

SHARAT INDUSTRIES LIMITED

# SHARAT INDUSTRIES LIMITED



12th. Annual Report 2001-2002

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. 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. 17 (old No. 30)  
Luz Avenue,  
Mylapore,  
CHENNAI - 600 004.

**NOTICE**

NOTICE is hereby given that the TWELFTH Annual General Meeting of the Members of the Company will be held on Monday, the 30<sup>th</sup> September, 2002, at 10 a.m. at the Registered Office at Venkannapalem Village, T.P. Gudur Mandal, Nellore District to consider the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 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 the place of Mr. N.Suresh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Tan Kay Hwee, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

BY THE ORDER OF BOARD OF DIRECTORS  
for SHARAT INDUSTRIES LIMITED

(Sd)

S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

PLACE : VENKANNAPELEM  
DATE : 17-08-2002

**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.

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 30<sup>TH</sup> SEPTEMBER, 2002.

**DIRECTORS' REPORT**

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

The Directors have pleasure in presenting the Twelfth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2002.

**FINANCIAL RESULTS**

Particulars	YEAR ENDED 31-03-2002 (Rs. in lakhs)	YEAR ENDED 31-03-2001 (Rs. in lakhs)
Total Sales	680.51	533.20
Profit (+) / Loss (-)	(-) 1382.05	(-) 1377.47
Deferred tax adjustments	(+) 412.69	(+) ----
Balance Brought Forward	(-) 4871.48	(-) 3494.01
Balance Carried forward	(-) 5840.84	(-) 4871.48

**OPERATIONS**

There is a steep increase in the turnovers of the company for the last two years and with the completion of the processing plant your company would make steady progress and achieve desired results in the years to come.

**SICKNESS**

As per the order of BIFR, the SIA appointed by IFCI, the operating agency has submitted its report to IFCI and to the BIFR. Your Company submitted its remarks / observations on the report to the OA and to the Hble Board (BIFR). The order of the Board is awaited. In the mean time your Company has submitted a proposal for OTS (One Time settlement) to the IFCI and the proposal is under active consideration.

**FUTURE OUTLOOK :**

With the completion and operation of all the units and the O.T.S, the sanction for which is awaited, it is hoped that your company's performance and profitability would improve further in the coming years.

**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.12,00,000/- or more per annum or Rs.1,00,000/- or more per month if employed for a part of the year.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end, of the financial year and of the profits of the company for the year under review.
- (iii) That the Directors have taken proper care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities ; and
- (iv) That the Director have prepared the accounts for the financial year ended 31st March, 2002 on a going concern basis.

**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 \$ 838864 (equivalent to Rs.40548590 )
- (ii) ForeignExchange outflow during the year on account of Raw Materials US \$ 636247.60 and NLG 6813.09 and DKK 16317.85 (equivalent to Rs.30444400 , Rs. 136602.50 and Rs.94634.53 respectively).

**CORPORATE GOVERNANCE**

The Company is taking necessary steps for the implementation of corporate governance in terms of listing agreements.

**DIRECTORS**

Mr. N. Suresh and Mr. Tan Kay Hwee retire by rotation and being eligible, offer themselves for 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 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.

By order of Board  
for SHARAT INDUSTRIES LIMITED

(Sd)

S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

PLACE : VENKANNAPELEM  
DATE : 17-08-2002

**AUDITORS' REPORT TO THE MEMBERS OF SHARAT INDUSTRIES LIMITED**

To

The Members of Sharat Industries Limited,

1. We have audited the attached Balance Sheet of SHARAT INDUSTRIES LIMITED as at 31st March, 2002 and the relative Profit and Loss Account for the year ended on that date both of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the manufacturing and other Companies (Auditor's Report) Order 1988, issued by the Government of India in terms of section 227 (4A) of 'the Companies Act, 1956 of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit ;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
  - (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, the Balance Sheet and Profit and Loss account subject to para (1) below, comply with the mandatory Accounting Standards referred to in sub-section 3 (c) of section 211 of the Companies Act, 1956. Subject to :
    1. *Non provision of retirement benefits to the employees as required by the Accounting standard 15 issued by the Institute of Chartered Accountants of India.*
  - (e) On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors of the Company, none of the Directors is dis-qualified as on 31st March, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956 ;
  - (f) 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, together with the notes thereon and subject to ;
  - i) *Non provision for liquidated damages, penal interest and compound interest as per the terms of agreement, the effect which could not be quantified due to non reconciliation of loans accounts with the financial institutions ;*
  - ii) *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 and the reserves of the company, could not be commented ;*
  - iii) *Non availability of confirmation of balances from banks, Financial Institutions and the Trade Creditors;*
    - give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
  - 1) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2002 ; and
  - 2) In the case of 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

