

# SHARAT INDUSTRIES LIMITED



19<sup>th</sup> Annual Report 2008-2009

## BOARD OF DIRECTORS

1. Mr. S. Prasad Reddy Chairman & Managing Director
2. Mr. A. Rama Krishna Reddy Director
3. Mr. N. Suresh Director
4. Mr. T. Valsaraj Director

## BANKERS

THE FEDERAL BANK LIMITED

## AUDITORS

M/s P.A. REDDY & CO.,  
Chartered Accountants,  
241 1/422 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,  
Myapore,  
CHENNAI - 600 004.

## NOTICE

**NOTICE** is hereby given that the **Nineteenth Annual General Meeting** of the Members of the Company will be held on **Wednesday, the 30<sup>th</sup> September, 2009**, 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 on 31<sup>st</sup> March, 2009 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 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 : 01.09.2009

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES, TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
3. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED ON 30<sup>TH</sup> SEPTEMBER, 2009.

**DIRECTORS' REPORT**

To  
The Members of Sharat Industries Limited,  
Venkannapalem Village, Nellore Dist.

The Directors have pleasure in presenting the Nineteenth Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS**

Particulars	YEAR ENDED	YEAR ENDED
	31-03-2009 (Rs. In lakhs)	31-03-2008 (Rs. In lakhs)
Total Sales	2908.09	2445.20
Profit (+) / Loss (-)	(+)198.65	(+)174.50
Deferred tax adjustments	(+)447.04	(-)65.73
Balance Brought forward	(+)405.83	(+)297.55
Balance Carried forward	(+)156.90	(+)405.83

**RETIREMENT BENEFITS :** The report of the Insurance Company on actuarial liability for gratuity is awaited. We shall make the requisite provision in the current year. We are taking steps to cover all the employees under ESI Scheme in the current year.

**CONFIRMATION OF BALANCES :** Confirmation of balances from some of the creditors who are illiterate farmers could not be obtained. However we are following up the matter to obtain the confirmations. We do not foresee any discrepancies in the balances and hence there will not be any effect on the Accounts.

**OPERATIONS:** We have obtained the working capital facilities from Federal Bank , Chennai. Your directors are confident that the performance of the company will improve in the years to come.

**FUTURE OUTLOOK:** Our product is well received in the international market as well as domestic market. We are hopeful of achieving much better results in the years to come.

**PARTICULARS OF EMPLOYEES:** During the year, there were no employees drawing remuneration as per limits specified under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2009; 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 judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company of the end of the financial year and of the profit 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 Directors have prepared the accounts for the financial year ended 31st March, 2009 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 organization.
- (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 \$ 4930183 equivalent to Rs. 232191584.10/- (P.Y. US \$ 4690621 equivalent to Rs. 18,90,75,096/-)
- (ii) Foreign exchange outflow on account of import of Capital goods & Raw Materials US \$ 480313.30 equivalent to Rs 2,08,40,362.85/- (PY US \$ 702325.90 equivalent to Rs. 2,80,04,823/-)

**CORPORATE GOVERNANCE**

As your company has become sick, it could not comply with the requirements of Corporate Governance. However, the company is taking necessary steps to comply with the same.

**AUDIT COMMITTEE**

The Audit committee consists of three independent director's viz., Mr. A. Rama Krishna Reddy, N. Suresh and T. Valasraj. The Committee met on 23.04.2008, 23.07.2008, 23.10.2008 and 22.01.2009 at which all the members were present.

**DIRECTORS**

Mr. N. Suresh retires by rotation and being eligible, offers himself for re-appointment.

**AUDITORS**

M/s P.A. Reddy & Co., Chartered Accountants, retiring auditors of the Company, being eligible, offer themselves for re-appointment 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 re-appoint the auditors and authorize 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 MPEDA, Federal Bank Limited and other Government Agencies.

