

SHARAT INDUSTRIES LIMITED



9th Annual Report 1998-99

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 |
| 7. | Mr. M. Kishore Babu | Nominee Director - IFCI |

BANKER

Bank of Baroda

AUDITORS

M/s. Moqili 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 NINTH Annual General Meeting of the Members will be held on Saturday, the 18th December, 1999, at 11 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, 1999 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. N. Suresh who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Tan Kay Hwee who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Revolution :

"Resolved that pursuant to Sections 269, 198, 309 and Schedule XIII and all other provisions if any, of the Companies Act 1956, subject to the approval of IFCI, the consent of the members be and is hereby given to the re-appointment of Mr. S. Prasad Reddy as managing director for a period of three years w.e.f. 30th November, 1998 on the following terms and conditions :

- i) Salary Rs.5,000/- per month.
- ii) Furnished accomodation, the expenditure on which shall not exceed Rs.5,000/- per month.
- iii) Provision of car for official business and telephone at residence for official purpose".

PLACE : VENKANNAPALEM
DATE : 30-10-1999

BY THE ORDER OF BOARD OF DIRECTORS
for SHARAT INDUSTRIES LIMITED

(Sd)
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES, TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.

THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED ON 18th DECEMBER, 1999.
4. THE RELATIVE EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS SET OUT ABOVE AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT 1956 IS ANNEXED HERETO.

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT**

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

Item No. 5 :

Mr. S. Prasad Reddy was appointed as Managing Director of the company for a period of five years w.e.f. 30th November 1993. The appointment is valid upto 29th November 1998.

The Board of Directors at their meeting held on 30th October 1998 have re-appointed Mr. S. Prasad Reddy as Managing Director for a further period of three years w.e.f. 30th NOVEMBER 1998 on the terms and conditions mentioned in the proposed resolution. The Board recommends the passing of the resolution.

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

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

DIRECTORS' REPORT

To
The Members of
Sharat Industries Limited,

Your Directors submit their Ninth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

Particulars	YEAR ENDED	YEAR ENDED
	31-03-1999	31-03-1998
	(Rs. in lakhs)	(Rs. in lakhs)
Total Sales	193.61	144.67
Profit (+) / Loss (-)	(-) 1408.86	(-) 498.36
Balance Brought Forward	(-) 824.85	(-) 336.38
Balance Carried forward	(-) 2233.71	(-) 834.74

OPERATIONS

The Aqua Culture Industry which has passed through difficult stages during the years 1995-96 to 1997-98 is showing improvement. Your company could operate the Hatchery and Farm and achieve a turnover of Rs.190.05 lakhs. In the Hatchery, even though the demand and production were low in the initial stages, the sales picked up at the later part of the year. We could achieve a turnover of Rs.70,00,000/-. This year we have also operated another unit in the Hatchery namely Scampi (Rosenbergi) a fresh water seed culture on experiment basis and it proved to be successful. Encouraged by the performance we have enhanced the capacity during this year and we are hoping to achieve a good turnover. On the culture front too we have taken several steps to prevent the virus effecting the crop such as chlorinating the water before being pumped in to the ponds. These steps are giving good results and we are expecting a good yield during the year, which will increase the turnover. Another important achievement made by your company is the completion of the feed plant.

SICKNESS

The low turnover for all the years since 1995 had adversely effected the company's financial position. The heavy interest burden for the successive years also resulted in huge losses, as the turnover is not sufficient to absorb the interest payable to the institutions. There was also escalation in the prices of raw material and the wage bill. From the year 95-96, the company suffered losses as detailed below against the turnover indicated :

YEAR	TURNOVER (Rs. in Lakhs)	LOSS (Rs. in Lakhs)
1995-96	699.35	348.30
1996-97	114.61	684.66
1997-98	141.86	498.25
1998-99	193.61	1408.86

As a result the company has incurred accumulated loss to the extent of Rs.2233.71 lakhs which has completely eroded the networth of the company. Consequently your company has become a sick industrial company with in the meaning of Section 3(1) (c) of the Sick Industrial Companies (Special Provisions) Act, 1985. Therefore your directors have formed an opinion that reference under Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985 shall be made to the Board for Industrial and Financial Reconstruction (BIFR) to determine the measures for rehabilitation of the Company.

FUTURE OUTLOOK

The feed plant being a lucrative unit would help the company in improving the performance. The management is confident of completing the processing unit in all respects by the end of the current financial year. With all the units in operation your company will achieve an excellent turnover during the years to come. We are also putting all our efforts to work out a comprehensive proposal for revival of the company in consultation with the Financial Institutions and the Banks. We hope that the revival proposal would materialise in the next year.

