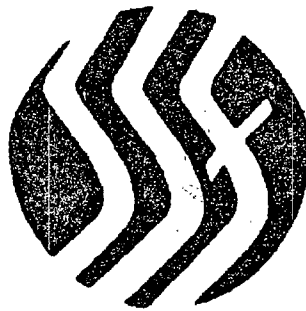


# SHARAT INDUSTRIES LIMITED

|     |    |   |     |    |
|-----|----|---|-----|----|
| MD  | ✓  |   | BKC | ✓  |
| CS  | NA |   | DPY | NA |
| RO  | ✓  |   | DIV | NA |
| TRA | ✓  |   | AC  | ✓  |
| AGM | ✓  | ✓ | SHI | ✓  |
| YE  | ✓  | ✓ |     |    |



8th Annual Report 1997-98

THE UNIVERSITY OF CHICAGO



THE UNIVERSITY OF CHICAGO

**BOARD OF DIRECTORS**

- |    |                          |                              |
|----|--------------------------|------------------------------|
| 1. | Mr. S. Prasad Reddy      | Chairman & Managing Director |
| 2. | Mr. A. Ramakrishna Reddy | Director                     |
| 3. | Mr. N. Suresh            | Director                     |
| 4. | Mr. Tan Kay Hwee         | Director                     |
| 5. | Mr. Yi-Tung Kao          | Director                     |
| 6. | Mr. S.K. Das             | Director                     |

**BANKER**

Bank of Baroda

**AUDITORS**

M/s. Mogili Sridhar & Co.,  
Chartered Accountants,  
6-3-655/2/3, 1st Floor,  
Somajiguda,  
Hyderabad - 500 082.

**REGISTERED OFFICE & FARM**

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

**CORPORATE OFFICE**

No. 16 Justice Sundaram Road  
Nageshwarapuram  
Mylapore  
CHENNAI - 600 004.

**SHARE TRANSFER AGENTS**

Aarathi Consultants Pvt. Ltd.  
1-2-285, Domalguda  
Hyderabad - 500 029.

## NOTICE

NOTICE is hereby given that the EIGHTH Annual General Meeting of the Members will be held on Saturday, the 26th September, 1998, at 10 a.m. at the Company's Registered Office at Venkannapalem Village, T.P. Gudur Mandal, Nellore to consider the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S. Prasad Reddy who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Yi-Tung Kao who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

BY THE ORDER OF BOARD OF DIRECTORS  
for SHARAT INDUSTRIES LIMITED

PLACE : HYDERABAD

DATE : 08-08-1998

S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES, TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
3. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 24TH TO 26TH SEPTEMBER, 1998 (BOTH DAYS INCLUSIVE)

DIRECTORS' REPORT

To  
The Members of  
Sharat Industries Limited,

The Directors have pleasure in presenting the EIGHTH Annual Report of the company together with the Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

| Particulars             | YEAR ENDED     | YEAR ENDED     |
|-------------------------|----------------|----------------|
|                         | 31-03-1998     | 31-03-1997     |
|                         | (Rs. in lakhs) | (Rs. in lakhs) |
| Total Sales / Income    | 144.67         | 114.62         |
| Profit (+) / Loss (-)   | (-) 498.36     | (-) 684.66     |
| Balance Brought Forward | (-) 336.38     | 348.28         |
| Balance Carried forward | (-) 834.74     | (-) 336.38     |

OPERATIONS

During the year 1997-98 the Company had operated both the units Hatchery and Farm. The Hatchery was partly successful. In the Farm we could not achieve the desired result as the problems of virus etc., were still persisting. The turnover could have been much more had the conditions were conducive. However this year we have started with a promising note and both Hatchery and Farm are doing well and we are anticipating good results this time.

There was a fire accident at our Godown on 24-08-97 and goods worth Rs. 1,04,04,380/- were lost. A claim with Insurance company was lodged.

We have taken up the construction of Feed-Mill and the commercial operations are expected by the end of 31st October 1998. The construction of Processing plant would also be taken up and completed before the end of this year. The institutions were kind enough to agree for re-schedulement of interest seeing the constraints faced by the company.

