dass, 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 :**

During the year under review, 2 (Two) meetings were held on 30.04.2011 and 30.07.2011.

Sr. No.	Name of the members (Directors)	Attendance
01.	Shri. H.K. Dass	2
02.	Shri. N. K. Sarda	2
03.	Shri. J. K. Sarda	2

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 :**

Details of Annual General Meetings : Location, Date and Time of the Last Three Annual General Meetings.

For the year ended	Date	Time	Venue
31.03.2011	30.09.2011	10.00 am	Registered Office of the
31.03.2010	30.09.2010	10.00 am	Company at Kamptee Road,
31.03.2009	30.09.2009	10.00 am	Nagpur - 440 026.

**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 restrictions have been imposed on the Company by the Stock Exchanges, SEBI or any statutory authority on any matter related to Capital markets.
- iii) Hon'ble BIFR order dated 23.02.2010 sanctioning to the Company the Rehabilitation Scheme has almost been implemented successfully by the Company.

**IX. MEANS OF COMMUNICATION.**

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

1. Half - Yearly report sent to each household of shareholders : No
2. Newspapers in which Quarterly results are normally published : The Indian Express  
& Loksatta
3. Web site where quarterly results are displayed : [www.shardaispat.com](http://www.shardaispat.com)
4. Analysis is a part of Annual Report : No

**X. GENERAL SHAREHOLDERS INFORMATION :**

1. Annual General Meeting Friday, the 31<sup>st</sup> August, 2012  
at 10 A.M at the Registered Office of the  
Company at Kamptee Road , Nagpur
2. Tentative Calendar for the Financial Year ending March 31, 2013

The tentative dates for Board Meetings for consideration of quarterly financial results is as follows :



Sr.No.	Particulars of Quarter	Tentative dates
1	First Quarter Results	In or before Second week of August, 2012
2.	Second Quarter & Half Yearly Results	In or before Second week of November, 2012
3.	Third Quarter and Nine-months Results	In or before Second week of February, 2013
4.	Fourth Quarter and Annual Results	In or before Second week of May, 2013

3. Book Closure Date 30<sup>th</sup> August, 2012 to 31<sup>st</sup> August, 2012  
4. Dividend Payment Date Not Applicable  
5. Listing on Stock Exchanges :

The company shares are listed on BSE Ltd. The listing fees for the year 2011-12 have been paid to BSE Ltd. The company had applied for delisting from Calcutta Stock Exchange, Pune Stock Exchange and Ahmedabad Stock Exchange.

6. Stock Exchange Stock Code
- |                              |        |
|------------------------------|--------|
| (a) Bombay Stock Exchange    | 513548 |
| (b) Calcutta Stock Exchange  | 029292 |
| (c) Pune Stock Exchange      | 013548 |
| (d) Ahmedabad Stock Exchange | 052710 |

7. Stock Price Data of Company's Equity Shares:

MONTH	PRICE OF TRANSFER	
	HIGH	LOW
APRIL - 2011	Rs. 10/-	Rs. 10/-
MAY - 2011	Nil	Nil
JUNE - 2011	Nil	Nil
JULY - 2011	Rs. 14/-	Rs. 14/-
AUG - 2011	Nil	Nil
SEPT - 2011	Nil	Nil
OCT - 2011	Nil	Nil
NOV - 2011	Nil	Nil
DEC - 2011	Nil	Nil
JAN - 2012	Nil	Nil
FEB - 2012	Nil	Nil
MAR - 2012	Rs. 10/-	Rs. 10/-



8. Registrar and Transfer Agent Adroit Corporate Service Pvt. Ltd.  
19/20, Jaferbhoy Industrial Estate,  
Makwana Road, Marol Naka,  
Marol, Andheri, (E), Mumbai - 400059

9 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. As regards to execution of share transfer work and dematerialization of shares the Company avails services of M/s. Adroit Corporate Services Private Limited, which have got adequate Infrastructure to process the share transfers and effect dematerialization of shares. The share transfers and demat requests are received and processed promptly subject to transfer documents/DRF request are valid and complete in all respects. The said Company is having adequate facility to respond and attend investors grievances at the earliest.