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.6,00,000/- or more per annum or Rs.50,000/- or more per month if employed for part of the year.

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

- a) Conservation of energy : The company is monitoring the consumption of energy and is identifying areas for conservation of energy.
- b) (i) Technology absorption, adoption and innovation :
 - (1) The company has entered into technical collaboration agreement with the collaborator M/s. Nan-Rong International Corporation, Taiwan for the transfer of technical know-how and training the production personnel of the organisation.
 - (2) Buy-back agreement : The company has entered into buy back agreement for its products with M/s. Highwon Fishery Development Corporation, Singapore.
- (ii) Research and Development (R&D) : The company is in the process of identifying areas in which R&D can be carried out.
- c) Foreign exchange earnings and out go :
 - (i) Foreign exchange earnings : U.S. \$ 188450 (equivalent to Rs.80.06 lakhs) on account of export sales.
 - (ii) Foreign exchange outflow : Nil

DIRECTORS

L.F.C.I has nominated Mr. M. Kishore Babu as Director in the place of Mr. Anand Chakravorthy. Mr. N. Suresh and Mr. Tan Kay Hwee retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. MOGILI SRIDHAR & CO., Chartered Accountants, retiring auditors of the Company, may be re-appointed.

PERSONNEL

The relations between the management and the staff were very cordial through out 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 for the constructive guidance and cooperation extended by IFCI, IDBI, ICICI, IBI, Bank of Baroda, MPEDA and other Government Agencies.

PLACE : VENKANNAPELEM
DATE : 30-10-1999

for and on behalf of the Board
for SHARAT INDUSTRIES LIMITED

(Sd)
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, 1999 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 with the books of account.
 - (d) In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
 - (e) 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, 1999.

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

PLACE : VENKANNAPALEM
DATE : 30-10-1999

for MOGILI SRIDHAR & CO.,
CHARTERED ACCOUNTANTS

(Sd)
P. MURALI MOHANA RAO
PARTNER

ANNEXURE TO THE AUDITORS' 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.
- 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.
- 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 has become 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.

PLACE : VENKANNAPALEM
DATE : 30-10-1999

for MOGILI SRIDHAR & CO.,
CHARTERED ACCOUNTANTS
(Sd)
P. MURALI MOHANA RAO
PARTNER

BALANCE SHEET AS AT 31-03-1999

PARTICULARS	SCHEDULE No.	AS AT 31-03-99	AS AT 31-03-98
I. SOURCES OF FUNDS		Rs.	Rs.
1. SHAREHOLDERS FUNDS			
a. Capital	1	220125000	220125000
b. Reserves & surplus		1275000	1275000
2. LOAN FUNDS			
a. Secured Loans	2	493278251	421481230
3. CREDITORS FOR CAPITAL GOODS		10821201	10180819
	TOTAL	<u>725499452</u>	<u>653062049</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block	3	295135582	285650976
b. Less Depreciation		43614065	31651994
c. Net Block		251521517	253998982
d. Capital WIP		313935069	347299531
2. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		9053620	13154568
b. Sundry Debtors	4	11599026	17105747
c. Cash & Bank Balances	5	1312953	189333
d. Loans & Advances	6	5564922	10939376
Less : Current Liabilities, and Provisions	7	94817514	76869595
NET CURRENT ASSETS		- 67286993	- 35480571
3. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		3957918	4758853
4. PROFIT & LOSS Account		223371941	82485254
	TOTAL	<u>725499452</u>	<u>653062049</u>

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

FOR AND ON BEHALF OF THE BOARD

(Sd)
P. MURALI MOHANA RAO
PARTNER

(Sd)
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

(Sd)
A. RAMAKRISHNA REDDY
DIRECTOR

PLACE : VENKANNAPELEM
DATE : 30-10-1999

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-3-1999

PARTICULARS	SCHEDULE No.	ENDING 31-03-99	ENDING 31-03-98
I. INCOME		Rs.	Rs.
Sales		19052405	14186960
Other Income		309131	279720
Claim Receivable		—	990122
TOTAL		<u>19361536</u>	<u>15456802</u>
II. EXPENDITURE			
Manufacturing, Selling & Administrative Expenses	8	26499620	21078602
Interest & Financial Charges		121060617	35675457
Adjustment for Stocks		(75020)	(2415229)
Depreciation		11962071	10152834
Miscellaneous Exp. written off		800935	800935
TOTAL		<u>160248223</u>	<u>65292599</u>
NET PROFIT / (LOSS)		(140886687)	(49835797)

