

SHARAT INDUSTRIES LIMITED

SHARAT INDUSTRIES LIMITED



10th Annual Report 1999-2000

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. P.A. Reddy & Co.,
Chartered Accountants,
2411/422 A,
Saraswathi Nagar, Dargamitta,
Nellore - 524 003.

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.

NOTICE

NOTICE is hereby given that the TENTH Annual General Meeting of the Members will be held on Thursday, the 28th September, 2000, 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, 2000 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.K. Das who retires by rotation and has not offered himself for reappointment.
3. To appoint a Director in place of Mr. A. Ramakrishna Reddy who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

PLACE : VENKANNAPELEM

BY THE ORDER OF BOARD OF DIRECTORS

DATE : 16-08-2000

for SHARAT INDUSTRIES LIMITED

(Sd)

S. PRASAD REDDY

CHAIRMAN & MANAGING DIRECTOR

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED ON 28 SEPTEMBER, 2000.

DIRECTORS' REPORT

To
The Members of
Sharat Industries Limited, Venkannapalem, Nellore Dt.

The Directors have pleasure in presenting the Tenth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

| Particulars | YEAR ENDED | YEAR ENDED |
|--------------------------|----------------|----------------|
| | 31-03-2000 | 31-03-1999 |
| | (Rs. in lakhs) | (Rs. in lakhs) |
| Total Income | 185.38 | 193.61 |
| Profit (+) / Loss (-) | (-) 1290.55 | (-) 1408.86 |
| Prior period adjustments | (+) 30.25 | — |
| Balance Brought Forward | (-) 2233.71 | (-) 824.85 |
| Balance Carried forward | (-) 3494.01 | (-) 2233.71 |

OPERATIONS

The Aqua Culture Industry which has passed through difficult stages during earlier years is continuing to show improvement. Remedial measures taken on culture front such as chlorinating the water before pumping into the ponds are yielding good results. During the year 1999-2000 your company could operate the Hatchery, Farm and also the Feedmill and achieve a turnover of Rs.177.79 Lakhs.

In spite of financial constraints, your company could complete and commence commercial production in the Feedplant and produce a quantity of 75 tons and sell 24.971 tons during the year. Non availability of working capital assistance from the Bank forced us to keep the operations at lower level. We are negotiating with the Bank and looking forward for a positive response.

SICKNESS

As already informed in the last annual report, since the accumulated losses have completely eroded the Net Worth of the company, a reference was made to the Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Companies (Special Provisions) Act, 1985. But the reference was rejected by the BIFR for the reason that the commercial production in the Feedmill has not been commenced and that the interest relating to 1997-98 which was earlier kept in Capital work-in progress was charged to profit and loss account. However the accumulated loss of Rs.34.94 crores for the current year have completely eroded the Net Worth. We are making a fresh reference to the BIFR under SICA to determine measures for rehabilitation of the company.

Future Outlook :

Now that Feed Plant has been brought into operation, your company hopes to achieve improved performance in the coming years. We are putting all our efforts to complete the Processing Plant at the earliest.

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 a 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 the areas for conservation of energy.
- (b) (i) Technology Absorption, adaptation and Innovation :
- (1) The company has entered into Technical Collaboration Agreement with M/s. HIGH WON FISHERY DEVELOPMENT CORPORATION SINGAPORE for the transfer of Technical Know-how and Training the production personnel of the organisation.
- (2) Buy-back Agreement : The Company has entered into Buy-back Agreement for its products with M/s. High Won Fishery Development Corporation, Singapore.
- (ii) Research and Development (R&D) : The Company is in the process of identifying areas in which R&D can be carried out.
- (c) Foreign Exchange earnings and out go :
- (i) Foreign Exchange earnings : US \$193027.48 (equivalent to Rs.83.54 Lakhs)
- (ii) ForeignExchange outflow during the year on account of Raw Materials US \$ 197699.5 (equivalent to Rs.83.05 Lakhs)

DIRECTORS

Mr. A. Ramakrishna Reddy retires by rotation and being eligible, offers himself for reappointment.

Mr. S.K. Das who is also retiring by rotation is not seeking reappointment.

AUDITORS

M/s. P.A. Reddy & 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 Managing Director to fix their remuneration.

PERSONNEL

The relations between the management and the staff were very cordial throughout the year. Your Directors take this opportunity to record their appreciation for the cooperation 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 cooperation extended by IFCI, IDBI, ICICI, IIBI, Bank of Baroda, MPEDA and other Government Agencies.