10. Shareholding Pattern as on 31.03.2012 :

Sr. No.	Category	No. of Shares Held	Percentage of Shareholding
1.	Promoters' Holding :		
	- Indian Promoters	9,91,760	19.54
	- Foreign Promoters	--	--
2.	Persons acting in concert	28,15,840	55.46
3.	Non-promoters' Holding	Nil	Nil
	- Institutional Value	Nil	Nil
	- Mutul Funds & UTI	Nil	Nil
	- Banks & Financial Institutions	Nil	Nil
	- Insurance Companies	Nil	Nil
4.	Others :		
	- Private Corporate Bodies	4,82,600	9.50
	- Trust	15,000	0.30
	- Indian Public	7,71,600	15.20
	- NRI / OCBs	Nil	Nil
	<b>GRAND TOTAL</b>	<b>50,76,800</b>	<b>100.00</b>



## 11. Distribution of Shareholding pattern as on 31.03.2012 :

Shares Slab	Shareholder	%	Total Share	Amount (Rs.)	%
Upto - 500	2,599	90.75	4,43,200	44,32,000	8.73
501 - 1000	131	4.57	1,14,300	11,43,000	2.25
1001 - 2000	43	1.50	68,900	6,89,000	1.36
2001 - 3000	12	0.42	32,700	3,27,000	0.64
3001 - 4000	18	0.63	65,400	6,54,000	1.29
4001 - 5000	2	0.07	10,000	1,00,000	0.20
5001 - 10000	13	0.45	1,08,900	10,89,000	2.15
10001 & above	46	1.61	42,33,400	4,23,34,000	83.39
	2,864	100.00	50,76,800	5,07,68,000	100.00

## 12. Dematerialisation of shares and Liquidity

The Company's securities i.e. equity shares are registered with Central Depository Services India Ltd., and are admitted with National Securities Depository Ltd. on 11th January 2012. Company is in process of reinstatement at BSE and applied for delisting from other three stock exchanges i.e. ASE, PSE & CSE.

13. Plant Locations Kamptee Road, Nagpur - 440026 (Maharashtra)

14. Address of Correspondence Resgitered Office :  
Kamptee Road, Nagpur-440026 (Maharashtra)

For and on behalf of the Board of Directors

Place : Nagpur  
Date : 01.08.2012

**(N.K. SARDA)**  
Chairman & Managing Director

**(POONAM SARDA)**  
Whole-Time Director



## AUDITORS' REPORT

To,  
The Member of,  
SHARDA ISPAT LTD.,  
NAGPUR.

- 1) We have audited the attached Balance Sheet of Sharda Ispat Ltd., Nagpur, as at 31st March, 2012, 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 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) *Subject to our comments in Para 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) 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.



- (v) On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) 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 and attached thereto, 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, 2012.
  - (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.**  
(Firm Registration No. 105658W)  
Chartered Accountants

Nagpur, Dated the,  
30th May, 2012

**(GOPAL DAS BAGRI)**  
Partner  
(M.No. 002933)

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

(Referred to in Paragraph 3 of our Report of Even date on the Accounts as at 31st March, 2012.)

- 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. 195.00 Lacs from one party has been taken.
- (c) The rate of interest and other terms and conditions of such unsecured loan 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 loan 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 in excess 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) According to the information & explanations given to us, the cost records under Section 209(1)(d) of the Companies Act, 1956 has been maintained but we have not made a detailed examination of the records.
- ix) (a) According to the information and explanations given to us & 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, 2012 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 31<sup>st</sup> March, 2012, 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 & Penalty	1,40,100	CEGAT, Mumbai (Appeals), Nagpur.
3.	Central Excise Act	Penalty	2,24,000	CEGAT, North Zone, Delhi (Appeals), Nagpur.
4.	Central Excise Act	Excise Duty & Penalties	17,61,278	CEGAT, Mumbai (Appeals), Nagpur
5.	Central Excise Act	Excise Duty & Penalty	22,64,530	Add. Commissioner of Central Excise, Custom and Service Tax, Nagpur
6.	Central Excise Act	Excise Duty & Penalty	19,63,762	Jt. Commissioner of Central Excise, Custom and Service Tax, Nagpur
7.	Central Excise Act	Excise Duty & Penalty	1,87,639	Dep. Commissioner Central Excise, Division I, Nagpur
8.	Central Excise Act	Service Tax	1,15,559	Dep. Commissioner of Service Tax Cell, Nagpur
9.	Bombay Sales Tax Act (1999-00)	Sales Tax, Interest and Penalty	13,08,650	Joint Commissioner of Sales Tax (Appeals), Nagpur
10.	Central Sales Tax Act (1999-00)	Sales Tax, Interest and Penalty	2,37,211	Joint Commissioner of Sales Tax (Appeals), Nagpur
11.	Bombay Sales Tax Act (2000-01)	Sales Tax, Interest and Penalty	1,21,62,805	Joint Commissioner of Sales Tax (Appeals), Nagpur
12.	Central Sales Tax Act (2000-01)	Sales Tax, Interest and Penalty	30,15,700	Joint Commissioner of Sales Tax (Appeals), Nagpur.