PLACE : NELLORE  
DATE : 17-08-2002

P. ASHOK REDDY

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

1. The company has generally maintained records showing full particulars including quantitative details and situation of fixed assets. However these records need to be updated for the current year's transactions. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year and there were no material discrepancies on such verification. In our opinion, the frequency of such verification is reasonable.
2. None of the Fixed Assets have been revalued during the financial year.
3. The stocks of finished goods, spare parts and raw materials have been physically verified by the management at regular intervals during the financial year. In our opinion, the frequency of such verification is reasonable.
4. In our opinion and according to information and explanation given to us, 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 physical verification of stocks as compared to book records.
6. According to the information and explanations given to us, the Company has maintained proper stock records.
7. The company has not taken any loans, secured and unsecured from companies, firms or other parties listed in the register maintained under section 301 of the companies Act 1956 or from companies under the same management within the meaning of Section 370 (1-B) of the Companies Act, 1956. In terms of sub-section (6) of section 370 of the Companies Act 1956, the provisions of the section are not applicable to a company after 31st October, 1998.
8. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, or to Companies under the same management with in the meaning of Section 370 (1-B) of the Companies Act, 1956. In terms of sub-section (6) of section 370 of the Companies Act 1956, the provisions of the section are not applicable to a company after 31st October, 1998.
9. 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 and have also been generally regular in payment of interest, wherever applicable.
10. 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.
11. In our opinion, and according to the information and explanations given to us, there were no transactions of purchase of goods and materials, services and sale of goods, materials and services made in pursuance of contracts and arrangements entered in the register maintained under section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
12. In our opinion, wherever un-serviceable or damaged stores, raw materials and finished goods are determined, provision for loss has been made in the accounts.
13. The internal audit system of the company is commensurate with the size and nature of business of the company.
14. The company has not accepted any Fixed Deposits from the public as defined under section 58-A of the Companies Act, 1956.
15. In our opinion, reasonable records have been maintained by the company for the sale of scrap and by products wherever significant.
16. The Central Government has not prescribed for the company the maintenance of the Cost records under section 209 (1) (d) of the Companies Act, 1956.
17. *The company is generally regular in depositing the Provident Fund dues except that such remittances are not always made within the statutory time.*
18. According to the information and explanations given to us, there are no undisputed amount payable in respect of Income Tax, Sales Tax, Customs duty and Excise duty, which were outstanding as at 31st March 2002, for a period of more than six months from the date they become payable.
19. According to 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.
20. In respect of the company's trading activities, there are no damaged stocks and therefore the question of providing for the loss does not arise.
21. The company is 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.

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

PLACE : NELLORE  
DATE : 17-08-2002

P. ASHOK REDDY

**BALANCE SHEET AS AT 31-03-2002**

PARTICULARS	SCHEDULE No.	AS AT 31-03-2002	AS AT 31-03-2001
		Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>			
1. SHAREHOLDERS FUNDS			
a. Capital	A	220125000	220125000
b. Reserves & surplus	B	912812	1275000
2. LOAN FUNDS			
a. Secured Loans	C	877360432	748947487
	<b>TOTAL</b>	<b>1098398244</b>	<b>970347487</b>
<b>II. APPLICATION OF FUNDS</b>			
1. FIXED ASSETS			
a. Gross Block	D	631877626	623276877
b. Less Depreciation		109099667	85504764
c. Net Block		522777959	537772113
2. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories	E	44567552	12495330
b. Sundry Debtors	F	16459601	224217
c. Cash & Bank Balances	G	1980010	842909
d. Loans, Advances & Deposits	H	2727045	13887222
		65734208	27449678
Less : Current Liabilities and Provisions	I	115799479	84379043
NET CURRENT ASSETS		(50065271)	(56929365)
3. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	J	1555113	2356048
DEFERRED TAX (Assets)	K	40046458	----
4. PROFIT & LOSS Account		584083985	487148691
	<b>TOTAL</b>	<b>1098398244</b>	<b>970347487</b>
NOTES ON ACCOUNTS	S		