BY THE ORDER OF BOARD OF DIRECTORS

for SHARAT INDUSTRIES LIMITED

Sd/-

PLACE : VENKANNAPELEM

DATE : 01-09-2009

S. PRASAD REDDY

CHAIRMAN & MANAGING DIRECTOR

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

1. We have audited the attached Balance Sheet of **SHARAT INDUSTRIES LTD** as at March 31st 2009, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003) issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex here to a statement on the matters specified in paragraphs 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 purpose of our audit;
    - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
    - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books account;
    - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section 3 ( c ) of Section 211 of the Companies Act, 1956 and subject to:
      - i) Non provision for retirement benefits to the employees as required by Accounting Standard - 15 issued by the Institute of Chartered Accountants of India;
    - e) On the basis of written declaration received from the directors, as on March 31, 2009 and taken on record by the board of directors of the Company, none of the directors is disqualified from being appointed as a director in terms of clause (g) of subsection (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 said accounts read together with the schedules and notes thereon give the information required by the Companies Act, 1956, in the manner so required and subject to:
      - i) *Non-provision for retirement benefits to the employees as required by the accounting standard-15 issued by the Institute of Chartered Accountants of India. In the absence of information, the effect of such non provision on the profit for the year and Reserves of the company could not be quantified;*
      - ii) *Non availability of confirmation of balances from the trade creditors and advances recoverable and the effect of such non reconciliation of balance if any, on the accounts of the Company, could not be quantified;*
- give a true and fair view in conformity with the accounting principles generally accepted in India;
- (i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31st 2009;
  - (ii) In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - (iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

PLACE : VENKANNAPELEM  
DATE : 01-09-2009

P. ASHOK REDDY  
(Partner)  
M. No. 23202

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

(Referred to in paragraph 3 of our report of even date)

Based on the information and explanations furnished to us and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and behalf:

- i) In respect of Fixed Assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) We are informed that during the year, the fixed assets have been physically verified by the management and that there are no discrepancies between the physical stocks and the book records.
  - c) No fixed assets were disposed off during the year.
- ii) In respect of inventories of finished goods, work in progress, raw materials and stores and spares:
  - a) Physical verification of inventory has been conducted at various intervals by the management during the year.
  - b) The procedures of physical verification of inventories followed by the management are by and large adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and book records are not material and the same have been properly dealt with in the book of account.
- iii) In respect of loans, secured or unsecured, from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - a) The Company has not granted/taken any loans to/from any companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of paragraph 4 (iii) of the Order are not applicable to the Company.
- iv) In respect of internal control procedures:
  - a) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and with regard to the sale of goods and in respect of Services rendered during this year by the Company. We have not observed any major weakness in the internal controls during the course of audit.
- v) In respect of transactions that need to be entered into a register in pursuance of section 301 of the Companies Act:
  - a) In our opinion the particulars of contracts or arrangements referred to in Sec 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - b) In our opinion and according to the information and explanation given to us the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing market prices.
- vi) In respect of public deposits:
  - a) The Company has not accepted any deposits from the public. Therefore, the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 and the provisions of paragraph 4(vi) of the Order, are not applicable to the company.
- vii) In respect of internal audit system:
  - a) In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.
- viii) In respect of cost records:
  - a) The Central Government has not prescribed for the Company the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. Therefore, the provisions of paragraph 4(VIII) of the order are not applicable to the Company.
- ix) In respect of statutory dues:
  - a) The Company has been generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, insurance, income tax, sales tax, customs duty, excise duty and other statutory dues applicable. No undisputed dues payable in respect of income tax, sales tax, customs duty and excise duty were in arrears, as at March 31st 2009 for more than six months from the date they became payable, except employees' state insurance in the

- absence of details, could not be quantified.
- b) There are no dues of sales tax, income tax, customs duty, and excise duty as at March 31, 2009 which have not been deposited on account of a dispute.
- x) In respect of its losses:
- a) The Company does not have any accumulated losses as at March 31, 2009 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi) In respect of repayment of dues to Banks, Financial Institutions and Debenture holders:
- a) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.
- xii) In respect of loans on the basis of security by way of pledge of shares, debentures and other securities:
- a) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of paragraph 4 (xii) of the Order are not applicable to the Company.
- xiii) In respect of applicability of any special statutes:
- a) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of paragraph 4 (xiii) of the Order are not applicable to the Company.
- xiv) In respect of dealing in shares, securities, debentures and other investments:
- a) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of paragraph 4 (xiv) of the Order are not applicable to the Company.
- xv) In respect of guarantees given for loans taken by others from banks or financial institutions:
- a) The Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of paragraph 4 (xv) of the Order are not applicable to the Company.
- xvi) In respect of utilization of terms loans:
- a) The Company has not obtained any term loans during the year. Therefore, the provisions of paragraph (xvi) of the order are not applicable to the Company for the year under audit.
- xvii) In respect of utilization of funds raised on short term basis:
- a) On the basis of overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
- xviii) In respect of preferential allotment of shares:
- a) The Company has not issued any preferential allotment of shares during the year other than the application money received from a group of investors in the earlier years.
- xix) In respect of issue of debentures:
- a) The Company has not issued any debentures during the year nor any debentures are outstanding at the end of the year. Hence, the matters to be reported as per paragraph 4(xix) of the Order are not applicable to the Company.
- xx) In respect of public issues:
- a) The Company has not raised any money by way of public issues during the year by way of public issue. Hence, the matters to be reported as per paragraph 4(xx) of the Order are not applicable to the Company.
- xxi) In respect of frauds:
- a) In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