(Above Sr. No. 9,10 11 and 12 are in total. The allocation shall be made after final decision between demerged company and resultant companies) (Refer Note No. 29.2)

- x) There are 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.
- 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.**

Firm Registration No. 105658W

Chartered Accountants

Nagpur, Dated the,  
30<sup>th</sup> May, 2012

**(GOPAL DAS BAGRI)**

Partner

(M.No. 002933)

**BALANCE SHEET AS AT 31ST MARCH 2012**

(Rs. in Thousand)

<b>PARTICULARS</b>	<b>NOTES</b>	<b>31-03-2012</b>	<b>31-03-2011</b>
<b>1) EQUITY AND LIABILITIES</b>			
<b>A) SHARE HOLDERS' FUNDS</b>			
a) Share Capital	1	50,768	50,768
b) Reserve & Surplus	2	(2,272)	(6,168)
<b>B) NON CURRENT LIABILITIES</b>			
a) Long-term borrowings	3	7,566	10,963
b) Deferred tax liabilities (Net)	4	12,513	14,192
c) Long-term Provisions	5	1,585	501
<b>C) CURRENT LIABILITIES</b>			
a) Short-term borrowings	6	111,003	121,378
b) Trade Payables	7	82,452	61,094
c) Other current liabilities	8	47,223	51,959
d) Short-term Provisions	9	3,849	2,252
	<b>TOTAL</b>	<b>314,686</b>	<b>306,939</b>
<b>2) ASSETS</b>			
<b>D) NON-CURRENT ASSETS</b>			
a) Fixed assets	10		
(i) Tangible assets		56,964	64,210
(ii) Intangible assets		165	197
b) Non-current investments	11	3,557	3,375
c) Other non-current assets	12	4,555	5,557
<b>E) CURRENT ASSETS</b>			
a) Current Investments	13	75	--
b) Inventories	14	136,086	106,083
c) Trade receivables	15	65,869	46,389
d) Cash and cash equivalents	16	1,340	6,090
e) Short-terms loans and advances	17	14,784	22,872
e) Other Current Assets	18	31,292	52,166
	<b>TOTAL</b>	<b>314,686</b>	<b>306,939</b>
Significant Accounting Policies	28		

The Notes Numbers "29 to 36" form an integrated part of the financial Statements  
As per Our report of even date attached.

**FOR LOYA BAGRI & CO.**  
Firm Registration No 105658 W  
Chartered Accountants

**(GOPAL DAS BAGRI)**  
Partner  
M. No. 002933

Nagpur, Dated the  
30th May, 2012

**For & on behalf of the Board**  
**For Sharda Ispat Limited**

**NANDKISHORE SARDA**  
Chairman & Managing Director

**POONAM SARDA**  
Whole-Time Director

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH 2012**

(Rs. in Thousand)

PARTICULARS	NOTES	31-03-2012	31-03-2011
<b>1) REVENUE</b>			
(i) Revenue from operation (Gross)	19	612,171	387,530
Less : Excise duty		53,157	30,048
Revenue from operations (Net)		559,015	357,482
(ii) Other Income	20	4,092	2,287
<b>Total Revenue</b>		<b>563,107</b>	<b>359,769</b>
<b>2) EXPENSES</b>			
(iii) Cost of materials consumed	21	449,003	275,359
(iv) Charges in inventories of finished goods	22	(7,629)	(19,828)
(v) Employee benefit expense	23	10,620	6,499
(vi) Finance costs	24	13,169	10,864
(vii) Depreciation and amortization expense	25	6,898	6,811
(viii) Other expenses	26	85,171	76,179
<b>Total Expenses</b>		<b>557,232</b>	<b>355,884</b>
(ix) Profit before tax		5,874	3,885
(x) Tax expense :			
(1) Current tax		3,650	1,900
(2) Income Tax (earlier years)		7	13
(3) Fringe Benefit Tax (earlier years)		-	1
(4) Deferred tax		(1,679)	1,608
(xi) Profit/(Loss) for the period (XI + XIV)		3,896	3,579
(xii) Earning per equity share :	27	0.77	0.85
Basic & Diluted			
Significant Accounting Policies	28		