The 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

(Sd)  
P. ASHOK REDDY  
PROPRIETOR

ON BEHALF OF THE BOARD

(Sd)  
S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

PLACE : VENKANNAPELEM  
DATE : 17-08-2002

(Sd)  
A. RAMAKRISHNA REDDY  
DIRECTOR



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2002**

PARTICULARS	SCHEDULE No.	YEAR ENDING 31-03-2002	YEAR ENDING 31-03-2001
<b>I. INCOME</b>		Rs.	Rs.
Operating Revenue	L	67186441	52670665
Other Income	M	22077251	348112
Variance in Stock	N	25105945	301775
	<b>TOTAL</b>	<b>114369637</b>	<b>53320552</b>
<b>II. EXPENDITURE</b>			
Materials	O	46283705	18719531
Personnel	P	9424229	6293325
Over heads	Q	36092770	26454952
Finance	R	135669414	118522953
Depreciation	D	23881271	21076514
	<b>TOTAL</b>	<b>251351389</b>	<b>191067275</b>
PROFIT / (LOSS) BEFORE TAX		(136981752)	(137746723)
DEFERRED TAX		1223431	---
PROFIT / (LOSS) AFTER TAX		(138205183)	(137746723)
SURPLUS / (DEFICIT) FROM PREVIOUS YEAR		(487148691)	(349401968)
		(625353874)	(487148691)
LESS : DEFERRED TAX CREDIT ON INITIAL ADOPTION		41269889	-----
LOSS CARRIED FORWARD TO BALANCE SHEET		(584083985)	(487148691)

**NOTES ON ACCOUNTS****S**

The 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

ON BEHALF OF THE BOARD

(Sd)  
S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTORPLACE : VENKANNAPELEM  
DATE : 17-08-2002(Sd)  
A. RAMAKRISHNA REDDY  
DIRECTOR

## SCHEDULE - A

## SHARE CAPITAL

PARTICULARS	AS AT	AS AT
	31-03-2002	31-03-2001
AUTHORISED CAPITAL 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 - B

## RESERVES &amp; SURPLUS

PARTICULARS	AS AT	AS AT
	31-03-2002	31-03-2001
CAPITAL RESERVE :		
Capital Subsidy	1275000	1275000
Add: Received during the year from MPEDA	4469160	
	<u>5744160</u>	
Less Adjusted to the cost of the Asset during the year	4469160	
	<u>1275000</u>	
Less Transferred to P & L A/c	362188	
	<u>912812</u>	<u>1275000</u>

## SCHEDULE - C

## SECURED LOANS

PARTICULARS	AS AT	AS AT
	31-03-2002	31-03-2001
FROM INSTITUTIONS	297475458	291588050
FUNDED INTEREST	199886352	199886352
INTEREST ACCRUED AND DUE (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)	329273590	208876630
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)	50725032	48596455
	<u>877360432</u>	<u>748947487</u>

## SCHEDULE - D

## FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As on 01-04-2001	Addition During the year	Deletion During the year	As on 31-03-2002	upto 31-03-2001	Deletions	For the year	Cumulative upto 31-03-2002	As on 31-03-2002	As on 31-03-2001
Land	37236372			37236372	—		—	—	37236372	37236372
Plant & Machinery	102322570	113582427	850800	215254197	19790666	252470	7351161	26889357	188364840	82531904
Building	104982364	10432778		115395142	15559373		3663264	19222637	96172505	89402991
Electrical Equipment	16451170			16451170	4078047		781431	4859478	11581692	12373123
Vehicles	5008668	1569977		6578645	1926664		567151	2493815	4084830	3082004
Pond construction	199402250			199402250	34742907		9471607	44214514	155187736	164659343
Furniture & Fixtures	4030820	9650		4040470	1444170		255278	1699448	2341022	2586650
Office Equipment	2216462	85000	110000	2190462	560787	33898	103051	629920	1560542	1654695
Computers	85800	55500		141300	9463		16916	26379	114921	76337
Jeety	35187618			35187618	7392707		1671412	9064119	26123499	27794911
Capital WIP	116373783	6791345	123165128							116373783
	623276877	132526677	123925928	831877826	85504764	286368	23881271	109099667	522777959	537772113