INFORMATION PURSUANT TO CLAUSE 43 OF THE LISTING AGREEMENT

| Particulars  | Rs. in Lakhs | Rs. in Lakhs |
|--|--------------|--------------|
|  | Actual       | Projected    |
| Net Income   | 144.67       | 7367.80      |
| Total Expenditure  | 184.74       | 5593.82      |
| Interest   | 356.75       | 674.03       |
| Gross Profit / Loss after<br>Interest before<br>depreciation & Tax | (-) 396.82   | 1099.95      |
| Depreciation   | 101.53       | 182.77       |
| Net Profit/Loss  | (-) 498.35   | 917.18       |
| Paid up Equity Share Capital                                       | 2201.25      | 2200.00      |

**PARTICULARS OF EMPLOYEES**

In pursuance of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the Directors are to report that no employee was in receipt of remuneration of Rs.3,00,000/- or more per annum or Rs.25,000/- or more per month if employed for a part of the year.

**DIRECTORS**

During the year I.F.C.I. has withdrawn the nomination of Mr. Viswanath Ghai as Director. The Board places on record its appreciation for the services rendered by him.

Mr. S. Prasad Reddy and Mr. Yi-Tung Kao retire by rotation and being eligible, offer themselves for reappointment.

**AUDITORS**

M/s. MOGILI SRIDHAR & CO., Chartered Accountants, retiring auditors of the Company, being eligible, offer themselves for reappointment as auditors of the Company. They have furnished a certificate of their eligibility u/s 224(1B) of the Companies Act, 1956. The members are requested to reappoint the auditors and authorise the Board of Directors of the Company to fix their remuneration.

**PERSONNEL**

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

**DEPOSITS**

The company has not accepted any deposits during the year.

**ACKNOWLEDGEMENTS**

Your Directors gratefully acknowledge with thanks the constructive guidance and co-operation extended by IFCI, IDBI, ICICI, IIBI, Bank of Baroda, MPEDA and other Government Agencies.

for and on behalf of the Board  
for SHARAT INDUSTRIES LIMITED

PLACE : HYDERABAD

DATE : 08-08-1998

S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

## AUDITORS' REPORT

To  
The Members,  
M/S. SHARAT INDUSTRIES LIMITED,

We have audited the attached Balance Sheet of M/s. SHARAT INDUSTRIES LIMITED as at 31st March, 1998 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) 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.
2. Further to the comments in the Annexure referred to in paragraph above.
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
  - b. In our opinion, proper books of account have been kept by the company as required by law so far as appears from our examination of the books.
  - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement within the books of account.
  - d. In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
    - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st march, 1998.

and
    - ii. In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

for MOGILI SRIDHAR & CO.,  
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD  
DATE : 08-08-1998

P. MURALI MOHANA RAO  
PARTNER

## ANNEXURE TO THE AUDITOR'S REPORT

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The management has carried out a physical verification of fixed assets and as explained to us, no serious discrepancies have been noticed on such verification.
- b. None of the fixed assets have been revalued during the current year.
- c. The Management has conducted physical verification in respect of stocks at reasonable intervals.
- d. In our opinion, the procedures of the physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
- e. As explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- f. In our opinion the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles.
- g. The company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained U/S 301 of the Companies Act, 1956 or from companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
- h. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained U/S 301 of the Companies Act, 1956 or to companies under the same management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956.
- i. Loans and Advances in the nature of loans have not been given by the company to any party.
- j. In our opinion, there are adequate internal control procedures, commensurate with the size of the company and nature of its business for the purchase of stocks, and other Assets.
- k. In our opinion and according to the information and explanation given to us, the transactions of purchase of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the current year to Rs.50,000 or more in respect of each party have not been made by the company.
- l. On the basis of evaluation by persons responsible for physical verification of stocks, there were no unserviceable or damaged stocks.
- m. The company has not accepted any deposits from public.
- n. In our opinion reasonable records have been maintained by the company for the sale and disposal of scrap. The company has no by-products.
- o. In our opinion, the company is having internal audit system commensurate with its size and nature of its business.
- p. The Central Govt. has not prescribed Maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- q. The company does not have arrears of Provident Fund and Employees State Insurance dues.
- r. As at the last day of the financial year there were no outstanding undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty for a period of more than six months from the date they became payable.
- s. No personal expenses have been charged to revenue accounts during the year under Audit.
- t. The company is not a Sick Industrial Company within the meaning of clause (O) of sub section (1) of Section 3 of Sick Industrial Companies (Special Provision) Act, 1985.