The Notes Numbers "29 to 36" form an integrated Part of the Financial Statements

As per our report of even date attached.

**FOR LOYA BAGRI & CO.**  
Firm Registration No 105658 W  
Chartered Accountants

**(GOPAL DAS BAGRI)**  
Partner  
M. No. 002933

Nagpur, Dated the  
30th May, 2012

**For & on behalf of the Board**  
**For Sharda Ispat Limited**

**NANDKISHORE SARDA**  
Chairman & Managing Director

**POONAM SARDA**  
Whole-Time Director



**NOTES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2012**

(Rs. in Thousand)

PARTICULARS	31-03-2012	31-03-2011
<b>NOTE "1"</b>		
<b>SHARE CAPITAL :</b>		
Authorised :		
51,00,000 Equity Shares of Rs. 10/- each	51,000	51,000
Issued :		
50,76,800 Equity Shares of Rs. 10/- each	50,768	50,768
Subscribed & Paid Up :		
50,76,800 Equity Shares of Rs. 10/- each	50,768	50,768
<b>TOTAL</b>	<b>50,768</b>	<b>50,768</b>

- (a) The company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.
- (b) Reconciliation of number of shares

Equity Shares :	As at March 31, 2012		As at march 31, 2011	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at beginning of the year	5,076,800	<b>50,768</b>	4,225,800	42,258
Add : Issued during the year to the promoters as required in BIFR order as preferential allotment	-	-	851,000	8,510
Balance as at the end of the year	5,076,800	50,768	5,076,800	50,768

- (c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

<u>Name of the Shareholders</u>	<u>As at March 31, 2012</u>		<u>As at march 31, 2011</u>	
Kyoto Merchandise Private Limited	400,000	7.88%	400,000	7.88%
Sulakshna Trade Holding Limited	284,160	5.60%	284,160	5.60%
Anand Nandkishore Sarda	584,000	11.50%	639,800	12.60%
Asha Agriculture & Properties Pvt. Ltd.	526,500	10.37%	526,500	10.37%

**(Rs. in Thousand)**

<b>PARTICULARS</b>	<b>31-03-2012</b>	<b>31-03-2011</b>
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(d) 24200 Equity shares which was paid upto Rs. 5/- each were forfeited in 31st March, 2011.

**NOTE "2"****RESERVES & SURPLUS :****(a) Capital Reserve**

Balance as per last Account	2,500	2,500
*Capital Subsidy		

**(b) Securities Premium Reserve**

Balance as per last Account	27,379	27,379
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**(c) Balance of Profit & Loss Account**

Balance as at the beginning of the year	(36,047)	(23,827)
Add : Profits of the year	<b>3,896</b>	3,579
Balance as at the end of the year	(32,151)	(20,247)
Add : Deferred Taxes (previous Years)	-	(15,800)

	<b>(32,151)</b>	<b>(36,047)</b>
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<b>TOTAL</b>	<b>(2,272)</b>	<b>(6,168)</b>
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\*Received in 2007 as grant under Package Scheme of Incentives, 1988 in Maharashtra

**NOTE "3"****LONG TERM BORROWINGS****Unsecured**

*(a) Deferred Payment Liabilities	7,566	10,963
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<b>TOTAL</b>	<b>7,566</b>	<b>10,963</b>
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\*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 installments thereafter in respect of its one unit at Kamptee road. The liability under the Package Scheme of Incentives, 1988 as on 31st March 2012 is Rs. 1,16,77,059/- (Previous Year Rs. 1,24,47,153/-) which is provided for on the basis of its net present value of Rs. 1,17,73,965/- (Previous Year Rs. 1,09,63,158/-)