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

(Sd)
P. MURALI MOHANA RAO
PARTNER

PLACE : VENKANNAPEM
DATE : 30-10-1999

FOR AND ON BEHALF OF THE BOARD

(Sd)
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

(Sd)
A. RAMAKRISHNA REDDY
DIRECTOR

SCHEDULE 1

SHARE CAPITAL

PARTICULARS	AS AT 31-03-99	AS AT 31-03-98
AUTHORISED 50000000 Equity Shares of Rs.10/- Each	500000000	500000000
ISSUED SUBSCRIBED & PAID-UP : 22012500 Equity Shares of Rs.10/- Each	220125000	220125000
	<u>220125000</u>	<u>220125000</u>

SCHEDULE 2

SECURED LOANS

PARTICULARS	AS AT 31-03-99	AS AT 31-03-98
TERM LOANS FROM INSTITUTIONS	267387623	267387623
INTEREST FUNDED & INTEREST ON TERM LOAN FROM INSTITUTIONS (Secured by way of first charge against mortgage of all future and present immovable properties and by hypothecation of all future and present movable properties)	225890628	154093607
	<u>493278251</u>	<u>421481230</u>

SCHEDULE 3

SLM Method

FIXED ASSETS

PARTICULARS	Gross Block As on 01-04-1998	Additions During the year	Deletions	Gross Block As on 31-03-1999	Depreciation upto Previous Year	Depreciation deletion	Depreciation During the year	Total Depreciation	Net Block As on 31-03-1999	Net Block As on 31-03-1998
Land	27751676	—	—	27751676	—	—	—	—	27751676	27751676
Plant & Machinery	46065604	—	—	46065604	7928343	—	2188116	10116459	35949145	38137261
Building	63593159	—	—	63593159	6426167	—	2124012	8550179	55042980	57166992
Electrical Equipment	11226504	—	—	11226504	2035111	—	533259	2568370	8658134	9191393
Vehicles	2166310	174907	—	2341217	840621	—	216896	1057517	1283700	1325689
Pond construction	94495306	9281479	—	103776785	10870296	—	4929397	15799693	87977092	83625010
Furniture & Fixtures	3310785	—	—	3310785	732872	—	209573	942445	2368340	2577913
Office Equipment	1669854	—	—	1669854	272434	—	79318	351752	1318102	1397420
Other Assets	35371778	28220	—	35399998	2546150	—	1681500	4227650	31172348	32825628
	285650976	9484606	—	295135582	31651994	—	11962071	43614065	251521517	253998982

SCHEDULE 4

SUNDRY DEBTORS

PARTICULARS	AS AT 31-03-99	AS AT 31-03-98
Unsecured, considered good :		
a. Debts not exceeding a period of six months Considered good	1194646	6701367
b. Others	10404380	10404380
	<u>11599026</u>	<u>17105747</u>

SCHEDULE 5

CASH & BANK BALANCES

PARTICULARS	AS AT 31-03-99	AS AT 31-03-98
Cash on hand	66787	35684
Cash with Scheduled Banks	1244166	153649
	<u>1312953</u>	<u>189333</u>

SCHEDULE 6

LOANS & ADVANCES
Unsecured, Considered good

PARTICULARS	AS AT 31-03-99	AS AT 31-03-98
(Recoverable in cash or in kind or for value to be received)		
Advances	3139221	8070850
Deposits	2425701	2636611
Other Current Assets	—	231915
	<u>5564922</u>	<u>10939376</u>

SCHEDULE 7

CURRENT LIABILITIES
PROVISIONS

PARTICULARS	AS AT 31-03-99	AS AT 31-03-98
Creditors for Suppliers	22217603	24615057
Creditors for Expenses	2601155	2463513
Creditors for Others	28648533	11337162
From Banks	41350223	38453863
	<u>94817514</u>	<u>76869595</u>

SCHEDULE 8

**MANUFACTURING, SELLING &
ADMINISTRATIVE EXPENSES**

PARTICULARS	AS AT 31-03-99	AS AT 31-03-98
Raw material consumed	11628917	9567555
Power & Fuel	4320578	2015717
Salaries & Wages	2911274	2627198
Mfg. Expenses	373558	1327546
Repairs & Maintenance	1632421	890674
Other Administration Expenses	4304494	4175728
Auditors Remuneration	75000	75000
Selling Expenses	1253378	399184
	<u>26499620</u>	<u>21078602</u>

