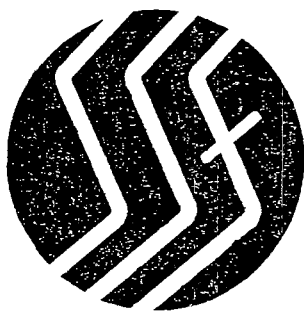


SHARAT INDUSTRIES LIMITED

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		EIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SEI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



7th Annual Report 1996-97



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. Viswanath Ghai	IFCI Nominee Director	

BANKER

Bank of Baroda

AUDITORS

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

REGISTERED OFFICE

306, Maheswari Towers,
Al-Khizara Estates,
Block A, Road No. 1,
Banjara Hills,
Hyderabad - 500 034.

CORPORATE OFFICE

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

FARM

Venkannapalem Village
Nellore District
Andhra Pradesh

SHARE TRANSFER AGENTS

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

NOTES

- (1) MEMBERS
- (2) DIRECTORS
- (3) SHARE TRANSFER AGENTS
- (4) REGISTERED OFFICE

NOTICE

NOTICE is hereby given that the SEVENTH Annual General Meeting of the members will be held on the Saturday 27th December, 1997, at 11.00 A.M. at Sri Sagi Ramakrishnam Raju Community Hall, Madhuranagar, Hyderabad - 500 038 to consider the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 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. A. Ramakrishna Reddy who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S.K. Das who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.
"RESOLVED that Shri N. Suresh who was appointed as an Additional Director of the company by the Board of Directors and who ceases to hold office under section 260 of the companies Act, 1956 and in respect of whom the company has received a Notice in writing proposing his candidature for the office of Director be and is hereby appointed as Director of the company".
6. To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION.
"RESOLVED THAT the Registered Office of the company situated at 306, Maheshwari Towers, Al-Khizira Estates, Road No.1, Banjara Hills, Hyderabad - 500 034, Andhra Pradesh, be shifted to the works of the company at Venkannapalem, T.P. Gudur, Nellore, Andhra Pradesh with immediate effect".

BY THE ORDER OF BOARD OF DIRECTORS
for SHARAT INDUSTRIES LIMITED

PLACE : HYDERABAD

DATE : 17-09-1997

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) PROXIES, TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
- 3) THE RELATIVE EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS SET OUT ABOVE, AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956 IS ANNEXED HERETO.
- 4) THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 24TH TO 27TH OF DECEMBER, 1997 (BOTH DAYS INCLUSIVE).

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT

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

ITEM No. : 5

Shri N. Suresh was co-opted as Additional Director. Pursuant to Section 260 of the Companies Act, 1956, he ceases to be Director at the ensuing Annual General Meeting. As required by Section 257 of the said act, notice alongwith a deposit of Rs.500/- has been received from a member signifying his intention to propose the appointment of Shri N. Suresh as Director of the Company.

The Board considers it desirable that the Company should continue to avail itself the services of Shri N. Suresh.

None of the Directors are interested in the proposed resolution.

ITEM No. : 6

The Company's Farm is situated at Venkannapalem Village, T.P. Gudur, Nellore District, Andhra Pradesh. At present the operations and administrative activities are supervised, monitored, controlled and co-ordinated through the Registered Office of the Company located at Hyderabad. For administrative convenience and ensuring better co-ordination and to have overall administrative control on the day-to-day affairs of the Farm including the production, stocks, quality control, material management, industrial relations, sales administration, payments, recoveries and all allied functions, it is desirable the Registered Office of the Company from 306, Maheshwari Towers, Al-Khizara Estate, Block 'A', Road No. 1, Banjara Hills, Hyderabad - 34 to Venkannapalem, T.P. Gudur, Nellore District, Andhra Pradesh.

The change of the Registered Office of the Company is within the State of Andhra Pradesh which requires the approval of members pursuant to section 21 of the Companies Act, 1956.

The Directors recommend passing of the Resolution.

None of the Directors are interested in the resolution.