for MOGILI SRIDHAR & CO.,  
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD  
DATE : 08-08-1998

P. MURALI MOHANA RAO  
PARTNER



**BALANCE SHEET AS AT 31-03-1998**

| PARTICULARS   |   | SCHEDULE<br>No. | AS AT<br>31-03-98<br>Rs. | AS AT<br>31-03-97<br>Rs. |
|---|---|-----------------|--------------------------|--------------------------|
| <b>I. SOURCES OF FUNDS</b>  |   |                 |                          |                          |
| 1. SHAREHOLDERS FUNDS   |   |                 |                          |                          |
| a.  | Capital                                       | 1               | 220125000                | 220125000                |
| b.  | Reserves & surplus                            | 2               | 2264277                  | 2264277                  |
| 2. LOAN FUNDS   |   |                 |                          |                          |
| a.  | Secured Loans                                 | 3               | 421481230                | 345784829                |
| 3. CREDITORS FOR CAPITAL EXPENDITURE  |   |                 |                          |                          |
|   |   |                 | 10180819                 | 10180819                 |
| <b>TOTAL</b>  |   |                 | <b>654051326</b>         | <b>578354925</b>         |
| <b>II. APPLICATION OF FUNDS</b>   |   |                 |                          |                          |
| 1. FIXED ASSETS   |   |                 |                          |                          |
| a.  | Gross Block                                   | 4               | 285650976                | 286047492                |
| b.  | Less Depreciation                             |                 | 31651994                 | 21639374                 |
| c.  | Net Block                                     |                 | 253998982                | 264408118                |
| d.  | Capital WIP                                   |                 | 347299531                | 306532028                |
| 2. CURRENT ASSETS, LOANS & ADVANCES   |   |                 |                          |                          |
| a.  | Inventories                                   |                 | 13154568                 | 13074530                 |
| b.  | Sundry Debtors                                | 5               | 17105747                 | 1704276                  |
| c.  | Cash & Bank Balances                          | 6               | 189333                   | 200638                   |
| d.  | Loans & Advances                              | 7               | 10939376                 | 22959205                 |
|   | Less : Current Liabilities,<br>and Provisions | 8               | 76869595                 | 69722392                 |
| NET CURRENT ASSETS  |   |                 | - 35480571               | - 31783743               |
| 3. MISCELLANEOUS EXPENDITURE<br>(To the extent not written off or adjusted) |   |                 |                          |                          |
|   |   |                 | 4758853                  | 5559788                  |
| 4. PROFIT & LOSS A/C.   |   |                 |                          |                          |
|   |   |                 | 83474531                 | 33638734                 |
| <b>TOTAL</b>  |   |                 | <b>654051326</b>         | <b>578354925</b>         |

AS PER OUR REPORT OF EVEN DATE  
for MOGILI SRIDHAR & CO.,  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

P. MURALI MOHANA RAO  
PARTNER

S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

A. RAMAKRISHNA REDDY  
DIRECTOR

PLACE : HYDERABAD  
DATE : 08-08-1998

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-3-1998

| PARTICULARS   | SCHEDULE<br>No. | ENDING<br>31-03-98<br>Rs. | ENDING<br>31-03-97<br>Rs. |
|---|-----------------|---------------------------|---------------------------|
| I. INCOME   |                 |                           |                           |
| Sales   |                 | 14186960                  | 11461829                  |
| Other Income  |                 | 279720                    | 4980530                   |
| Claim Receivable                                    |                 | 990122                    | —                         |
| TOTAL   |                 | <u>15456802</u>           | <u>16442359</u>           |
| II. EXPENDITURE                                     |                 |                           |                           |
| Manufacturing, Selling &<br>Administrative Expenses | 9               | 21078602                  | 30370525                  |
| Interest & Financial Charges                        |                 | 35675457                  | 31600138                  |
| Adjustment for Stocks                               |                 | (2415229)                 | 12772039                  |
| Depreciation  |                 | 10152834                  | 9365301                   |
| Miscellaneous Exp. written off                      |                 | 800935                    | 800935                    |
| TOTAL   |                 | <u>65292599</u>           | <u>84908938</u>           |
| NET PROFIT / (LOSS)                                 |                 | (49835797)                | (68466579)                |
| BALANCE BROUGHT FORWARD                             |                 | (33638734)                | 34827845                  |
| BALANCE (LOSS) CARRIED FORWARD                      |                 | (83474531)                | (33638734)                |