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

P. ASHOK REDDY  
(Partner)  
M. No. 23202

PLACE : VENKANNAPALEM  
DATE : 01-09-2009



**SHARAT INDUSTRIES LIMITED****BALANCE SHEET AS AT 31-03-2009**

PARTICULARS	SCHEDULE No.	AS AT	AS AT
		31-03-2009	31-03-2008
		Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>			
1. SHAREHOLDERS FUNDS			
a. Share Capital	A	220,125,000	220,125,000
b. Reserves & surplus	B	157,011,544	181,965,189
2. PREFERENCE SHARE APPLICATION MONEY		137,641,395	137,641,395
3. LOAN FUNDS SECURED LOANS	C	56,77,610	—
	<b>TOTAL</b>	<b>520,455,549</b>	<b>539,731,584</b>
<b>II. APPLICATION OF FUNDS</b>			
1. FIXED ASSETS	D		
a. Gross Block		627,335,752	622,165,884
b. Less Depreciation		292,706,008	266,069,499
c. Net Block		334,629,744	356,096,385
d. Capital work in progress		15,296,829	14,296,829
2. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories	E	76,277,560	74,254,142
b. Sundry Debtors	F	11,510,873	2,109,891
c. Cash & Bank Balances	G	38,695,161	23,461,703
d. Loans, Advances & Deposits	H	60,334,284	46,861,620
		186,817,878	146,687,356
3. Less : Current Liabilities and Provisions	I	46,379,160	52,143,669
NET CURRENT ASSETS		140,438,718	94,543,688
4. DEFERRED TAX ASSET		30,090,257	74,794,682
	<b>TOTAL</b>	<b>520,455,549</b>	<b>539,731,584</b>

## NOTES ON ACCOUNTS

Q

The Schedules referred to above form part of the accounts.  
Per our Report attached

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

(Sd/-)  
P. ASHOK REDDY  
Partner  
Membership No. 023202

ON BEHALF OF THE BOARD

(Sd/-)  
S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

(Sd/-)  
A. RAMAKRISHNA REDDY  
DIRECTOR

PLACE : VENKANNAPALEM  
DATE : 01-09-2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

PARTICULARS	SCHEDULE No.	For the	For the
		Year Ending 31-03-2009	Year Ending 31-03-2008
<b>INCOME</b>		<b>Rs.</b>	<b>Rs.</b>
Operating Revenue	J	290,809,305	244,520,984
Other Income	K	28,880,373	10,009,730
Variance in stock	L	(7,090,049)	35,492,768
	<b>TOTAL</b>	<b>312,599,629</b>	<b>290,023,481</b>
<b>EXPENDITURE</b>			
Materials	M	152,282,196	130,672,736
Personnel	N	16,157,283	11,897,286
Over heads	O	96,528,678	102,254,615
Finance charges	P	1,129,501	1,188,788
Depreciation	D	26,636,509	26,559,335
	<b>TOTAL</b>	<b>292,734,166</b>	<b>272,572,760</b>
PROFIT BEFORE TAX		19,865,463	17,450,721
LESS : PROVISION FOR TAX			
CURRENT TAX	—	NIL	
DEFERRED TAX	—	44,704,425	
FRINGE BENEFIT TAX	—	54,121	6,622,432
PROFIT AFTER TAX		(24,893,083)	10,828,289
SURPLUS/DEFICIT BROUGHT FORWARD		40,583,314	29,755,025
		15,690,231	40,583,314
SURPLUS CARRIED TO BALANCE SHEET		15,690,231	40,583,314
Basic and Diluted Earnings per Equity Share		(1.13)	0.49

## NOTES ON ACCOUNTS

Q

The Schedules referred to above form part of the accounts.  
per our Report attached

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

(Sd/-)

P. ASHOK REDDY

PARTNER

Membership No. 023202

ON BEHALF OF THE BOARD

(Sd/-)

S. PRASAD REDDY

CHAIRMAN &amp; MANAGING DIRECTOR

(Sd/-)

A. RAMAKRISHNA REDDY  
DIRECTOR

PLACE : VENKANNAPELEM

DATE : 01-09-2009

## SCHEDULE - A

## SHARE CAPITAL

PARTICULARS	AS AT	AS AT
	31-03-2009	31-03-2008
	Rs.	Rs.
<b>AUTHORISED CAPITAL</b>		
30000000 (30000000) Equity Shares of Rs. 10/- each	300,000,000	300,000,000
2000000 (2000000) Redeemable preference shares of Rs. 100/- each	200,000,000	200,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP :</b>		
22012500 (22012500) Equity Shares of Rs. 10/- Each	220,125,000	220,125,000
	<u>220,125,000</u>	<u>220,125,000</u>