Place : Hyderabad

Date : 17-09-97

BY THE ORDER OF BOARD OF DIRECTORS
For SHARAT INDUSTRIES LIMITED

(S. PRASAD REDDY)
CHAIRMAN & MANAGING DIRECTOR

DIRECTORS' REPORT

To
The Members of
Sharat Industries Limited

The Directors have pleasure in presenting the SEVENTH Annual Report of the company together with the Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

Particulars	YEAR ENDED	YEAR ENDED
	31.03.1997	31.03.1996
	(Rs. in lakhs)	(Rs. in lakhs)
Total Sales/Income	114.62	699.35
Profit (+) / Loss (-)	(-) 684.66	(-) 348.30
Balance Brought Forward	348.28	696.58
Balance Carried Forward	(-) 336.38	348.28

OPERATIONS

The Aqua Culture Industry has passed through difficult stages. During the year 1996-97 your company could operate the Hatchery and Farm and achieved a turnover of Rs.114.62 lakhs. In the Hatchery though we had some problems of low demand and low production in the initial stages, the sales had picked up at later half. We could achieve a turnover of Rs.68 lakhs. The performance would have been far better had there been no incessant rains and floods. This had caused lot of damage and hampered the performance. In Culture, we had stocked nearly 90 ponds during the year. But the cyclone in the month of April/May and floods during October had forced us to drain out most of the ponds and pre-harvest when the growth was not even 3 to 5 gms. Some ponds were affected by disease also. Owing to unfavourable climatic conditions the culture suffered badly and could not achieve the desired result. However we are foreseeing a better performance in the current year as the climatic conditions are conducive. The hatchery performance in the current year is satisfactory. Though we had some problems in the culture, we are hoping that we may achieve the targeted result by March, 1998.

The Completion and Commissioning of Feed-Mill and Processing Plant units remained incomplete. The Institutions were kind enough to agree for re-scheduling of interest seeing the constraints faced by the aquaculture industry. However this had not helped us to generate required funds for completion of the two units. We have applied to the Institutions for additional financial assistance and Funding of interest for completion of the two units and hopeful of obtaining the same before December '97. Once the additional financial assistance is made available to us, your company would be able to complete and put the units into operation within five months.

INFORMATION PURSUANT TO CLAUSE 43 OF THE LISTING AGREEMENT

Particulars	(Rs. in Lakhs	(Rs. in Lakhs
	Actuals)	Projected)
Net Income	164.42	6032.89
Total Expenditure	439.43	4396.29
Interest	316.00	743.71
Gross Profit / Loss after Interest before depreciation & tax	(-) 591.01	892.89
Depreciation	93.65	182.77
Net Profit / Loss	(-) 684.66	710.12
Paid up Equity Share Capital	2201.25	2200.00

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 measures 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 : On account of Export Sales US \$ 128210 (equivalent to Rs.45.78 Lakhs)
 - (ii) Foreign Exchange outflow : NIL.

PARTICULARS OF EMPLOYEES

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

DIRECTORS

Mrs. S. Devaki Reddy resigned as director. The ^{board} ~~both~~ places on record its appreciation for the services rendered by her.

Mr. A. Ramakrishna Reddy and Mr. S.K. Das retire by rotation and being eligible, offer themselves for reappointment.

Mr. N. Suresh, who was coopted as an Additional Director holds office upto the Annual General Meeting. He may be appointed as director by members.

AUDITORS

M/s. MOGILI SRIDHAR & 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 reappoint the auditors and authorise the Board of Directors of the Company to fix their remuneration.

PERSONNEL

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

DEPOSITS

The company has not accepted any deposits during the year.

ACKNOWLEDGEMENTS

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

for and on behalf of the Board
for SHARAT INDUSTRIES LIMITED

PLACE : HYDERABAD
DATE : 17-09-1997

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

AUDITORS' REPORT

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

We have audited the attached Balance Sheet of M/s. SHARAT INDUSTRIES LIMITED as at 31st March, 1997 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to the comments in the Annexure referred to in paragraph above.
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - (b) In our opinion, proper books of account have been kept by the company as required by law so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997.
 - (ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