## SCHEDULE - E

## INVENTORIES

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Raw materials	18712132	11745855
Finished goods	25855420	749475
	<u>44567552</u>	<u>12495330</u>

## SCHEDULE - F

## SUNDRY DEBTORS

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Sundry Debtors (Considered good)	16459601	224217
More than six months	<u>16459601</u>	<u>224217</u>

## SCHEDULE - G

## CASH &amp; BANK BALANCES

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Cash on Hand	758962	17405
Cash at Bank	1221048	825504
	<u>1980010</u>	<u>842909</u>

## SCHEDULE - H

## LOANS, ADVANCES &amp; DEPOSITS

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
(Recoverable in cash or in kind or for value to be received un-secured considered good)		
Loans & Advances	796451	8577606
Deposits	1453643	1446639
Other Current Assets	476951	3862977
	<u>2727045</u>	<u>13887222</u>

## SCHEDULE - I

## CURRENT LIABILITIES &amp; PROVISIONS

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Creditors for Suppliers	24336263	18162852
Creditors for Expenses	3415381	2280714
Creditors for Others	88047835	63728656
Creditors for Capital Expenditure		206821
	<u>115799479</u>	<u>84379043</u>

## SCHEDULE - J

MISCELLANEOUS EXPENDITURE  
(To the extent not written off)

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Miscellaneous expenses	1555113	2356048
(To the extent not written off is adjusted)	<u>1555113</u>	<u>2356048</u>

## SCHEDULE - K

## DEFERRED TAX ASSETS

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
DEFERRED TAX LIABILITIES		
1. Difference in Fixed Assets (A)	48458693	
DEFERRED TAX ASSETS		
1. Unabsorbed losses	32487559	
2. Unabsorbed depreciation	55462417	
3. Misc. expenses written off	555175	
	<u>88505151</u>	
(B)		
NET DEFERRED ASSETS (B - A)	<u>40046458</u>	

## SCHEDULE - L

## OPERATING REVENUE

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Sale of Shrimp	47529340	22245265
Sale of Seed	16848025	22974296
Sale of Feed	2809076	7451104
	<u>67186441</u>	<u>52670665</u>

## SCHEDULE - M

## OTHER INCOME

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Interest	58028	14766
Sale of Brooders	331780	333346
Job work charges & Discount received	476318	-
Cash subsidy N/w off previous year & others	21211125	-
	<u>22077251</u>	<u>348112</u>

## SCHEDULE - N

## VARIANCE IN STOCK

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Closing Stock of Finished Goods	25855420	749475
Opening Stock of Finished Goods	749475	447700
	<u>25105945</u>	<u>301775</u>

## SCHEDULE - O

## MATERIALS

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Opening Stock	11745855	10185083
Add: Purchases	53249982	20280303
	64995837	30465386
Less: Closing Stock	18712132	11745855
	<u>46283705</u>	<u>18719531</u>

## SCHEDULE - P

## PERSONNEL

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Salaries & Wages	6610102	4939227
Staff Welfare	1571494	753870
Provident Fund & Security charges	682824	232628
Bonus & HRA	559809	367600
	<u>9424229</u>	<u>6293325</u>

## SCHEDULE - Q

OVERHEADS  
(A) FACTORY & FARM

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Power & Fuel	21521355	12335192
Clearing & Forwarding	1831884	153111
Custom & Excise Duty	58132	99290
Repairs & Maintenance	308862	2564785
Technical Fees	2410653	2966063
Other Expenses	3878841	3838454
Insurance	670279	460284
TOTAL (A)	<u>30680006</u>	<u>22417179</u>