## SCHEDULE - B

## RESERVES &amp; SURPLUS

PARTICULARS	AS AT	AS AT
	31-03-2009	31-03-2008
	Rs	Rs
<b>CAPITAL RESERVE :</b>	140,832,436	140,832,436
Capital Subsidy		
Opening Balance	549439	
Less : Transferred to P & L A/c	<u>60562</u>	488,877
Surplus in P & L A/c	15,690,231	549,439
	<u>157,011,544</u>	<u>40,583,314</u>
		<u>181,965,189</u>

## SCHEDULE - C

## LOAN FUND

PARTICULARS	AS AT	AS AT
	31-03-2009	31-03-2008
	Rs	Rs
<b>SECURED LOANS</b>		
<b>FEDERAL BANK</b>	5,677,610	—
(Secured against hypothecation of Fixed assets and Current Assets including stock)		
	<u>5,677,610</u>	<u>---</u>

## SCHEDULE - E

## INVENTORIES

(Valued and quantified as certified by the Management)

PARTICULARS	AS AT	AS AT
	31-03-2009	31-03-2008
	Rs.	Rs.
Raw materials	26,156,954	17,043,487
Finished Goods	50,120,606	57,210,655
	<u>76,277,560</u>	<u>74,254,142</u>

## SCHEDULE - D

## FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01-04-2008	Addition During the year	Deletion During the year	As on 31-03-2009	upto 31-03-2008	For the year	Deletions	Upto 31-03-2009	As on 31-03-2009	As on 31-03-2008
Land	37509372	-	-	37509372	-	-	-	-	37509372	37509372
Plant & Machinery	203577926	316200	-	203894126	83187842	9670445	-	92858287	111035839	120390084
Building	114547674	2707601	-	117255275	42160063	3829857	-	45989920	71265355	72387611
Electrical Equipment	18097430	2096837	-	20194267	9747040	898150	-	10645190	9549077	8350390
Vehicles	7215329	-	-	7215329	6193482	685456	-	6878938	336391	1021847
Pond construction	199402250	-	-	199402250	101044156	9471607	-	110515763	88866487	98358094
Furniture & Fixtures	4040470	-	-	4040470	3234020	255762	-	3489782	550688	806450
Office Equipment	2338065	17000	-	2355065	1223510	111246	-	1334756	1020309	1114555
Computers	249750	32230	-	281980	186794	42574	-	229368	52612	62956
Jetty	35187618	-	-	35187618	19092591	1671412	-	20764003	14423615	16095027
	622165884	5169868	-	627335752	266069498	26636509	-	292706008	334629744	356096386
Capital WIP	14296829	1000000	-	15296829	-	-	-	-	15296829	14296829
TOTAL	636462713	6169868	-	642632581	266069498	26636509	-	292706008	349926574	370393215
Previous Year	634706084	1756629	-	636462713	239510164	26559335	-	266069499	370393215	416160432

## SCHEDULE - F

## SUNDRY DEBTORS

(Unsecured &amp; Considered Good)

PARTICULARS	AS AT	AS AT
	31-03-2009	31-03-2008
	Rs.	Rs.
More than six months		
(Six months to one year	730,125	645,248
(One Year to Two Years)	486,649	204,388
(More than Two Years		
Others	10,294,099	1,260,255
	<u>11,510,873</u>	<u>2,109,891</u>

## SCHEDULE - G

**CASH & BANK BALANCES**

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
Cash on Hand	1,874,264	1,197,737
Cash at Bank		
With Scheduled Banks :		
On Current Accounts	31,476,439	16,983,629
On Deposit Accounts	5,344,457	5,280,337
	<u>38,695,160</u>	<u>23,461,703</u>

## SCHEDULE - H

**LOANS, ADVANCES & DEPOSITS**

PARTICULARS	AS AT 31-03-2009	AS AT 31-03-2008
(Recoverable in cash or in kind or for value to be received ) un-secured, considered good		
Loans & Advances	44,410,549	38,737,696
Deposits	13,910,931	6,421,198
Other Current Assets	2,012,805	1,702,726
	<u>60,334,284</u>	<u>46,861,620</u>

## SCHEDULE - I

**CURRENT LIABILITIES & PROVISIONS**

PARTICULARS	AS AT 31-03-2009	AS AT 31-03-2008
Creditors for Suppliers	13,979,975	15,236,215
Creditors for Expenses	4,801,194	7,439,649
Creditors for Others	27,597,991	29,467,805
	<u>46,379,160</u>	<u>52,143,669</u>