for MOGILI SRIDHAR & CO.,
CHARTERED ACCOUNTANTS

P. MURALI MOHANA RAO
PARTNER

PLACE : HYDERABAD
DATE : 17-09-1997

ANNEXURE TO THE AUDITORS' REPORT

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

For MOGILI SRIDHAR & CO.,
CHARTERED ACCOUNTANTS

P. MURALI MOHANA RAO
PARTNER

PLACE : HYDERABAD
DATE : 17-09-1997

BALANCE SHEET AS AT 31-03-1997

PARTICULARS	SCHEDULE No.	AS AT 31-03-97	AS AT 31-03-96
I. SOURCES OF FUNDS		Rs.	Rs.
1. SHAREHOLDERS FUNDS			
a. Capital	1	220125000	220125000
b. Reserves	2	989277	35817122
c. Subsidy		1275000	650000
2. LOAN FUNDS			
a. Secured Loans	3	345784829	300230620
3. CREDITORS FOR CAPITAL EXPENDITURE		10180819	10598776
	TOTAL	<u>578354925</u>	<u>567421518</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block	4	286047492	249155187
b. Less Depreciation		21639374	12541240
c. Net Block		264408118	236613947
d. Capital WIP		306532028	317349805
2. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		13074530	30574418
b. Sundry debtors	5	1704277	2399117
c. Cash & Bank balances	6	200638	284657
d. Advances & Deposits	7	22959204	34655646
Less : Current Liabilities Provisions & Advances	8	69722392	60816795
NET CURRENT ASSETS		(-) 31783743	7097043
3. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		5559788	6360723
PROFIT & LOSS A/C.		33638734	----
Notes to Accounts	10	----	----
	TOTAL	<u>578354925</u>	<u>567421518</u>

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

P. MURALI MOHANA RAO
PARTNER

FOR AND ON BEHALF OF THE BOARD

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

A. RAMAKRISHNA REDDY
DIRECTOR

PLACE : HYDERABAD
DATE : 17-09-1997

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-1997

PARTICULARS	SCHEDULE No.	ENDING 31-03-97	ENDING 31-03-96
I. INCOME		Rs.	Rs.
Sales		11461829	69935202
Other Income		4980530	858664
TOTAL		<u>16442359</u>	<u>70793866</u>
II. EXPENDITURE			
Manufacturing, Selling & Administrative Expenses	9	30370525	65228433
Interest & Financial Charges		31600138	26782084
Adjustment for Stocks		12772039	4948330
Depreciation		9365301	7864361
Miscellaneous Exp. written off		800935	800935
TOTAL		<u>84908938</u>	<u>105624143</u>
LOSS		(68466579)	(34830277)
SURPLUS BROUGHT FORWARD		34827845	69658122
NET LOSS		<u>(33638734)</u>	<u>34827845</u>
LOSS CARRIED FORWARD		(33638734)	34827845
NOTES TO ACCOUNTS	10	---	---

AS PER OUR REPORT OF EVEN DATE

for MOGILI SRIDHAR & CO.,
CHARTERED ACCOUNTANTSP. MURALI MOHANA RAO
PARTNER

FOR AND ON BEHALF OF THE BOARD

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTORA. RAMAKRISHNA REDDY
DIRECTORPLACE : HYDERABAD
DATE : 17-09-1997

SCHEDULE - 1

SHARE CAPITAL

PARTICULARS	AS AT 31-03-97	AS AT - 31-03-96
AUTHORISED 50000000 Equity Shares of Rs.10/- Each	Rs. 500000000	Rs. 500000000
PREVIOUS YEAR 50000000 Equity Shares of Rs.10/- Each		
ISSUED, SUBSCRIBED & PAID-UP 22012500 Equity Shares of Rs.10/- Each	220125000	220125000
	<u>220125000</u>	<u>220125000</u>

SCHEDULE - 2

RESERVES & SURPLUS

PARTICULARS	AS AT 31-03-97	AS AT 31-03-96
Revenue Reserve	989277	989277
Surplus in Profit & Loss A/c.	----	34827845
	<u>989277</u>	<u>35817122</u>

SCHEDULE - 3

SECURED LOANS

PARTICULARS	AS AT 31-03-97	AS AT 31-03-96
FROM INSTITUTIONS	256377807	256377807
FUNDED INTEREST TERM LOAN FROM INSTITUTIONS	89407022	43852813
(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)		
	<u>345784829</u>	<u>300230620</u>