AS PER OUR REPORT OF EVEN DATE  
for MOGILI SRIDHAR & CO.,  
CHARTERED ACCOUNTANTS

P. MURALI MOHANA RAO  
PARTNER

PLACE : HYDERABAD  
DATE : 08-08-1998

FOR AND ON BEHALF OF THE BOARD

S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

A. RAMAKRISHNA REDDY  
DIRECTOR

## SCHEDULE 1

## SHARE CAPITAL

| PARTICULARS  | AS AT<br>31-03-98 | AS AT<br>31-03-98 |
|--|-------------------|-------------------|
| AUTHORISED<br>50000000 Equity Shares of Rs.10/- Each                       | 500000000         | 500000000         |
| ISSUED SUBSCRIBED<br>& PAID-UP :<br>22012500 Equity Shares of Rs.10/- Each | 220125000         | 220125000         |
|  | <u>220125000</u>  | <u>220125000</u>  |

## SCHEDULE 2

## RESERVES &amp; SURPLUS

| PARTICULARS        | AS AT<br>31-03-98 | AS AT<br>31-03-97 |
|--------------------|-------------------|-------------------|
| a. Revenue Reserve | 989277            | 989277            |
| b. Subsidy         | 1275000           | 1275000           |
|                    | <u>2264277</u>    | <u>2264277</u>    |

## SCHEDULE 3

## SECURED LOANS

| PARTICULARS   | AS AT<br>31-03-98 | AS AT<br>31-03-97 |
|---|-------------------|-------------------|
| FROM INSTITUTIONS   | 267387623         | 256377807         |
| FUNDED INTEREST TERM LOAN<br>FROM INSTITUTIONS  | 154093607         | 89407022          |
| (Secured by way of first charge against<br>mortgage of all future and present<br>immovable properties and by hypothecation<br>of all future and present movable properties) | <u>421481230</u>  | <u>345784829</u>  |

## SCHEDULE 4

SLN Method

## FIXED ASSETS

| PARTICULARS          | Gross Block<br>As on<br>01-04-1997 | Additions<br>During<br>the year | Deletions | Gross Block<br>As on<br>31-03-1998 | Depreciation<br>upto<br>Previous Year | Depreciation<br>deletion | Depreciation<br>During<br>the year | Total<br>Depreciation | Net Block<br>As on<br>31-03-1998 | Net Block<br>As on<br>31-03-1997 |
|----------------------|------------------------------------|---------------------------------|-----------|------------------------------------|---------------------------------------|--------------------------|------------------------------------|-----------------------|----------------------------------|----------------------------------|
| Land                 | 27751676                           | —                               | —         | 27751676                           | —                                     | —                        | —                                  | —                     | 27751676                         | 27751676                         |
| Plant & Machinery    | 46065604                           | —                               | —         | 46065604                           | 5740227                               | —                        | 2188116                            | 7928343               | 38137261                         | 40325377                         |
| Building             | 63593159                           | —                               | —         | 63593159                           | 4302155                               | —                        | 2124012                            | 6426167               | 57166992                         | 59291004                         |
| Electrical Equipment | 11226504                           | —                               | —         | 11226504                           | 1501852                               | —                        | 533259                             | 2035111               | 9191393                          | 9724652                          |
| Vehicles             | 2562826                            | 56884                           | 453400    | 2166310                            | 775036                                | 140214                   | 205799                             | 840621                | 1325689                          | 1787790                          |
| Pond construction    | 94495306                           | —                               | —         | 94495306                           | 7714153                               | —                        | 3156143                            | 10870296              | 83625010                         | 86781153                         |
| Furniture & Fixtures | 3310785                            | —                               | —         | 3310785                            | 523299                                | —                        | 209573                             | 732872                | 2577913                          | 2787486                          |
| Office Equipment     | 1669854                            | —                               | —         | 1669854                            | 216661                                | —                        | 55773                              | 272434                | 1397420                          | 1453193                          |
| Other Assets         | 35371778                           | —                               | —         | 35371778                           | 865991                                | —                        | 1680159                            | 2546150               | 32825628                         | 34505787                         |
|                      | 286047492                          | 56884                           | 453400    | 285650976                          | 21639374                              | 140214                   | 10152834                           | 31651994              | 253998982                        | 264408118                        |