By order of Board
for SHARAT INDUSTRIES LIMITED

(Sd)
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

PLACE : VENKANNAPELEM
DATE : 16-08-2000

AUDITORS' REPORT TO THE MEMBERS OF SHARAT INDUSTRIES LIMITED

We have audited the attached Balance Sheet of SHARAT INDUSTRIES LIMITED as at 31st March, 2000 and the Profit and Loss Account 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 our comments in the Annexure referred to in paragraph (1) above, we state that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this report, are in agreement with the books of account.
 - (d) In our opinion, the profit and loss account and the balance sheet, subject to (e) below, comply with the Accounting Standards referred to in sub-section (3c) of section 211 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 said Balance Sheet and Profit and Loss Account read together with the schedules, the notes and accounting policies, subject to -
 - 1) non provision for retirement benefits to the employees as required by the Accounting standard 15 laid down by the Institute of Chartered Accountants of India. In the absence of information, the effect of such non-provision on the Profit / Loss for the year and the reserves of the company, could not be commented.
- give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
- 1) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2000, and
 - 2) In so far as it relates to the Profit and Loss Account, of the LOSS of the Company for the year ended on that date.

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

(Sd)

P. ASHOK REDDY

PLACE : VENKANNAPALEM

DATE : 16-08-2000

By order of Board
 (for SHARAT INDUSTRIES LIMITED)

CHAIRMAN & MANAGING DIRECTOR

PLACE : VENKANNAPALEM
 DATE : 16-08-2000

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets except in case of feedmill the details of which are being up dated. The management has carried out physical verification of fixed assets during the year and as explained to us, no serious discrepancies were noticed on such verification.
2. There has been no revaluation of fixed assets during the year.
3. We are informed that the stocks of the finished goods, spare parts and raw materials have been physically verified by the management during the financial year.
4. The procedures of 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.
5. We are informed that no material discrepancies were noticed on the physical verification of stocks and the same are properly dealt within the books of account.
6. In our opinion and as per information and explanations given to us, and on the basis of examination of records produced before us, the valuation of stocks is fair and proper and is in accordance with normally accepted accounting principals and is on the same basis as in the preceeding year.
7. The company has not taken / given any loans, secured and unsecured, from / to companies, firm or other parties listed in the register maintained under section 301 of the companies Act, 1956 or from / to companies under the same management.
8. As explained to us, the parties, including employees, to whom loans and advances in the nature of loans have been given by the company, are generally repaying the principal amount wherever stipulated or as rescheduled from time to time and have also been generally regular in payment of interest, wherever applicable.
9. 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 with regard to purchase of stores and spares, raw materials, plant and machinery, equipments and other assets and for the sale of goods.
10. In our opinion and according to the information and explanation given to us, there were no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party.
11. As explained to us, the company has a procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Such damaged or unusable goods are not valued at the time of inventory valuation.
12. The company has not accepted any Fixed Deposits from the public during the year.
13. In our opinion, reasonable records have been maintained by the company for the sale of scrap and by products, wherever significant.
14. The internal audit system of the company is commensurate with the size and nature of business of the company.
15. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
16. According to the records verified by us, the company is generally regular in depositing the dues of employee provident fund and Employee state insurance.
17. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs duty and Excise duty, which are outstanding as on 31st March, 2000, for a period of more than Six months from the date they became payable.
18. As per the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
19. The company has become a sick Industrial Company with in the meaning of Clause (O) of sub-section 1 of section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