SCHEDULE - 4

SLM METHOD

FIXED ASSETS

PARTICULARS	Gross Block As on 01-04-1996	Additions During the year	Deletions	Gross Block As on 31-03-1997	Depreciation Up to Previous Year	Depreciation during the year	Depreciation During the year	Total Depreciation	Net Block As on 31-03-1997	Net Block As on 31-03-1996
Land	27751676	-	-	27751676	-	-	-	-	27751676	27751676
Plant & Machinery	46065604	-	-	46065604	3552111	-	2188116	5740227	40325377	42513493
Building	63381069	212100	-	63593159	2181686	-	2120469	4321156	59291004	61199373
Electrical Equipment	10694206	632296	-	11226504	983610	-	518242	1501852	9724652	9610598
Vehicles	3612313	40268	1069755	2562826	798734	267167	243469	775036	1767790	2813579
Plant Construction	92565856	1929450	-	94495306	4534692	-	3179461	7714153	86781153	88031164
Furniture & Fixtures	3310785	-	-	3310785	313726	-	209573	523299	2787486	2997059
Office Equipment	1655642	14212	-	1669854	161125	-	55536	216661	1453193	1494517
Other Assets	218044	35153734	-	35371778	15556	-	850435	665991	34505787	202488
	249155187	37982060	1069755	286247492	12541240	267167	9365301	21539374	254408118	236613947

SCHEDULE - 5

SUNDRY DEBTORS

PARTICULARS	AS AT 31-03-97	AS AT 31-03-96
a. Debts not exceeding a period of six months Considered good	Rs. 1704277 <u>1704277</u>	Rs. 2399117 <u>2399117</u>

SCHEDULE - 6

CASH & BANK BALANCES

PARTICULARS	AS AT 31-03-97	AS AT 31-03-96
	Rs.	Rs.
Cash in Hand	44308	145050
Cash with Scheduled Banks	156330 <u>200638</u>	139607 <u>284657</u>

SCHEDULE - 7

ADVANCES & DEPOSITS

PARTICULARS	AS AT 31-03-97	AS AT 31-03-96
	Rs.	Rs.
Advances	19025036	21039630
Deposits	2619611	2314889
Other Current Assets	1314557 <u>22959204</u>	11301127 <u>34655646</u>

SCHEDULE - 8

CURRENT LIABILITIES PROVISIONS

PARTICULARS	AS AT	AS AT
	31-03-97	31-03-96
	Rs.	Rs.
Creditors for Suppliers	25766990	25101337
Creditors for Expenses	2556888	1144696
Provisions	9607795	6131966
From Banks	31790719	28438796
	<u>69722392</u>	<u>60816795</u>

SCHEDULE - 9

MANUFACTURING, SELLING & ADMINISTRATIVE EXPENSES

PARTICULARS	AS AT	AS AT
	31-03-97	31-03-96
	Rs.	Rs.
Raw Material Consumed	7553700	54628048
Power & Fuel	2646182	2075427
Salaries & Wages	3346188	1398258
Mfg. Expenses	9260170	1603141
Repairs & Maintenance	1297101	389365
Other Administration Expenses	5311408	1966906
Auditors Remuneration	75000	75000
Selling Expenses	880776	3092288
	<u>30370525</u>	<u>65228433</u>

SCHEDULE 10

NOTES TO ACCOUNTS

1. The Schedules referred to in the Balance Sheet form an integral part of Accounts.
2. Foreign Exchange inflow on account of export of sales USD. 128210.24 (equivalent to Rs.45.78 Lakhs).
3. Liability on account of Foreign Currency loan with IFCI, IDBI, ICICI as per the rates of exchange as on 31-03-1997 are Rs.54325479 and Rs.26709029 and Rs.24228930 respectively.
4. Contingent Liability :
On account of Bank Guarantee Rs.6.25 lakhs. (Previous year Rs.13.32 lakhs).

5. Auditors' remuneration

	Current Year	Previous Year
Audit Fees	55,000	55,000
Tax Audit Fees	20,000	20,000

6. Managing Director's Remuneration

	Current Year	Previous Year
Salary	60,000	60,000
Perquisites	60,000	60,000

7. 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

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

	Year Ended 31-03-97		Year Ended 31-03-96	
	Qty. (MT)	Amount in lakhs	Qty. (MT)	Amount in lakhs
A. Turnover				
Shrimp & others (MT)	10.08	45.78	36.590	74.03
Seed (Millions)	21.00	68.83	138.960	625.32
B. Details of Raw Material Consumed				
1. Shrimp seed & Shrimp and others		28.73		412.09
2. Feed	110.117	46.80	284.845	134.19
C. Capacity & Production				
(i) Installed Capacity				
Farm (TPA)	1300.000		1300.000	
Hatchery (Millions)	400.000		400.000	
(ii) Actual Production				
Farm (MT)	15.120		55.982	
Hatchery (Millions)	27.000		220.481	
D. Opening & Closing Stock				
Opening Stock				
Farm (MT)	---	---	35.935	53.02
Hatchery (Millions)	40.000	128.56	41.670	120.01
Closing Stock				
Farm (MT)	---	---	---	---
Hatchery (Millions)	00.646	0.84	40.000	128.56