## SCHEDULE - J

## OPERATING REVENUE

PARTICULARS	Current Year 2008-09 Rs.	Previous Year 2007-08 Rs.
Sale of Shrimp (Export)	232,191,584	189,075,096
Sale of Seed	8,123,572	5,216,200
Sale of Feed	50,494,149	49,566,335
Local sale of shrimp	—	663,353
	<u>290,809,305</u>	<u>244,520,984</u>

## SCHEDULE - K

## OTHER INCOME

PARTICULARS	Current Year 2008-09 Rs.	Previous Year 2007-08 Rs.
Interest on F.D. / Bank Guarantee / TDS (Gross : 499978, Tds : 92403)	499,978	723,307
Miscellaneous Receipts	394,013	485,045
Job work charges	4,746,410	4,398,490
Cash subsidy N/w off previous year	60,562	60,562
Creditors Written off	—	212
Interest received on HT line Electricity deposit	387,540	361,851
Sale of DEPB	15,491,295	4,926,881
Excess provision written back	30,774	165,009
Credits no longer payable	708,332	742,900
Foreign Exchange Fluctuation	6,561,469	(1,854,527)
	<u>28,880,373</u>	<u>10,009,730</u>

## SCHEDULE - L

## VARIANCE IN STOCK

PARTICULARS	Current Year 2008-09 Rs.	Previous Year 2007-08 Rs.
Closing stock of Finished Goods	50,120,606	57,210,655
Opening stock of Finished Goods	57,210,655	21,717,887
	<u>(7,090,049)</u>	<u>35,492,768</u>

## SCHEDULE - M

## MATERIALS

PARTICULARS	Current Year 2008-09 Rs.	Previous Year 2007-08 Rs.
Opening Stock	17,043,487	11,622,860
Add: Purchases	<u>161,395,663</u>	<u>136,093,363</u>
	178,439,150	147,716,223
Less: Closing Stock	<u>26,156,954</u>	<u>17,043,487</u>
	<u>152,282,196</u>	<u>130,672,736</u>

## SCHEDULE - N

## PERSONNEL

PARTICULARS	Current Year	Previous Year
	2008-09	2007-08
	Rs.	Rs.
Salaries & Wages	13,811,021	9,210,874
Staff Welfare	580,916	637,627
Provident Fund & Security charges	1,089,246	1,381,285
Bonus	676,100	667,500
	<u>16,157,283</u>	<u>11,897,286</u>

## SCHEDULE - O

## OVERHEADS

## (A) FACTORY &amp; FARM

PARTICULARS	Current Year	Previous Year
	2008-09	2007-08
	Rs.	Rs.
Power & Fuel	38,371,165	38,666,485
Processing Labour Charges	1,920,000	2,178,766
Repairs & Maintenance	11,942,435	13,111,406
Technical Fees	1,199,001	1,073,110
Hatchery & Culture Expenses	5,727,898	4,228,173
Laboratory Expenses	1,225,185	1,264,849
Insurance	654,426	727,082
TOTAL (A)	<u>61,040,110</u>	<u>61,249,871</u>

## (B) ADMINISTRATION

PARTICULARS	Current Year	Previous Year
	2008-09	2007-08
	Rs.	Rs.
Travelling & Conveyance	528,716	329,685
Telephone & Postage	680,580	665,755
Audit Fees	142,978	188,751
Rent, Rates & Taxes	3,015,841	2,197,268
Lisiting & Legal Expenses	88,043	49,538
A.G.M. Expenses	30,493	67,880
Directors Remuneration	480,000	120,000
Advertisement	52,417	53,746
Printing & Stationery	81,744	93,551
Other Expenses	962,480	660,537
TOTAL (B)	<u>6,063,292</u>	<u>4,426,711</u>

**(C) SELLING EXPENSES**

PARTICULARS	Current Year	Previous Year
	2008-09	2007-08
	Rs.	Rs.
AMC & Sales Tax	589,811	873,097
Clearing & Forwarding	216,545	150,267
Custom & Excise Duty	16,086	3,486,841
Freight & Transportation	14,278,339	13,893,285
Packing Materials	8,322,525	11,585,728
Export expenses & monitory fees	718,233	1,168,155
Container survey/customs exp	1,112,983	931,165
Commission	4,170,754	4,489,495
TOTAL (C)	<u>29,425,276</u>	<u>36,578,034</u>
GRAND TOTAL (A + B + C)	<u>96,528,678</u>	<u>102,254,616</u>