## SCHEDULE 5

## SUNDRY DEBTORS

| PARTICULARS   | AS AT<br>31-03-98 | AS AT<br>31-03-97 |
|---|-------------------|-------------------|
| Unsecured, considered good :  |                   |                   |
| a. Debts not exceeding a<br>period of six months<br>Considered good | 6701367           | 1704276           |
| b. Others   | 10404380          | —                 |
|   | <u>17105747</u>   | <u>1704276</u>    |

## SCHEDULE 6

## CASH &amp; BANK BALANCES

| PARTICULARS               | AS AT<br>31-03-98 | AS AT<br>31-03-97 |
|---------------------------|-------------------|-------------------|
| Cash on hand              | 35684             | 44308             |
| Cash with Scheduled Banks | 153649            | 156330            |
|                           | <u>189333</u>     | <u>200638</u>     |

## SCHEDULE 7

**LOANS & ADVANCES**  
Unsecured, Considered good

| PARTICULARS   | AS AT<br>31-03-98 | AS AT<br>31-03-97 |
|---|-------------------|-------------------|
| (Recoverable in cash or in kind<br>or for value to be received) |                   |                   |
| Advances  | 8070850           | 19025036          |
| Deposits  | 2636611           | 2619611           |
| Other Current Assets  | 231915            | 1314558           |
|   | <u>10939376</u>   | <u>22959205</u>   |

## SCHEDULE 8

**CURRENT LIABILITIES**  
PROVISIONS

| PARTICULARS             | AS AT<br>31-03-98 | AS AT<br>31-03-97 |
|-------------------------|-------------------|-------------------|
| Creditors for Suppliers | 24615057          | 25766990          |
| Creditors for Expenses  | 2463513           | 2556888           |
| Creditors for Others    | 11337162          | 9607795           |
| From Banks              | 38453863          | 31790719          |
|                         | <u>76869595</u>   | <u>69722392</u>   |

## SCHEDULE 9

**MANUFACTURING, SELLING &  
ADMINISTRATIVE EXPENSES**

| PARTICULARS                   | AS AT<br>31-03-98 | AS AT<br>31-03-97 |
|-------------------------------|-------------------|-------------------|
| Raw material consumed         | 9567555           | 7553700           |
| Power & Fuel                  | 2015717           | 2646182           |
| Salaries & Wages              | 2627198           | 3346188           |
| Mfg. Expenses                 | 1327546           | 9260170           |
| Repairs & Maintenance         | 890674            | 1297101           |
| Other Administration Expenses | 4175728           | 5311408           |
| Auditors Remuneration         | 75000             | 75000             |
| Selling Expenses              | 399184            | 880776            |
|                               | <u>21078602</u>   | <u>30370525</u>   |

## SCHEDULE 10

## NOTES TO ACCOUNTS

1. The Schedules referred to in the Balance Sheet form an integral part of Accounts.
2. There was a fire accident on 24.8.1997, the capital goods worth Rs.94.14 lakhs and Raw material worth of Rs.9.90 lakhs were lost. A claim was lodged with the Insurance Co. and the amount has been shown as receivable in the Balance Sheet.
3.
  - i. Liability on account of un-crystallised Foreign currency loans at the rates of exchange as on 31-03-98 are as given under :
 

|       |     |           |              |
|-------|-----|-----------|--------------|
| IFCI  | USD | 472055.52 | Rs. 18726442 |
| IDBI  | USD | 145787.16 | Rs. 5831486  |
| ICICI | USD | 472476.20 | Rs. 18743131 |
  - ii. Foreign Exchange fluctuation on crystallised foreign currency loan amount with IFCI, IDBI, ICICI as per the rates of exchange as on 31.3.1998 was taken and effected in Balance Sheet.
  - iii. Institutional interest during the year has been allocated to profit and loss a/c. and Capital work in progress as per prorata basis.
4. Foreign Exchange in flow on account of export of sales NIL (Previous year USD 128210.24 equivalent to Rs.45.78 Lakhs)
5. Contingent Liability :
 

On account of Bank Guarantee Rs.7.75 Lakhs. (previous year Rs.6.25 Lakhs)
6. Auditors remuneration
 

|                | Current Year | Previous Year |
|----------------|--------------|---------------|
| Audit Fees     | 55,000       | 55,000        |
| Tax Audit Fees | 20,000       | 20,000        |
7. Managing Directors Remuneration
 

|             | Current Year | Previous Year |
|-------------|--------------|---------------|
| Salary      | 60,000       | 60,000        |
| Perquisites | 60,000       | 60,000        |
8. Particulars of Employees in accordance with sub section (2A) of section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule 1975.