9. SIGNIFICANT ACCOUNTING POLICIES

a. General

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

b. Revenue Recognition

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

c. Fixed Assets

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

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

e. Depreciation

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

f. Inventories

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

g. Gratuity

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

h. Contingent liabilities

Contingent liabilities are not provided and are disclosed by way of notes.

i. Sundry Debtors, Sundry creditors and advances etc., balances are subject to confirmation.

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

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

Signature to Schedules 1 to 10

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

FOR AND ON BEHALF OF THE BOARD

P. MURALI MOHANA RAO
PARTNER

S. PRASAD REDDY
CHAIRMAN & MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 17-09-1997

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-1997

	<u>Current Year</u> <u>Rs. in Lakhs</u>	<u>Previous Year</u> <u>Rs. in Lakhs</u>
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / Loss before Tax and Extraordinary items	(684.66)	(348.30)
Adjustment for :		
Depreciation	93.65	78.64
Misc. Expenses written off	8.01	8.01
Interest	316.00	267.82
Operating Profit before working capital changes	(267.00)	6.17
Adjustment for :		
Trade and other receivables	123.91	594.47
Inventories	174.99	9.00
Trade payables	11.54	(554.41)
Cash generated from operations	43.44	55.23
Interest / Financial charges	(43.68)	(47.57)
Cash flow before extraordinary item	(0.24)	
Extraordinary Items	---	
NET CASH FLOW FROM OPERATING ACTIVITIES	(0.24)	7.66
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Adjustment towards fixed assets	(7.43)	(272.01)
Creditors for Capital Expenditure	(4.18)	
Sale of Assets	5.17	
Purchase of Vehicles	(0.41)	
NET CASH FLOW FROM INVESTING ACTIVITIES	(6.85)	(272.01)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings		198.43
subsidy received	6.25	5.00
NET CASH FLOW FROM FINANCING ACTIVITIES	6.25	203.43
Net decrease in cash and cash equivalents	(0.84)	(60.92)
Cash and Cash equivalents at the beginning of the year	2.85	63.77
Cash and Cash equivalents at the close of the year	2.01	2.85

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

for and on behalf of the Board

S. PRASAD REDDY

A. RAMAKRISHNA REDDY

CHAIRMAN & MANAGING DIRECTOR

DIRECTOR

To
The Board of Directors
Sharat Industries Limited
Hyderabad

We have examined the attached Cash Flow Statement of Sharat Industries Limited for the year ended 31st March, 1997. 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 17th September, 1997 to the members of the Company.

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

PLACE : HYDERABAD
DATE : 17-09-1997

P. MURALI MOHANA RAO
PARTNER

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

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No. 01-011276 State Code 01

Balance Sheet 31 03 97

Date Date Month Year

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

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

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

Total Liabilities

000578355

Total Assets

000578355

Sources of Funds

Paid - Up Capital

000220125

Reserves & Surplus

000002264

Secured Loans

000345785

Unsecured Loans

000010181

Application of Funds

Net Fixed Assets

000570940

Investments

NIL

Net Current Assets

-31784

Misc. Expenditure

000005560

Accumulated Losses

33639

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

Turnover

000016442

Total Expenditure

000084909

+ -

Profit / Loss Before Tax

-

000068467

+ -

Profit / Loss After Tax

-

000068467

Earning Per Share in Rs.

NA

Dividend rate %

NA

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

Item Code No.

(ITC Code)

0000030613

Product

Description

PRAWNS



PRINTED MATTER
BOOK - POST

IF UNDELIVERED, PLEASE RETURN TO :



SHARAT INDUSTRIES LIMITED

306, Maheswari Towers, Al-Khizana Estates,
Block A, Road No. 1, Banjara Hills,
Hyderabad - 500 034.