PLACE : VENKANINAPALEM
DATE : 16-08-2000

A. RAMKRISHNA REDDY
DIRECTOR

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

P. ASHOK REDDY

PLACE : VENKANINAPALEM
DATE : 16-08-2000

BALANCE SHEET AS AT 31-03-2000

| PARTICULARS | SCHEDULE No. | AS AT 31-03-2000 Rs. | AS AT 31-03-1999 Rs. |
|--|-----------------|----------------------------|----------------------------|
| I. SOURCES OF FUNDS | | | |
| 1. SHAREHOLDERS FUNDS | | | |
| a. Capital | 1 | 220125000 | 220125000 |
| b. Reserves & surplus | 2 | 1275000 | 1275000 |
| 2. LOAN FUNDS | | | |
| a. Secured Loans | 3 | 633877612 | 534628474 |
| | TOTAL | 855277612 | 756028474 |
| II. APPLICATION OF FUNDS | | | |
| 1. FIXED ASSETS | | | |
| a. Gross Block | 4 | 505735016 | 295135582 |
| b. Less Depreciation | | 64428250 | 43614065 |
| c. Net Block | | 441306766 | 251521517 |
| d. Capital WIP | | 113403417 | 313935069 |
| 2. CURRENT ASSETS, LOANS & ADVANCES | | | |
| a. Inventories | | 10632784 | 9053620 |
| b. Sundry Debtors | 5 | 224217 | 11599026 |
| c. Cash & Bank Balances | 6 | 309688 | 1312953 |
| d. Loans & Advances | 7 | 8712035 | 5564922 |
| Less : Current Liabilities, and Provisions | 8 | 71870246 | 64288492 |
| NET CURRENT ASSETS | | - 51991522 | - 36757971 |
| 3. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | | 3156983 | 3957918 |
| 4. PROFIT & LOSS Account | | 349401968 | 223371941 |
| | TOTAL | 855277612 | 756028474 |

NOTES ON ACCOUNTS

10

This Schedules referred to above form part of the accounts.

This is the Balance Sheet referred to in our report of even date.

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

ON BEHALF OF THE BOARD

(Sd)
P. ASHOK REDDY
PROPRIETOR(Sd)
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTORPLACE : VENKANNAPELEM
DATE : 16-08-2000(Sd)
A. RAMAKRISHNA REDDY
DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2000

| PARTICULARS | SCHEDULE No. | ENDING 31-03-2000 | ENDING 31-03-1999 |
|---|-----------------|----------------------|----------------------|
| I. INCOME | | Rs. | Rs. |
| Sales | | 17779514 | 19052405 |
| Other Income | | 759231 | 309131 |
| TOTAL | | <u>18538745</u> | <u>19361536</u> |
| II. EXPENDITURE | | | |
| Manufacturing, Selling & Administrative Expenses | 9 | 31858636 | 26499620 |
| Interest & Financial Charges | | 93925280 | 121060617 |
| Decretion to Stocks | | 26300 | - 75020 |
| Depreciation | | 20982681 | 11962071 |
| Miscellaneous Exp. written off | | 800935 | 800935 |
| TOTAL | | <u>147593832</u> | <u>160248223</u> |
| NET PROFIT / (LOSS) | | - 129055087 | - 140886687 |
| BALANCE BROUGHT FORWARD | | - 223371941 | - 82485254 |
| BALANCE (LOSS) CARRIED FORWARD | | - 352427028 | - 223371941 |
| PROFIT AND LOSS ACCOUNT (APPROPRIATION) FOR THE YEAR ENDED MARCH 31, 2000 | | | |
| BALANCE BROUGHT FORWARD | | - 352427028 | - 223371941 |
| PRIOR PERIOD ADJUSTMENTS | | 3025060 | — |
| BALANCE (LOSS) CARRIED TO BALANCE SHEET | | - 349401968 | - 223371941 |
| NOTES ON ACCOUNTS | 10 | | |

This Schedules referred to above form part of the accounts.

This is the Profit and Loss Account referred to in our report of even date.

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

(Sd)
P. ASHOK REDDY
PROPRIETOR

PLACE : VENKANNAPALEM
DATE : 16-08-2000

ON BEHALF OF THE BOARD

(Sd)
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

(Sd)
A. RAMAKRISHNA REDDY
DIRECTOR

SCHEDULE 1

SHARE CAPITAL

| PARTICULARS | AS AT 31-03-2000 | AS AT 31-03-1999 |
|---|---------------------|---------------------|
| AUTHORISED 50000000 (50000000) Equity Shares of Rs.10/- Each | 500000000 | 500000000 |
| ISSUED SUBSCRIBED & PAID-UP : 22012500 (22012500) Equity Shares of Rs.10/- Each | 220125000 | 220125000 |
| | <u>220125000</u> | <u>220125000</u> |

SCHEDULE 2

RESERVES & SURPLUS

| PARTICULARS | AS AT 31-03-2000 | AS AT 31-03-1999 |
|-------------------|---------------------|---------------------|
| CAPITAL RESERVE : | | |
| a. Subsidy | 1275000 | 1275000 |
| | <u>1275000</u> | <u>1275000</u> |

SCHEDULE 3

SECURED LOANS

| PARTICULARS | AS AT 31-03-2000 | AS AT 31-03-1999 |
|---|---------------------|---------------------|
| FROM INSTITUTIONS | 285604913 | 267387623 |
| FUNDED INTEREST 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) | 304375278 | 225890628 |
| FROM BANKS (Secured against documentary bills discounted for collection further secured against the first charge of hypothecation of stocks, debts, bills and personal guarantee of directors) | 43897421 | 41350223 |
| | <u>633877612</u> | <u>534628474</u> |