## SCHEDULE - P

**FINANCE CHARGES**

PARTICULARS	Current Year	Previous Year
	2008-09	2007-08
	Rs.	Rs.
Interest & Bank Charges	1,129,501	1,188,788
TOTAL	<u>1,129,501</u>	<u>1,188,788</u>



**ADDITIONAL INFORMATION PURSUANT TO PROVISIONS OF PART-II OF  
SCHEDULE VI OF THE COMPANIES ACT, 1956**

	Year ended 31-03-2009		Year ended 31-03-2008	
	Quantity	Amount (In Lakhs)	Quantity	Amount (In Lakhs)
<b>A. Turnover</b>				
Frozen Shrimp (Export) (MT)	1077.18	2,321.92	1006.538	1,890.75
Seed (Mill)	81.236	81.24	61.360	52.16
Feed (MT)	1509.248	504.94	1339.877	495.66
Local Sale of Shrimp (MT)			2.225	6.63
<b>B. Details of Raw Material Consumed</b>				
Shrimp Seed, Others		177.46		96.88
Shrimp		687.70		381.68
Feed		657.66		828.17
Total		1,522.82		1,306.73
<b>Details of Captive Consumption</b>				
Seed (Mill)	137.395		236.907	
Feed (MT)	1716.277		1859.295	
<b>C. Capacity &amp; Production</b>				
<b>Installed Capacity</b>				
Farm (TPA)	1300.000		1300.000	
Seed (Millions)	400.000		400.000	
Feed Mill (MT)	9600.00		9600.000	
Processing Plant (MT)	3000.000		3000.000	
<b>Actual Production</b>				
Shrimp				
Own (MT)	1060.739		1357.00	
less: Local sale (Raw)			0.00	
Total	1060.739		1357.00	
Purchases (MT)	421.252		265.860	
			1622.860	
Less: Wastage	444.597	1037.394	486.194	
			1136.67	
Seed (Millions)	216.943		298.50	
Feed Mill (MT)	3100.675		3310.32	
<b>D. Opening Stock</b>				
Shrimp - Farm (MT)	0.000	0.000	0.000	0.00
Seed (Millions)	1.688	1.01	1.453	1.16
Feed Mill (MT)	146.973	42.79	35.825	8.92
Frozen Shrimp (MT)	227.680	529.31	99.773	208.26
<b>Closing Stock</b>				
Shrimp - Farm (MT)				
Seed (Millions)	0.000	0.00	1.688	1.01
Feed Mill (MT)	22.123	9.70	146.973	41.78
Frozen Shrimp (MT)	187.894	491.50	227.68	529.31

## STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### SCHEDULE - Q

#### 1. SIGNIFICANT ACCOUNTING POLICIES:

##### a. General

- i) The accounts prepared on the historical cost basis, as a going concern and in accordance with normally accepted accounting standards.
- ii) Accounting policies not specifically referred to otherwise are consistent and in accordance with generally accepted accounting principles.

##### b. Revenue Recognition

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. In the case of Export benefits, DEPB License and Duty Draw back are recognized only on realisation 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 Transactions

- i) Transactions 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 (such as cash, receivables, payables etc..) outstanding at the year-end, are translated at the exchange rates applicable as of the date.
- iii) Any gain or loss arising due to exchange differences at the time of translation or settlement are accounted for in the profit & loss account under the head foreign exchange fluctuation a/c.

##### e. Depreciation

Depreciation on fixed assets is calculated on Straight-line method at the rates given in the Schedule XIV of the Companies Act, 1956.

##### f. Current Liabilities

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws prevailing as on the Balance Sheet date. Deferred Tax asset is created in respect of Unabsorbed losses, only if there is virtual certainty of future profits to absorb the same.

##### g. Contingent Liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the Financial Statements.

##### h. Inventories

Finished goods and raw materials are valued at lower of cost and market price. Cost for this purpose includes material and related Factory, Farm and administrative overheads. Stores, spares and consumables are charged to profit and loss account in the year of purchase.

##### i. Retirement benefits

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

##### j. Impairment of Assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a) the provision for impairment loss, if any, required; or
  - b) the reversal, if any, required of impairment loss recognized in previous periods.
- Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined;
- a) in the case of an individual asset, at higher of the net selling price and the value in use;
  - b) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value estimated future cash flows from the continuing use of an

asset and from its disposal at the end of its useful life)

**2. ACCOUNTING YEAR**

The current accounting year consists of 12 months from April 1, 2008 to March 31, 2009.

**3. Taxes & Duties:**

a) Income Tax: The assessments for and up to the assessment year 2006-07 have been completed.