## (B) ADMINISTRATION

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Travelling & Conveyance	313706	673852
Telephone & Postage	702920	726411
Audit Fees	75000	82613
Rent, Rates & Taxes	291165	293235
Lisiting & Legal Expenses	166250	205150
Other Expenses	1650015	527680
Miscellaneous Exp. written off	800936	800935
TOTAL (B)	<u>3999992</u>	<u>3309876</u>

## (C) SELLING EXPENSES

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
AMC & Sales Tax	1106086	104852
Freight & Transportation	30060	431839
Packing & Other Expenses	276626	191206
TOTAL (C)	<u>1412772</u>	<u>727897</u>
GRAND TOTAL (A + B + C)	<u>36092770</u>	<u>26454952</u>

## SCHEDULE - R

## FINANCE CHARGES

PARTICULARS	AS AT 31-03-2002	AS AT 31-03-2001
Exchange Rate fluctuavations	5887407	---
Interest & Bank Charges	129782007	118244132
Other Financial Charges	---	278821
TOTAL	<u>135669414</u>	<u>118522953</u>

SCHEDULE - S

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. General

- i) These accounts are prepared on the historical cost basis and as a going concern and in accordance with normally accepted accounting standards.
- 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. Grants / subsidies received relating to specific fixed assets are deducted from the gross value of the asset concerned.

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. 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. The company had received a sum of Rs.12,75,000/- as subsidy from MPEDA in connection with setting up an integrated Aqua culture project. Such subsidy not related to any specific asset, the amount so received has been shown as capital subsidy. However, during the year, the company has decided to treat such subsidy as deferred income to be recognised to profit and loss account over the useful economic life of the project. On this account, a cumulative sum of Rs. 3,62,188/- till the current year from the year of receipt of the subsidy has been transferred to profit and loss account from capital subsidy.



*f. 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.

*g. Sales*

Sales are inclusive of excise duty and sales tax.

*h. Excise Duty*

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

*i. 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.

j. The loan accounts are being reconciled and one time settlement is being negotiated with the Institutions and hence no provision has been made for liquidated damages, penal interest and compound interest.

k. Since the company has not been able to repay its loan to the bank and to the financial institutions, the company has not been able to obtain confirmation of balances from them. As regards trade creditors, the amounts are received from numerous farmers towards advance for purchase of shrimp seed and feed. In view of the fact that the advances are being short term in nature and most of the farmers being illiterate, it is not possible to obtain confirmations for these advances. The receipt of such advances is a on going process.

**2. AUDITORS REMUNERATION**

	Current Year Rs.	Previous Year Rs.
Audit Fees	30,000-00	30,000-00
Tax Audit Fees	20,000-00	20,000-00
Tax representation Fees	25,000-00	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 \$ 636247.60 (equivalent to Rs.30444400) NLG US \$ 6813.09 (equivalent to Rs. 136602.50) and DKK US \$ 16317.85 (equivalent to Rs. 94634.53)

**4. Contingent Liabilities**

Claims against the company not acknowledged as debts

	Current year (Rs. in Lakhs)	Previous year (Rs. in Lakhs)
a) Claims on account of contractual obligations in connection with construction at site	179.56	179.56
b) Excise duty on prawn seed	599.14	493.31
c) Guarantees given by the bankers on behalf of the company for which the company has given counter guarantee	-1.56	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 Managing Director 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. Deferred Tax:**

- a. Consequent to the introduction of Accounting Standard 22 - Accounting for taxes on income the company has recorded the cumulative deferred tax asset of Rs. 410.69 lakhs as at 31st March 2001 has been adjusted against the balance brought forward in profit and loss account.

	31st March 2002 Rs.	1st April 2001 Rs.
b. Deferred tax Assets Arising on Account of timing differences expenditure under section 43 B of the income tax act 1961	8850512	8062890

	31st March 2002 Rs.	1st April 2001 Rs.
c. Deferred tax Liabilities Arising on Account of timing differences	48458693	39359021

**7. Segment reporting :**

The company deals exclusively in aqua culture related activities. Therefore the accounting standard in respect of segment reporting is not applicable to the company as the operations of the company are on the basis of integrated system.