NIL

## 9. Additional information pursuant to provisions of Part II of Schedule VI of the Companies Act, 1956

|                                     | Year ended<br>31.03.98 |                    | Year ended<br>31.03.97 |                    |
|-------------------------------------|------------------------|--------------------|------------------------|--------------------|
|                                     | Qty.<br>(MT)           | Amount<br>in lakhs | Qty.<br>(MT)           | Amount<br>in lakhs |
| A. Turnover                         |                        |                    |                        |                    |
| Shrimp (MT)                         | 24.651                 | 131.36             | 10.080                 | 45.78              |
| Seed (Millions)                     | 13.890                 | 10.50              | 21.000                 | 68.83              |
| B. Details of Raw Material Consumed |                        |                    |                        |                    |
| Shrimp Seed, others                 | —                      | 61.99              | —                      | 28.73              |
| Feed                                | 72.068                 | 33.68              | 110.117                | 46.80              |
| C. Capacity & Production            |                        |                    |                        |                    |
| i. Installed Capacity               |                        |                    |                        |                    |
| Farm (TPA)                          | 1300.000               |                    | 1300.000               |                    |
| Hatchery (Millions)                 | 400.000                |                    | 400.000                |                    |
| ii. Actual Production               |                        |                    |                        |                    |
| Farm (MT)                           | 35.930                 |                    | 15.120                 |                    |
| Hatchery (Millions)                 | 37.000                 |                    | 27.000                 |                    |
| D. Opening & Closing Stock          |                        |                    |                        |                    |
| Opening Stock                       |                        |                    |                        |                    |
| Farm (MT)                           | —                      | —                  | —                      | —                  |
| Hatchery (Millions)                 | 0.646                  | 0.84               | 40.000                 | 128.56             |
| Closing Stock                       |                        |                    |                        |                    |
| Farm (MT)                           | 05.615                 | 20.99              | —                      | —                  |
| Hatchery (Millions)                 | 15.960                 | 3.99               | 00.646                 | 000.84             |

## 10. SIGNIFICANT ACCOUNTING POLICIES

## a. General

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

## b. Revenue Recognition

The company follows the Mercantile system of Accounting and recognizes income and expenditure on accrual basis.

## c. Fixed Assets

Fixed Assets are recorded at the cost of acquisition inclusive of freight, duties, taxes and other incidental charges related to acquisition.

- d. Capital Work in progress includes Advances for construction, Supply and erection of machinery, electrical equipments, material at site and technical know how fees and interest during the construction period etc.

e. Depreciation

The Depreciation on the fixed assets has been calculated on Straight Line method at the rates given in the Schedule XIV of the Companies Act, 1956.

f. Inventories

Inventories are valued at cost or market price which ever is lower.

g. Gratuity

The company has not made any provision for accruing liability for gratuity to its employees. Gratuity payable will be accounted as and when payments are made. Hence, such liability has not been ascertained.

h. Sundry Debtors, Sundry Creditors and advances etc., balances are subject to confirmation.

11. Previous years figures have been regrouped where ever necessary.

12. Figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 to 10

AS PER OUR REPORT OF EVEN DATE  
for MOGILI SRIDHAR & CO.,  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