**NOTE "4"****DEFERRED TAX LIABILITIES (NET)**

Deferred tax Liability on account of :-

Fixed Assets	12,835	14,322
Allowance under Income Tax Act	231	49
	<b>13,066</b>	<b>14,371</b>

Deferred Tax Asset on account of :-

Other employee benefits	553	179
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<b>TOTAL</b>	<b>12,513</b>	<b>14,192</b>
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**(Rs. in Thousand)**

<b>PARTICULARS</b>	<b>31-03-2012</b>	<b>31-03-2011</b>
<b>NOTE "5"</b>		
<b><u>LONG TERM PROVISIONS</u></b>		
(a) Provision for Employee Benefit Gratuity Payable	1,585	501
<b>TOTAL</b>	<b>1,585</b>	<b>501</b>
<b>NOTE "6"</b>		
<b><u>SHORT TERM BORROWINGS</u></b>		
<b><u>Secured</u></b>		
Working Capital Loans From Banks (Secured against hypothecation of Stocks and book Debts & Notarised Equitable Mortgage of House Property of one director and guaranteed by Chairman cum Managing Director)	58,025	26,044
<b><u>Unsecured</u></b>		
(a) Loans from related parties	24,457	37,314
(b) Other Loans & advances	28,520	58,020
	52,978	95,334
<b>TOTAL</b>	<b>111,003</b>	<b>121,378</b>
<b>NOTE "7"</b>		
<b><u>TRADE PAYABLES</u></b>		
Trade Payables	82,452	61,094
<b>TOTAL</b>	<b>82,452</b>	<b>61,094</b>
<b>NOTE "8"</b>		
<b><u>OTHER CURRENT LIABILITIES</u></b>		
Advance from Customers	1,484	5,740
Other Current Liabilities	45,739	46,219
<b>TOTAL</b>	<b>47,223</b>	<b>51,959</b>
<b>NOTE "9"</b>		
<b><u>SHORT TERM PROVISIONS</u></b>		
Provision For Income-Tax	3,650	1,900
Leave with Wages	199	352
<b>TOTAL</b>	<b>3,849</b>	<b>2,252</b>



## NOTE "10"

## Fixed Assets as at 31st March 2012

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	Adjustment	For the Year	Total Upto Closing Date		
					Rs.	Rs.	Rs.	Rs.		
<b>(A) TANGIBLE ASSETS</b>										
Land (Free Hold)	9,205	-	-	9,205	-	-	-	-	9,205	9,205
Buildings	20,070	-	-	20,070	10,178	-	670	10,848	9,222	9,893
Plant & Machinery	140,182	595	1,214	139,562	95,476	85	6,145	101,536	38,026	44,706
Office Equipments	287	119	-	406	41	-	18	59	347	246
Computers	174	35	-	209	13	-	32	45	164	161
<b>(B) INTANGIBLE ASSETS</b>										
Software	200	-	-	200	3	-	32	35	165	197
<b>Total</b>	<b>170,118</b>	<b>749</b>	<b>1,214</b>	<b>169,652</b>	<b>105,710</b>	<b>85</b>	<b>6,898</b>	<b>112,523</b>	<b>57,129</b>	<b>64,407</b>
Previous Year	167,873	2,245	-	170,118	98,899	-	6,811	105,710	64,407	68,974

PARTICULARS	31-03-2012	31-03-2011
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## NOTE "11"

**NON CURRENT INVESTMENTS**Other Investments (Unquoted)

Investments in Equity Instruments

1,125

1,125

(Valued at cost unless stated otherwise)

22502 Equity Shares of Nagpur Nagrik Sahkari

Bank Ltd. of Rs. 50/- each

(Previous Year 22502 Equity Shares)

Fixed Deposits with Bank

2,432

2,250

**TOTAL****3,557****3,375**

## NOTE "12"

**OTHER NON-CURRENT ASSETS**

Unsecured, considered good:

Security Deposits

4,555

5,557

**TOTAL****4,555****5,557**

## NOTE "13"

**CURRENT INVESTMENTS**

Fixed Deposits with Bank

75

-

**TOTAL****75****-**

## NOTE "14"

**INVENTORIES**

Raw Material

52,733

27,134

Finished Goods

81,160

73,531

Stores &amp; Spares

2,193

5,418

**TOTAL****136,086****106,083**



<b>PARTICULARS</b>	<b>31-03-2012</b>	<b>31-03-2011</b>
<b>NOTE "15"</b>		
<b><u>TRADE RECEIVABLES</u></b>		
Unsecured, considered good		
Exceeding Six Months	179	5,352
Others	65,690	41,037
<b>TOTAL</b>	<b>65,869</b>	<b>46,389</b>
<b>NOTE "16"</b>		
<b><u>CASH AND BANK BALANCES</u></b>		
Bank Balances	1,315	6,000
In Current Accounts		
Cash in Hand	25	90
<b>TOTAL</b>	<b>1,340</b>	<b>6,090</b>
<b>NOTE "17"</b>		
<b><u>SHORT TERM LOANS AND ADVANCES</u></b>		
Other Loans & Advances (Unsecured Considered good)		
Advances for Purchase	9,635	13,789
Other Loans and Advances	5,149	9,083
<b>TOTAL</b>	<b>14,784</b>	<b>22,872</b>
<b>NOTE "18"</b>		
<b><u>OTHER CURRENT ASSETS</u></b>		
Balances with Government Authorities	30,520	30,104
Other Debit Balances	772	22,062
<b>TOTAL</b>	<b>31,292</b>	<b>52,166</b>
<b>NOTE "19"</b>		
<b><u>REVENUE FROM OPERATIONS</u></b>		
<b>Sales of Manufacturing goods</b>		
*Iron & Steels	554,470	292,491
<b>Sales of Others</b>	<b>30,792</b>	<b>32,515</b>
<b>Sales of Services</b>		
Conversion Charges	26,909	62,524
<b>TOTAL</b>	<b>612,171</b>	<b>387,530</b>
*Includes Intra Transactions	14,957	5,138





<b>PARTICULARS</b>	<b>31-03-2012</b>	<b>31-03-2011</b>
<b>NOTE "20"</b>		
<b><u>OTHER INCOME</u></b>		
Interest Received	1,957	2,281
Rent Received	8	4
Profit on Sale of Assets	992	-
Other Receipts	12	-
Excess Provision Written Back	1	2
Dividend Received	38	-
*Sales Tax Adjustments	1,084	-
<b>TOTAL</b>	<b>4,092</b>	<b>2,287</b>
Includes Prior Period	692	-
<b>NOTE "21"</b>		
<b><u>COST OF MATERIAL CONSUMED</u></b>		
A) Opening Stock	27,134	42,426
Add : Purchase Including expenses	474,603	260,067
	501,736	302,493
Less Closing Stock	52,733	27,134
<b>TOTAL</b>	<b>449,003</b>	<b>275,359</b>
Included Intra Transactions	14,957	5,138
Detail of Raw Material Consumed		
Iron & Steel	449,003	275,359
<b>NOTE "22"</b>		
<b><u>CHANGES IN FINISHED GOODS</u></b>		
Opening Stock of Finished Goods	73,531	53,703
Less : Closing Stock of Finished goods	81,160	73,531
<b>TOTAL</b>	<b>(7629)</b>	<b>(19,828)</b>
<b>NOTE "23"</b>		
<b><u>EMPLOYEE BENEFIT EXPENSES</u></b>		
Salary, Wages & Bonus etc.	9,822	5,904
Contribution to Provident & Other Funds	646	448
Staff Welfare Expenses	152	147
<b>TOTAL</b>	<b>10,620</b>	<b>6,499</b>
<b>NOTE "24"</b>		
<b><u>FINANCIAL COSTS</u></b>		
Interest Expense	13,169	10,864
<b>TOTAL</b>	<b>13,169</b>	<b>10,864</b>