SCHEDULE 9

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. During the year 1998-99 Rs.3,88,12,066.48 Institutional interest belongs to 1997-98 has been charged to profit & loss account, and during the year 1998-99 not capitalised any interest.
4. Foreign Exchange in flow on account of export of sales USD 188450 equivalent to Rs.80.06 Lakhs (Previous year Nil).
5. Contingent Liability :
On account of Bank Guarantee Rs.7.75 Lakhs. (previous year Rs.7.75 Lakhs)
6. Auditors remuneration

	Current Year	Previous Year
Audit Fees	55,000	55,000
Tax Audit Fees	20,000	20,000
7. Managing Director's 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 31.03.99		Year ended 31.03.98	
		Qty. (MT)	Amount in lakhs	Qty. (MT)	Amount in lakhs
A.	Turnover				
	Shrimp (MT)	25.200	21.38	24.651	131.36
	Seed (Millions)	34.867	69.14	13.890	10.50
B.	Details of Raw Material Consumed				
	Shrimp Seed, others	—	75.81	—	61.99
	Feed	89.910	40.47	72.068	33.68
C.	Capacity & Production				
i.	Installed Capacity				
	Farm (TPA)	1300.000		1300.000	
	Hatchery (Millions)	400.000		400.000	
ii.	Actual Production				
	Farm (MT)	32.640		35.930	
	Hatchery (Millions)	42.607		37.000	
D.	Opening & Closing Stock				
	Opening Stock				
	Farm (MT)	05.615	20.99	—	—
	Hatchery (Millions)	15.960	3.99	0.646	0.84
	Closing Stock				
	Farm (MT)	—	—	05.615	20.99
	Hatchery (Millions)	23.700	4.74	15.960	3.99

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 9

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

FOR AND ON BEHALF OF THE BOARD

(Sd)
P. MURALI MOHANA RAO
PARTNER

(Sd)
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

(Sd)
A. RAMAKRISHNA REDDY
DIRECTOR

PLACE : VENKANNAPELEM
DATE : 30-10-1999

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-1999

	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / Loss before tax and Extraordinary Items	(1408.87)	(498.36)
Adjustment for :		
Depreciation	119.62	101.53
Misc. Expenses written off	8.01	8.01
Interest	1180.61	356.75
Operating Profit before working capital changes		
Adjustment for :	(100.63)	(32.07)
Trade and other receivables	108.81	60.33
Inventories	41.01	(0.80)
Trade payables	(214.62)	(24.14)
Cash generated from operations	(165.43)	3.32
Interest / Financial charges	(62.13)	6.00
Cash flow before extraordinary items	(227.56)	(2.68)
NET CASH FLOW FROM OPERATING ACTIVITIES	(227.56)	(2.68)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Adjustment towards fixed assets	238.80	—
Sale of Assets	—	3.13
Purchase of Vehicles	—	(0.57)
NET CASH FLOW FROM INVESTING ACTIVITIES	238.80	2.56
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	—	—
NET CASH FLOW FROM FINANCING ACTIVITIES	—	—
Net decrease in cash and cash equivalents	11.24	(0.12)
Cash and Cash equivalents at the beginning of the year	1.89	2.01
Cash and Cash equivalents at the close of the year	13.13	1.89

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

PLACE : VENKANNAPELEM
DATE : 30-10-1999

for and on behalf of the Board

(Sd)

S. PRASAD REDDY

CHAIRMAN & MANAGING DIRECTOR

(Sd)

A. RAMAKRISHNA REDDY

DIRECTOR

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, 1999. 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 30th October, 1999 to the members of the Company.

PLACE : VENKANNAPELEM
DATE : 30-10-1999

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

(Sd)

P. MURALI MOHANA RAO
PARTNER

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

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 01 - 011276

State Code 01

Balance Sheet 31 03 99

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

000725499

Total Assets

000725499

Sources of Funds

Paid-Up Capital

000220125

Reserves & Surplus

000001275

Secured Loans

000493278

Unsecured Loans

000010181

Application of Funds

Net Fixed Assets

000565457

Investments

N I L

Net Current Assets

-67287

Mis. Expenditure

000003958

Accumulated Losses

140887

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

Turnover

000019362

Total Expenditure

000160248

+ -

Profit / Loss Before Tax

000140887

+ -

Profit / Loss After Tax

000140887

-

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)

0000030613

Product

Description

P R A W N S

PLACE : VENKANNAPELEM

DATE : 30-10-1999

FOR AND ON BEHALF OF THE BOARD

(Sd)

S. PRASAD REDDY
MANAGING DIRECTOR

(Sd)

A. RAMA KRISHNA REDDY
DIRECTOR