**4. SECURED LOANS:** During this year the Company has obtained a Working Capital limit of Rs.7,50,00,000/- from FEDERAL BANK LIMITED, Chennai, against the hypothecation of Company's Fixed assets and Current assets including Stock.

**5. Excise duty on closing inventory of feed:**

The company has opted out of 100% EOU, under the EPCG scheme. All the customs and excise duties resulting after the debonding have been paid in full. Henceforth, there is no liability on feed manufactured by the company and hence no provision is made for excise duty on inventory of shrimp feed.

**6. 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-

**7. Auditor's Remuneration:**

	Current Year Rs.	Previous Year Rs.
Audit Fees	50000.00	50000.00
Tax Audit	25000.00	25000.00
Tax Representation	50000.00	50000.00
Others	17980.00	15450.00

**8. Foreign Currency:**

**Inflow:**

Foreign exchange inflow on account of Export of Sales US \$ **49,30,183** equivalent to Rs. **23,21,91,584.10/-** (P.Y. US \$ **4690621** equivalent to Rs. **18,90,75,096/-**)

**Outflow:**

Foreign exchange outflow on account of import of Capital goods & Raw materials US \$ **4,80,313.30** equivalent to Rs. **2,08,40,362.85/-** (P.Y US \$ **702325.90** equivalent to Rs. **2,80,04,823/-**)

**9. Contingent Liabilities:**

Claims against the company not acknowledged as debts:

	Current Year (Rs. In Lakhs)	Previous Year (Rs. In Lakhs)
i) Claims on account Of contractual obligations In connection with construction at site	179.56	179.56
ii) Customs Duty and Excise Duty	76.31	76.31

**10.** 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	2,40,000.00	60,000.00
Perquisites	2,40,000.00	60,000.00

**11. Deferred Tax:**

Deferred tax Asset (net) as at March 31, 2009 comprises of :

(Amount in Rupees)

Sl. No.	Particulars	2009		2008	
		Deferred Tax Asset	Deferred Tax liability	Deferred Tax Asset	Deferred Tax liability
1.	Depreciation		55514402		58957201
2.	Unabsorbed Losses	84732312		133539446	
3.	Other 43B disallowances	872347		212438	
	Total	85604659	55514402	133751884	61795098
	Deferred Tax Asset (net)	30090257		74794682	

**12. Segment Reporting:**

The Company's only Business is Integrated Aqua Culture and related activities and hence disclosure of segment wise information is not applicable as required as per Accounting Standard 17 notified by the company's (Accounting Standard) Rules, 2006. There is no geographical segment to be reported since all the operations are in India.

**13. 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:

Name of the related party	Sl. No.	Party	Relationship
	1.	Sri S. Prasad Reddy	Chairman & Managing Director
	2.	Cee Impex-Chennai	Associate Concern

**Key management personnel**

Sri S. Prasad Reddy Chairman & Managing Director

Transactions with related parties during the year:

Party	Nature of Transaction	Amount in Rs.
S. Prasad Reddy	Purchase of Seed & Feed	77,53,640/-
Cee Impex	Purchase of Seed & Feed	44,94,000/-

**14. Basic and Diluted Earning per share**

(Amount in Rupees)

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Nominal Value of Equity Shares (Rs. Per share)	10/-	10/-
Total number of Equity Shares out- standing at the beginning of the year	22012500	22012500
Total Number of Equity Shares out- standing at the end of the year	22012500	22012500
Net Profit after tax for the purpose of EPS	(24,893,083)	10,828,289
EPS – Basic and Diluted (Rs.)	(1.13)	0.49

15. Previous year figures have been regrouped, reclassified wherever necessary to conform to the current year's presentation.