SCHEDULE 4

FIXED ASSETS

| ASSETS | GROSS BLOCK | | | DEPRECIATION | | | | | NET BLOCK | |
|----------------------|---------------------|--------------------------------|--------------------------------|---------------------|--------------------|-----------|-----------------|----------------------------------|---------------------|---------------------|
| | As on 01-04-1999 | Addition During the year | Deletion During the year | As on 31-03-2000 | upto 31-03-1999 | Deletions | For the year | Cumulative upto 31-03-2000 | As on 31-03-2000 | As on 31-03-1999 |
| Land | 27751676 | 9563296 | 78800 | 37236372 | — | — | — | — | 37236372 | 27751676 |
| Plant & Machinery | 46065604 | 56256966 | — | 102322570 | 10116459 | — | 4813885 | 14930344 | 87392226 | 35949145 |
| Building | 63593159 | 41369205 | — | 104962364 | 8550179 | — | 3503451 | 12063630 | 92908734 | 55082980 |
| Electrical Equipment | 11226504 | 4627082 | — | 15853586 | 2568370 | — | 750417 | 3318787 | 12534799 | 8558134 |
| Vehicles | 3341217 | 2222057 | — | 4563274 | 1057517 | — | 430309 | 1487820 | 3076454 | 1283700 |
| Pond construction | 108776785 | 95625465 | — | 199402250 | 15799693 | — | 9471607 | 25271300 | 174130950 | 87977092 |
| Furniture & Fixtures | 3310785 | 747133 | 27098 | 4030820 | 942445 | 8577 | 255151 | 1189019 | 2841801 | 2368340 |
| Office Equipment | 1669854 | 545608 | — | 2215462 | 351752 | — | 103781 | 455533 | 1759929 | 1318102 |
| Other Assets | 368999 | 589998 | 841678 | 36148318 | 4227650 | 159919 | 1654086 | 5721817 | 29426501 | 31172348 |
| | 295135582 | 211546810 | 947376 | 505735016 | 43614065 | 168496 | 20982681 | 64428250 | 441306766 | 251521517 |

NOTE:

- Addition to Gross Block includes Rs.8926472 on account of translation of outstanding foreign currency loan at the year end. (Refer Para (1) (d) (iii) of Schedule 10.
- Addition to Gross Block includes Rs.59770601 being the interest during construction period cumulative upto 31-03-95, which has been capitalised to various assets including Land. In the preparation to the Gross Block as on 01-04-95. A further sum of Rs.19848359 being the interest for the period from 01-04-95 to 31-03-97 has been capitalised to Feed Plant.
- Represents Land which was compulsorily acquired by the Government of Andhra Pradesh.

SCHEDULE 5

SUNDRY DEBTORS

| PARTICULARS | AS AT 31-03-2000 | AS AT 31-03-1999 |
|--|---------------------|---------------------|
| Unsecured, considered good: | | |
| a. Debts exceeding a period of six months | | |
| Considered good | 224217 | 10404380 |
| b. Others | | 1194646 |
| | 224217 | 11599026 |

SCHEDULE 6

CASH & BANK BALANCES

| PARTICULARS | AS AT 31-03-2000 | AS AT 31-03-1999 |
|--------------|---------------------|---------------------|
| Cash on Hand | 24787 | 68787 |
| Cash at Bank | 284901 | 1244166 |
| | 309688 | 1312953 |

SCHEDULE 7

LOANS & ADVANCES
Unsecured, Considered good

| PARTICULARS | AS AT 31-03-2000 | AS AT 31-03-1999 |
|---|---------------------|---------------------|
| (Recoverable in cash or in kind or for value to be received) | | |
| Advances | 7105340 | 3139221 |
| Deposits | 378404 | 2425701 |
| Other Current Assets | 1228291 | — |
| | <u>8712035</u> | <u>5564922</u> |

SCHEDULE 8

**CURRENT LIABILITIES &
PROVISIONS**

| PARTICULARS | AS AT 31-03-2000 | AS AT 31-03-1999 |
|----------------------------------|---------------------|---------------------|
| Creditors for Suppliers | 14027542 | 22217603 |
| Creditors for Expenses | 945371 | 2601155 |
| Creditors for Others | 56654754 | 28648533 |
| Creditor for Capital Expenditure | 242579 | 10821201 |
| | <u>71870246</u> | <u>64288492</u> |