			(Rs. in Thousand)	
PARTICULARS		31-03-2012	31-03-2011	
<b>NOTE "25"</b>				
<b><u>DEPRECIATION &amp; AMORTISATION EXPENSES</u></b>				
Depreciation		6,898	6,811	
	<b>TOTAL</b>	<b>6,898</b>	<b>6,811</b>	
<b>NOTE "26"</b>				
<b><u>OTHER EXPENSES</u></b>				
Consumption of Stores & Spare Parts		3,082	2,789	
Power & Fuel		47,836	48,374	
Repairs & Maintenance to Plant & Machinery		3,640	4,831	
Repairs to Building		710	778	
Finished Goods Expenses		1,023	2,168	
Rent Paid		6,067	3,664	
FG Outward Transportation Charges		6,720	1,467	
Factory Expenses		415	1,258	
Excise Duty		2,570	2,000	
Provision for Sales Tax Defferal		811	1,066	
Keyman Insurance		1,000	-	
Director Sitting Fees		7	2	
<u>Payment to Auditors</u>				
Audit Fees	70		120	
Taxation Matters	26	96	40	
*Other Miscleanous Expenses		11,194	7,622	
	<b>TOTAL</b>	<b>85,171</b>	<b>76,179</b>	
*Includes Prior Period		-	12	

**NOTE "27"****EARNING PER SHARE**

Profit after Tax	3,896	3,580
No. of equity shares (weighted)	5,076,800	4,228,132
Earning Per Share	0.77	0.85
Nominal Value of per equity share (Rs.)	10	10

**28. SIGNIFICANT ACCOUNTING POLICIES :****28.1. 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.

**28.2. The method of Accounting :**

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

**28.3. Fixed Assets :**

Fixed assets are stated at cost 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.

**Impairment :**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and the present value in use. In assessing value in use, the estimated future cash flows are discounted to the presented value by using weighted average cost of capital. A previously recognized impaired loss is future provided or reversed depending on changing in circumstances.

**28.4. Depreciation :**

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

- a) At the rates as prescribed in Schedule XIV of the Companies Act, 1956.
- b) For addition/deletion/sales, depreciation has been charged at the applicable rates on prorata basis.

**28.5. Inventory Valuation :**

Raw material ,stores and spares are valued at cost. Manufactured goods are valued at lower of cost and net realisable value.

**28.6. Revenue Recognition :**

The Company generally follows mercantile system of accounting and recognizes revenue as per AS - 9 on Revenue Recognition. Sales are inclusive of excise duty and net of Sales Tax and discounts.

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

**28.7. Investments :**

Long term investments are stated at cost Current Investments are stated at cost or fair value whichever is lower. Wherever applicable, provision is made when there is a permanent fall in the value of investment.

**28.8. 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.

**29. CONTINGENT LIABILITIES :**

Contingent liabilities not provided for are in respect of:

	March 2012	March 2011
29.1. Claims not acknowledged as debts by the Company on account of:		
a) Labour cases	9, 29,669	8, 96,533



- 29.2. Sales tax matters under appeal for which the Company denies liability.

Total liabilities are of Rs.1,71,19,336/- (Previous year Rs. 1,71,19,336/-) for the Company in total.

The allocation shall be made after final computation in the demerged company and resultant companies.

- 29.3. Excise Duty matters under appeal for which the Company denies liability.

86,40,057

84,52,768

30. The revised Schedule VI has become effective from 1<sup>st</sup> April, 2011 for the preparation of Financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

31. 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.

32. **Segment reporting:**

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

33. 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.

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

	<u>March 2012</u>	<u>March 2011</u>
i) Rent	-	12,000

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

36. **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  
Sharda Shree Ispat Ltd.  
Sulakshana Trade Holdings Ltd.  
Prem Agriculture & Pro. Pvt. Ltd.  
R.R. Sarda & Co.