16. There were no dues to micro, small & medium enterprises.

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

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

(Sd)  
P. ASHOK REDDY  
Partner

M. No. 023202

Signatures to Schedules A to R  
As per our report of even date

ON BEHALF OF THE BOARD

(Sd/-)  
S. PRASAD REDDY  
CHAIRMAN & MANAGING DIRECTOR

(Sd)  
A. RAMAKRISHNA REDDY  
DIRECTOR

DATE : 01.09.2009  
PLACE: VENKANNAPALEM

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2009**

	Current Year (Rs. in Lakhs) 2008-2009	Previous Year (Rs. in Lakhs) 2007-2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and Exceptional Items	198.65	174.52
<b>ADJUSTMENTS FOR :</b>		
Depreciation	266.37	265.59
Interest / Financial Charges	11.30	11.89
Subsidy written off during the year	(0.61)	(0.61)
Operating Profit before working Capital changes	<u>277.06</u>	<u>276.87</u>
Adjustment for :		
Trade and other receivables	(228.74)	62.36
Inventories	(20.23)	(409.13)
Trade payables	(57.65)	11.58
Cash generated from operations	<u>169.09</u>	<u>116.18</u>
Interest / Financial Charges	(11.30)	(11.89)
Fringe Benefit Tax Paid	(0.54)	(0.49)
Cash flow from operating activities	<u>157.26</u>	<u>103.80</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES ( A )</b>	<u>157.26</u>	<u>103.80</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Assets	(61.70)	(17.57)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES ( B )</b>	<u>(61.70)</u>	<u>(17.57)</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Net Borrowings	56.78	0.00
Share application money received	0.00	57.40
<b>NET CASH FLOW FROM FINANCING ACTIVITIES ( C )</b>	<u>56.78</u>	<u>57.40</u>
<b>Net Increase/(decrease) in cash and cash equivalents ( A+B+C )</b>	<u>152.33</u>	<u>143.63</u>
Cash and Cash equivalents at the beginning of the year	234.62	90.98
Cash and Cash equivalents at the close of the year	386.95	234.61
<b>Net Increase / (decrease ) in cash and cash equivalents</b>	<u>152.33</u>	<u>143.63</u>

for and on behalf of the board  
(Sd/-)

**S.PRASAD REDDY**  
CHAIRMAN & MANAGING DIRECTOR

for **P.A.REDDY & CO.,**  
CHARTERED ACCOUNTANTS  
(Sd/-)

**PASHOK REDDY**  
Partner

Membership No.023202

PLACE : VENKANNAPALEM

DATE : 01-09-2009

**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. 

0	1	1	2	7	6
---	---	---	---	---	---

 State Code 

0	1
---	---

Balance Sheet 

3	1	0	3	2	0	0	9
---	---	---	---	---	---	---	---

Date 

--	--	--

 Date 

--	--

 Month 

--	--

 Year

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

Public Issue 

			N	I	L		
--	--	--	---	---	---	--	--

 Rights Issue 

			N	I	L		
--	--	--	---	---	---	--	--

Bonus Issue 

			N	I	L		
--	--	--	---	---	---	--	--

 Private Placement 

			N	I	L		
--	--	--	---	---	---	--	--

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

Total Liabilities 

0	0	0	0	5	2	0	4	5	5
---	---	---	---	---	---	---	---	---	---

 Total Assets 

0	0	0	0	5	2	0	4	5	5
---	---	---	---	---	---	---	---	---	---

Sources of Funds

Paid-Up Capital 

0	0	0	2	2	0	1	2	5
---	---	---	---	---	---	---	---	---

 Reserves & Surplus 

0	0	0	1	5	7	0	1	1
---	---	---	---	---	---	---	---	---

Secured Loans 

			5	6	7	7
--	--	--	---	---	---	---

 Unsecured Loans 

			N	I	L		
--	--	--	---	---	---	--	--

Application of Funds

Net Fixed Assets 

0	0	0	3	3	4	6	2	9
---	---	---	---	---	---	---	---	---

 Investments 

			N	I	L		
--	--	--	---	---	---	--	--

Net Current Assets 

0	0	0	1	4	0	4	3	8
---	---	---	---	---	---	---	---	---

 Mis. Expenditure 

			N	I	L		
--	--	--	---	---	---	--	--

Accumulated Losses 

			N	I	L		
--	--	--	---	---	---	--	--

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

Turnover 

0	0	0	2	9	0	8	0	9
---	---	---	---	---	---	---	---	---

 Total Expenditure 

0	0	0	2	9	2	7	3	4
---	---	---	---	---	---	---	---	---

+ - Profit / Loss Before Tax 

+	
---	--

0	0	0	0	1	9	8	6	5
---	---	---	---	---	---	---	---	---

 + - Profit / Loss After Tax 

+	
---	--

0	0	0	0	2	4	8	9	3
---	---	---	---	---	---	---	---	---

+ - Earning Per Share in Rs. 

			0	0	0	1	1	3
--	--	--	---	---	---	---	---	---

 Dividend rate % 

N	A
---	---

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

Item Code No. (ITC Code) 

0	0	0	0	0	3	0	6	1	3
---	---	---	---	---	---	---	---	---	---

Product Description 

P	R	A	W	N	S														
---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

(Sd)  
A. RAMA KRISHNA REDDY  
DIRECTOR

PLACE : VENKANNAPELEM  
DATE : 01-09-2009

PRINTED MATTER

BOOK - POST

IF UNDELIVERED, PLEASE RETURN TO:

**SHARAT INDUSTRIES LIMITED**

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