SCHEDULE 9

**MANUFACTURING, SELLING &
ADMINISTRATIVE EXPENSES**

| PARTICULARS | AS AT 31-03-2000 | AS AT 31-03-1999 |
|-------------------------------|---------------------|---------------------|
| Raw material consumed | 11070728 | 11628917 |
| Power & Fuel | 6606069 | 4320578 |
| Salaries | 4443486 | 2911274 |
| Mfg. Expenses | 2686666 | 373558 |
| Repairs & Maintenance | 2250168 | 1632421 |
| Other Administration Expenses | 4201626 | 4304494 |
| Auditors Remuneration | 75000 | 75000 |
| Selling Expenses | 524893 | 1253378 |
| | <u>31858636</u> | <u>26499620</u> |

SCHEDULE 10

NOTES ON ACCOUNTS

1. Significant Accounting Policies

a. General

- i) These accounts are prepared on the historical cost basis and on the accounting principles of 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. Foreign Currency Transaction

- i) Transaction denominated in Foreign Currency are normally recorded at the exchange rate prevailing at the time of transaction.
- ii) The monetary items denominated in foreign currencies at the year end are translated at the year end rates.
- iii) Any income or expense on account of exchange difference or on translation is recognised in the profit and loss account except in cases where they relate to the acquisition of fixed assets, they are adjusted to the carrying cost of fixed assets.

e. 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.

f. 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.

g. Inventories

Finished goods and raw materials are valued at lower of cost or market price. Stores, spares and consumables are charged to profit and loss account in the year of purchase.

Sales

Sales are inclusive of excise duty and sales tax.

Excise Duty

Excise duty has been accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying as closing stock. However, such accounting treatment has no impact on the profit / loss of the company for the year.

Retirement benefits

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

2. Auditors Remuneration

| | Current Year Rs. | Previous Year Rs. |
|-------------------------|---------------------|----------------------|
| Audit Fees | 30,000-00 | 55,000-00 |
| Tax Audit Fees | 20,000-00 | 20,000-00 |
| Tax representation Fees | 25,000-00 | |

3. 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

Foreign Currency :

Foreign exchange outflow on account of import of raw materials
US \$ 197699.5 (equivalent to Rs.83.05 Lacks).

4. Contingent Liabilities

Claims against the company not acknowledged as debts

(Rs. in Lakhs)

| | |
|---|--------|
| a) Claims on account of contractual obligations in connection with construction at site | 179.56 |
| b) Excise duty on prawn seed | 493.31 |
| c) Guarantees given by the bankers on behalf of the company for which the company has given counter guarantee | 1.56 |

5. As no commission has been paid to the directors, the computation of net profit for the purpose of directors remuneration u/s 349 of the companies act 1956 is not enumerated.

Fixed monthly remuneration has been paid to the Directors as per schedule XIII of the companies act, 1956.

| Details : | Current Year Rs. | Previous Year Rs. |
|-------------|---------------------|----------------------|
| Salary | 60,000-00 | 60,000-00 |
| Perquisites | 60,000-00 | 60,000-00 |

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

| | Year ended 31-03-2000 | | Year ended 31-03-1999 | |
|--|--------------------------|--------------------|--------------------------|--------------------|
| | Qty. | Amount in lakhs | Qty. | Amount in lakhs |
| A. Turnover | | | | |
| Shrimp (MT) | 15.175 | 111.85 | 25.200 | 121.38 |
| Seed (Millions) | 37.440 | 56.72 | 34.867 | 69.14 |
| Feed (MT) | 24.971 | 9.22 | | |
| B. Details of Raw Material Consumed | | | | |
| Shrimp Seed, others | — | 31.91 | — | 75.81 |
| Feed | — | 78.80 | — | 40.47 |
| Details of Captive Consumption | | | | |
| Seed (Millions) | 36.000 | | | |
| Feed (MT) | 46.229 | | | |
| C. Capacity & Production | | | | |
| Installed Capacity | | | | |
| Farm (TPA) | 1300.000 | | 1300.000 | |
| Hatchery (Millions) | 400.000 | | 400.000 | |
| Feed Mill (MT) | 9600.000 | | | |
| Actual Production | | | | |
| Farm (MT) | 23.200 | | 32.640 | |
| Hatchery (Millions) | 52.740 | | 42.607 | |
| Feed Mill (MT) | 75.200 | | | |
| D. Opening & Closing Stock | | | | |
| Opening Stock | | | | |
| Farm (MT) | NIL | | 5.615 | 20.99 |
| Hatchery (Millions) | 23.700 | 4.74 | 15.960 | 3.99 |
| Feed Mill (MT) | NIL | | | |
| Closing Stock | | | | |
| Farm (MT) | NIL | | NIL | |
| Hatchery (Millions) | 3.000 | 3.00 | 23.700 | 4.74 |
| Feed Mill (MT) | 4.000 | 1.48 | | |