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

		Year ended 31-03-2002		Year ended 31-03-2001	
		Qty.	Amount in lakhs	Qty.	Amount in lakhs
<b>A.</b>	<b>Turnover</b>				
	Shrimp (MT)	26.68	69.80	47.19	222.45
	Frozen Shrimp (MT)	87.79	405.48	---	---
	Seed (Millions)	66.74	168.48	81.840	229.74
	Feed (MT)	122.64	28.09	293.950	74.51
<b>B.</b>	<b>Details of Raw Material Consumed</b>				
	Shrimp Seed, others	—	82.18	—	33.24
	Shrimp		225.21		
	Feed	—	151.73	—	153.95
	<b>Details of Captive Consumption</b>				
	Seed (Millions)	15.19		44.550	
	Feed (MT)	---		56.675	
<b>C.</b>	<b>Capacity &amp; Production</b>				
	<b>Installed Capacity</b>				
	Farm (TPA)	1300.000		1300.000	
	Hatchery (Millions)	400.000		400.000	
	Feed Mill (MT)	9600.000		9600.00	
	Processing plant (MT)	3000.000		3000.000	
	<b>Actual Production</b>				
	<b>Shrimp</b>				
	Own (MT)	110.67			
	Purchase (MT)	<u>105.69</u>			
		216.36			
	Less Process loss (MT)	<u>70.39</u>	145.962	47.186	
	Hatchery (Millions)		82.78	125.640	
	Feed Mill (MT)		113.57	355.700	
<b>D.</b>	<b>Opening &amp; Closing Stock</b>				
	<b>Opening Stock</b>				
	Farm (MT)	NIL		NIL	
	Hatchery (Millions)	2.250	4.50	3.000	3.00
	Feed Mill (MT)	9.075	2.99	4.000	1.48
	Processing plant (MT)	NIL		NIL	
	<b>Closing Stock</b>				
	Farm (MT)	NIL		NIL	
	Hatchery (Millions)	3.10	4.65	2.250	4.50
	Feed Mill (MT)	NIL	---	9.075	2.99
	Frozen Shrimp	31.482	153.89	--	--

**9. Related party disclosures :**

Information relating to Related party transactions as per Accounting standard 18 issued by the institute of Chartered Accountants of India, is given below:

<u>Name of the related party</u>	<u>Relationship</u>
Sri S. Prasad Reddy	Chairman & Managing Director
Sri A. Ramakrishna Reddy	Director
Sri N. Suresh	Director
Sri M. Kishore Babu	IFCI Nominee Director
Sri Tan Key Hawee	Director

**Key management personnel**

Sri S. Prasad Reddy	Chairman & Managing Director
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Transactions with related parties during current year	NIL
---	-----

10. Earning per share (Rs.6.28)
11. Foreign Exchange in flow on account of export of sales US \$ 838864 (equivalent to Rs.40548590)
12. The balances of secured loans, sundry creditors and advances recoverable are subject to confirmation / reconciliation.
13. Previous year figures have been regrouped, reclassified wherever necessary to conform to the current year's presentation.
14. Figures have been rounded off to the nearest rupee.