P. MURALI MOHANA RAO  
PARTNER

S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 08-08-1998

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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-1998**

|   | Current Year<br>(Rs. in Lakhs) | Previous Year<br>(Rs. in Lakhs) |
|---|--------------------------------|---------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                 |                                |                                 |
| Net Profit / Loss before tax and                              |                                |                                 |
| Extraordinary Items   | (498.36)                       | (684.66)                        |
| Adjustment for :  |                                |                                 |
| Depreciation  | 101.53                         | 93.65                           |
| Misc. Expenses written off                                    | 8.01                           | 8.01                            |
| Interest  | 356.75                         | 316.00                          |
| Operating Profit before working capital changes               |                                |                                 |
| Adjustment for :  | (32.07)                        | (267.00)                        |
| Trade and other receivables                                   | 60.33                          | 123.91                          |
| Inventories   | (0.80)                         | 174.99                          |
| Trade payables  | (24.14)                        | 11.54                           |
| Cash generated from operations                                | 3.32                           | 43.44                           |
| Interest / Financial charges                                  | (6.00)                         | (43.68)                         |
| Cash flow before extraordinary item                           | (2.68)                         | (0.24)                          |
| Extraordinary Items   | —                              | —                               |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                | <b>(2.68)</b>                  | <b>(0.24)</b>                   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>               |                                |                                 |
| Adjustment towards fixed assets                               | —                              | (7.43)                          |
| Creditors for capital expenditure                             | —                              | (4.18)                          |
| Sale of Assets  | 3.13                           | 5.17                            |
| Purchase of Vehicles  | (0.57)                         | (0.41)                          |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                | <b>2.56</b>                    | <b>(6.85)</b>                   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>               |                                |                                 |
| Proceeds from long term borrowings                            | —                              | 6.25                            |
| Subsidy received  | —                              | —                               |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                | <b>—</b>                       | <b>6.25</b>                     |
| <b>Net decrease in cash and cash equivalents</b>              | <b>(0.12)</b>                  | <b>(0.84)</b>                   |
| <b>Cash and Cash equivalents at the beginning of the year</b> | <b>2.01</b>                    | <b>2.85</b>                     |
| <b>Cash and Cash equivalents at the close of the year</b>     | <b>1.89</b>                    | <b>2.01</b>                     |

**Note :** The working capital limit (cash credit) has been considered as current liability and added to Trade Payables.

for and on behalf of the Board

S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

A. RAMAKRISHNA REDDY  
DIRECTOR

PLACE : HYDERABAD

DATE : 08-08-1998

To  
The Board of Directors  
Sharat Industries Limited  
Hyderabad.

We have examined the attached Cash Flow Statement of Sharat Industries Limited for the year ended 31st March, 1998. The Statement has been prepared by the company in accordance with the requirements of Clause 32 of listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 08th August, 1998 to the members of the Company.

Yours faithfully,  
for MOGILI SRIDHAR & CO.,  
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD

DATE : 08-08-1998

P. MURALI MOHANA RAO  
PARTNER

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 0 1 - 0 1 1 2 7 6

State Code 0 1

Balance Sheet 3 1 0 3 9 8

Date Date Month Year

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

Public Issue  
N I L

Rights Issue  
N I L

Bonus Issue  
N I L

Private Placement  
N I L

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

Total Liabilities  
0 0 0 6 5 4 0 5 1

Total Assets  
0 0 0 6 5 4 0 5 1

Sources of Funds

Paid-Up Capital  
0 0 0 2 2 0 1 2 5

Reserves & Surplus  
0 0 0 0 0 2 2 6 4

Secured Loans  
0 0 0 4 2 1 4 8 1

Unsecured Loans  
0 0 0 0 1 0 1 8 1

Application of Funds

Net Fixed Assets  
0 0 0 6 0 1 2 9 8

Investments  
N I L

Net Current Assets  
- 3 5 4 8 0

Mis. Expenditure  
0 0 0 0 0 4 7 5 9

Accumulated Losses  
8 3 4 7 4

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

Turnover  
0 0 0 0 1 5 4 5 7

Total Expenditure  
0 0 0 0 6 5 2 9 3

+ -  
-

Profit / Loss Before Tax  
0 0 0 0 4 9 8 3 6

+ -  
=

Profit / Loss After Tax  
0 0 0 0 4 9 8 3 6

Earning Per Share in Rs.  
N A

Dividend rate %  
N A

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

Item Code No. (ITC Code)  
0 0 0 0 0 3 0 6 1 3

Product Description  
P R A W N S

11:  
12:

FOR AND ON BEHALF OF THE BOARD

S. PRASAD REDDY  
MANAGING DIRECTOR

A. RAMA KRISHNA REDDY  
DIRECTOR

PLACE : HYDERABAD  
DATE : 08-08-1998



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