7. Foreign Exchange inflow on account of export of sales US \$ 193027.48 (equivalent to Rs.83.54 Lacks).
8. Expenditure in Foreign Currency :
Foreign exchange outflow on account of import of raw materials US \$ 197699.5 (equivalent to Rs.83.05 Lacks)
9. The balances of secured loans, sundry creditors and advances recoverable are subject to confirmation / reconciliation.
10. Previous year figures have been regrouped, reclassified wherever necessary to conform to the current year's presentation.
11. Figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 to 10

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

ON BEHALF OF THE BOARD

(Sd)
P. ASHOK REDDY
Proprietor

(Sd)
S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

PLACE : VENKANNAPELEM
DATE : 16-08-2000

(Sd)
A. RAMAKRISHNA REDDY
DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2000

| | Current Year (Rs. in Lakhs) | Previous Year (Rs. in Lakhs) |
|---|--------------------------------|---------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit / Loss before tax and Extraordinary Items | (1290.55) | (1408.87) |
| Adjustment for : | | |
| Depreciation | 209.82 | 119.62 |
| Misc. Expenses written off | 8.01 | 8.01 |
| Interest | 939.25 | 1180.61 |
| Profit on sale of Assets | (1.44) | — |
| Operating Profit before working capital changes | | |
| Adjustment for : | (134.91) | (100.63) |
| Trade and other receivables | 82.28 | 108.81 |
| Inventories | (15.79) | 41.01 |
| Trade payables | 75.82 | (214.62) |
| Cash generated from operations | 7.40 | (165.43) |
| Interest / Financial charges | (939.25) | (62.13) |
| Cash flow before extraordinary items | (931.85) | (227.56) |
| Extraordinary Items | 30.25 | — |
| NET CASH FLOW FROM OPERATING ACTIVITIES | (901.60) | (227.56) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Sale of Assets | 9.23 | — |
| Purchase of Assets | (110.15) | — |
| NET CASH FLOW FROM INVESTING ACTIVITIES | (100.92) | |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Net Borrowings | 992.49 | 238.80 |
| NET CASH FLOW FROM FINANCING ACTIVITIES | 992.49 | 238.80 |
| Net decrease in cash and cash equivalents | (10.03) | 11.24 |
| Cash and Cash equivalents at the beginning of the year | 13.13 | 1.89 |
| Cash and cash equivalents at the close of the year | 3.10 | 13.13 |

for and on behalf of the Board
(Sd)

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

PLACE : VENKANNAPELEM
DATE : 16-08-2000

To
The Board of Directors
Sharat Industries Limited
Venkannapalem.

We have examined the attached Cash Flow Statement of Sharat Industries Limited for the year ended 31st March, 2000. 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 16th August, 2000 to the members of the Company.

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

(Sd)
P. ASHOK REDDY
PROPRIETOR

PLACE : VENKANNAPELEM
DATE : 16-08-2000

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

Balance Sheet Abstract and Company's General Business Profile

Registration Details

Registration No. 01-011276 State Code: 01
 Balance Sheet 31 03 2000
 Date Date Month Year

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

Public Issue NIL Rights Issue NIL
 Bonus Issue NIL Private Placement NIL

III. Position of Mobilisation and Deployment of Funds

Total Liabilities 855277612 Total Assets 855277612

Sources of Funds

Raid-Up Capital 220125000 Reserves & Surplus 001275000
 Secured Loans 633877612 Unsecured Loans NIL

Application of Funds

Net Fixed Assets 554710183 Investments NIL
 Net Current Assets -51991552 Mis. Expenditure 3156988
 Accumulated Losses 140886687

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

Turnover 18538745 Total Expenditure 147593832
 Profit / Loss Before Tax + - Profit / Loss After Tax + -
 129055087 - 129055087
 Earning Per Share in Rs. Dividend rate %
 N A N A

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

Item Code No. (IC Code) 0000030619
 Product Description P R A W N S

PLACE : VENKANNAPEM
 DATE : 16-08-2000

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