Signatures to Schedules A to S

*As per 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 DIRECTOR

PLACE : VENKANNAPELEM  
DATE : 17-08-2002

(Sd)  
A. RAMAKRISHNA REDDY  
DIRECTOR

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2002**

	Current Year (Rs. in Lakhs) <u>2001-2002</u>	Previous Year (Rs. in Lakhs) <u>2000-2001</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / Loss before tax and Extraordinary Items	(1382.05)	(1377.46)
<b>ADJUSTMENTS FOR :</b>		
Depreciation	238.81	210.76
Misc. Expenses written off	8.01	8.01
Interest	1356.69	1185.23
Loss on sale of Assets	6.27	---
Subsidy written off during the year	(3.62)	---
Deferred Tax	12.23	---
	<u>1618.39</u>	<u>1404.00</u>
Operating Profit before working capital changes	236.34	26.54
<b>Adjustment for :</b>		
Trade and other receivables	(50.75)	(35.73)
Inventories	(320.72)	(18.63)
Trade payables	314.20	109.57
	<u>(57.27)</u>	<u>54.71</u>
Cash generated from operations	179.07	81.25
Interest / Financial charges	(1356.69)	(1185.23)
Cash flow before extraordinary Items	(1177.62)	(1103.98)
Extraordinary Items	---	---
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(A) (1177.62)</b>	<b>(1103.98)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
<u>Adjustment towards Fixed Assets</u>		
Sale of Assets	8.48	---
Purchase of Assets	(103.62)	(41.38)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(B) (95.14)</b>	<b>(41.38)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Net Borrowings	1284.13	1150.69
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(C) 1284.13</b>	<b>1150.69</b>
Net Increase / (decrease) in cash and cash equivalents (A+B+C)	11.37	5.33
Cash and Cash equivalents at the beginning of the year	8.43	3.10
Cash and cash equivalents at the close of the year	<u>19.80</u>	<u>8.43</u>
Net Increase / (Decrease) in cash and cash equivalents	<u>11.37</u>	<u>5.33</u>

for and on behalf of the Board  
(Sd)S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTORPLACE : VENKANNAPALEM  
DATE : 17-08-2002To  
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, 2002. 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 &amp; Loss Account and Balance Sheet of the Company covered by our report of 17th August, 2002 to the members of the Company.

for P.A. REDDY & CO  
CHARTERED ACCOUNTANTS(Sd/-)  
P. ASHOK REDDY  
ProprietorPLACE : VENKANNAPALEM  
DATE : 17-08-2002

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 2002  
 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 1098398244 Total Assets 1098398244  
 Sources of Funds  
 Paid-Up Capital 220125000 Reserves & Surplus 000912812  
 Secured Loans 877360432 Unsecured Loans NIL

Application of Funds

Net Fixed Assets 522777959 Investments NIL  
 Net Current Assets -50065271 Mls. Expenditure 001555113  
 Accumulated Losses 584083985

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

Turnover 067186441 Total Expenditure 251351389  
 Profit / Loss Before Tax 136981752 Profit / Loss After Tax 138205183  
 Earning Per Share in Rs. 0006.28 Dividend rate % NA

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 : 17-08-2002

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

(Sd)  
 A. RAMA KRISHNA REDDY  
 DIRECTOR

SHARAT INDUSTRIES LIMITED

Venkannapalem Village  
T.P. Gudur Mandal  
Nellore - 524 002.

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the meeting hall. Joint shareholders desiring to attend the meeting may obtain additional Attendance Slips on request provided such request is received by the Company before 30th September, 2002.

I hereby record my presence at 12th Annual General Meeting of the Company on Monday the 30th September, 2002 at 10.00 A.M. at the Company's Registered Office at Venkannapalem Village, T.P. Gudur Mandal, Nellore - 524 002.

Name(s) of the Shareholder(s) / Proxy (IN BLOCK LETTERS)

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

Signature (s) of the Shareholder(s) of Proxy

NOTE : No duplicate Attendance Slip will be issued at the Meeting Hall.  
You are requested to bring your copy of the Annual Report to the Meeting.



SHARAT INDUSTRIES LIMITED

Venkannapalem Village  
T.P. Gudur Mandal  
Nellore - 524 002.

PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a Member/Members of SHARAT  
INDUSTRIES LIMITED, Venkannapalem, T.P. Gudur Mandal, Nellore - 524 002, do hereby appoint

\_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ as my / our proxy in my / our  
absence to attend and vote for me / us, and on my / our behalf at the 12th Annual General Meeting of  
the Company, to be held on Monday the 30th September, 2002 at 10.00 A.M. at the Company's  
Registered Office at Venkannapalem Village, T.P. Gudur, Nellore, or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002.

Signature  
(on Re.1  
Revenue Stamp)

NOTE : The proxy must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting. The Proxy need not be a member of the company.

**PRINTED MATTER**

**BOOK - POST**



IF UNDELIVERED, PLEASE RETURN TO:

**SHARAT INDUSTRIES LIMITED**

Venkannapalem Village,  
T.P. Gudur Mandal,  
Nellore - 524 002.