- (ii) **Key Management Personnel**

Shri N. K. Sarda

Chairman & Managing Director



(b) Nature of transaction	Associates	Key Management Personnel	Total
<b>Purchase of services</b>	2, 28,462	-	2, 28,462
Sharda Dharamkanta	(3, 35,038)	-	(3, 35,038)
Sharda Shree Ispat Ltd.	38,000	-	38,000
	(Nil)		(Nil)
Remuneration	-	9, 00,000	9, 00,000
-	(9, 00,000)	(9, 00,000)	
<b>Loans repaid</b>			
Sulakshana Trade Holdings Ltd.	4, 12, 19, 301	-	4, 12, 19, 301
	(94, 61, 539)		(94, 61, 539)
N. K. Sarda	-	1, 80, 68, 239	1, 80, 68, 239
		(3, 74, 21,804)	(3, 74, 21,804)
<b>Loans received</b>			
Sulakshana Trade Holdings Ltd.	2, 50, 00,000	-	2, 50, 00,000
	(54000)		(54000)
N. K. Sarda	-	1, 95, 00, 000	1, 95, 00, 000
		(3, 27, 50,000)	(3, 27, 50,000)
<b>Balance outstanding at year end:</b>			
Outstanding payable	-	1, 50, 06,697	1, 50, 06,697
	(1, 58, 10,147)	(1, 20, 46,971)	(2, 78, 57,118)
<b>Sharda Shree Ispat Ltd</b>			
<b>Loans Given</b>	10, 00, 000	-	10, 00, 000
	(Nil)		(Nil)
<b>Refund of Loan</b>	10,00,000	-	10,00,000
<b>Purchases Made</b>	11, 39, 638	-	11, 39, 638
	(Nil)		(Nil)
<b>Sales</b>	33, 34, 108	-	33, 34, 108
	(Nil)		(Nil)

**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.

**Signature to Notes '1' to '36'**

As per our report of even date.

For Loya Bagri &amp; Co.,

Firm Registration No.105658W

Chartered Accountants.

(Gopal Das Bagri)

Partner (M.No. 002933)

Nagpur, dated the,

30<sup>th</sup> May, 2012

**Cash Flow Statement for the year ended 31st March, 2012**

	(Rs. in lacs)	
	March, 2012	March, 2011
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation	58.74	38.86
<b>ADJUSTMENTS FOR</b>		
Depreciation	68.98	68.11
Profit on sale of assets	(9.92)	-
Interest expenses	131.69	108.64
Sales Tax Deferred	8.11	10.66
Interest Income	(19.57)	(22.81)
	<b>179.30</b>	<b>164.60</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>238.04</b>	<b>203.46</b>
Trade & Other Receivable	130.19	(142.82)
Inventories	(300.03)	(47.21)
Trade & Other Payable	156.49	179.56
	<b>(13.35)</b>	<b>(10.47)</b>
<b>CASH GENERATED FROM OPERATIONS :</b>	<b>224.69</b>	<b>192.99</b>
Income Tax paid	(25.42)	(15.94)
<b>Net Cash / (Used in) from Operating Activities</b>	<b>199.27</b>	<b>177.06</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets (Net)	(7.49)	(22.45)
Sale of WIP	-	9.51
Purchase of Shares	-	(11.25)
Interest received	19.57	22.81
Sale of Fixed Assets	21.21	---
<b>Net cash \ (used in) from investing activities.</b>	<b>33.29</b>	<b>(1.38)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Expenses	(131.69)	(108.64)
Receipt from Capital Allotment	-	85.10
Net Receipts of short term borrowings	145.53	(84.12)
<b>Net Cash / (used in) from Financing Activities.</b>	<b>277.53</b>	<b>(107.66)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>(44.97)</b>	<b>(68.02)</b>
Cash and Cash Equivalents (Opening Balance)	83.43	15.41
Cash and Cash Equivalents (Closing Balance)	38.46	83.43



**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) The previous year's figures have been regrouped whenever necessary.

As per our report of even date attached.

**FOR LOYA BAGRI & CO.,**  
Firm Registration No. 105658W  
Chartered Accountants

**N.K. SARDA**  
Chairman & Managing Director

**(GOPAL DAS BAGRI)**  
Partner  
(M.No. 002933)

**POONAM SARDA**  
Whole-Time Director

Nagpur, Dated the,  
30th May 2012

### 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, 2012. 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.**  
Firm Registration No. 105658W  
Chartered Accountants,

**(GOPAL DAS BAGRI)**  
Partner  
(M.No. 002933)

Nagpur, dated the,  
30th May, 2012



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 51<sup>st</sup> Annual General Meeting held on 31<sup>st</sup> August, 2012

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 **31<sup>st</sup> August, 2012.**

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

(Affix Re. 1/- Revenue Stamp)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

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

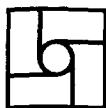
No. of shares held : \_\_\_\_\_

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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.



*If undelivered please return to :*



## ***Sharda Ispat Limited***

*Kamptee Road, Nagpur - 440 026*

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

*Fax : (0712) 2641171*

*BOOK-POST*  
*(PRINTED MATERIAL)*

*To,*

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