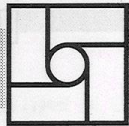


**52<sup>nd</sup>  
Annual  
REPORT**

**2012-2013**



**SHARDA ISPAT LIMITED**  
*Nagpur*



## SHARDA ISPAT LIMITED, Nagpur

### BOARD OF DIRECTORS

|                    |                                |
|--------------------|--------------------------------|
| SHRI N. K. SARDA   | : Chairman & Managing Director |
| SMT POONAM SARDA   | : Whole Time Director          |
| SHRI H. K. DASS    | : Director                     |
| SHRI R. P. MOHANKA | : Director                     |
| SHRI RAMESH MANTRI | : Director                     |

### AUDITORS

|                  |  |
|------------------|--|
| LOYA BAGRI & CO. | : Auditors thereof,<br>Chartered Accountants,<br>Gandhibagh, Nagpur - 440002 |
|------------------|--|

### INTERNAL AUDITOR

|            |   |
|------------|---|
| M. M. JAIN | : Chartered Accountants,<br>Kingsway, Nagpur - 440 001. |
|------------|---|

### BANKERS

|                                  |           |
|----------------------------------|-----------|
| NAGPUR NAGRIK SAHAKARI BANK LTD. | : Bankers |
|----------------------------------|-----------|

### REGISTERED OFFICE

|                               |                     |
|-------------------------------|---------------------|
| Kamptee Road, Nagpur - 440026 | : Registered Office |
|-------------------------------|---------------------|

### PLANT

|                               |         |
|-------------------------------|---------|
| Kamptee Road, Nagpur - 440026 | : Plant |
|-------------------------------|---------|

### ADDRESS FOR CORRESPONDENCE TO SHARE DEPARTMENT

|   |  |
|---|--|
| M/s. Adroit Corporate Services Pvt. Ltd.<br>19/20, Jaferbhoy Industrial Estate,<br>Makwana Road, Marol Naka,<br>Marol, Andheri (E),<br>Mumbai - 400 059 | : Address for<br>Correspondence to<br>Share Department |
|---|--|

### WEBSITE

|                     |           |
|---------------------|-----------|
| www.shardaispat.com | : Website |
|---------------------|-----------|

**NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the 52<sup>nd</sup> Annual General Meeting (the meeting) of the Members of **SHARDA ISPAT LIMITED** (the company) will be held on Monday, the 30<sup>th</sup> day of September, 2013 at 10.00 a.m at the Registered Office of the Company at, Sharda Ispat Limited Office Premises, Kamptee Road, Nagpur -440 026, to transact the following business:

**ORDINARY BUSINESS:****1) Adoption of Accounts**

To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March 2013 and the Reports of the Directors' and Auditors' thereon.

**2) Re-appointment of Shri R.P. Mohanka**

To appoint a Director in place of Shri. R.P. Mohanka who retires by rotation at this meeting and being eligible, offers himself for re-appointment.

**3) To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :**

"RESOLVED that M/s Loya Bagri & Company, Chartered Accountants, Nagpur, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, to audit the Accounts of the Company for the financial year 2013-14, including the Cash Flow Statements, on a remuneration to be mutually decided upon between the Auditors and the Board of Directors of the Company".

**Registered Office :**

Kamptee Road,  
Nagpur 440026

**By Order of the Board,**

Date : 01.09.2013

**N.K.Sarda**  
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. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- 2) A proxy is not entitled to vote except on a poll, Proxies submitted on behalf of limited companies, societies etc must be supported by appropriate resolution / authority, as applicable.
- 3) A blank proxy form is sent herewith.
- 4) The Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
- 5) The Register of Members and Share Transfer Books of the company will remain closed from 29th September, 2013 to 30th September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
- 6) Members are requested to make all correspondence relating to physical shares, transfer of shares, dematerialization of shares, bank mandate, their registered address, registration of e-mail address to their respective Depository Participant (DP) if shares are held in the Demat Form or, if the shares are held in the physical form then to the R & T Agent of the Company at the following address :  
**ADROIT CORPORATE SERVICES PRIVATE LIMITED**  
19/20, Jaferbhoy Industrial Estate, Makwana Road,  
Marol Naka, Marol, Andheri (E), Mumbai 400 059
- 7) Members who have multiple folios with identical order of names are requested to intimate to the Company these folios to enable the Company to consolidate all shareholdings into one folio.
- 8) Since the securities of the Company are already admitted on both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) the members have got option for dematerializing their shares.
- 9) Members holding shares in physical form are requested to consider converting their holding into dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management, Members can contact Adroit Corporate Services Private Limited for assistance in this regard.
- 10) Members are requested to intimate the Company, queries if any, regarding the accounts at least 10 days before the date of the Annual General Meeting to enable the Management to keep the information ready at the Meeting. The queries may be sent to the Company at its registered office.
- 11) The Ministry of Corporate Affairs (Vide circular nos 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively) has undertaken a Green Initiative in Corporate Governance and allowed the companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchange permit companies to send soft copies of the Annual report to all its share holders who have registered their email address for the said purpose. Members are requested to support this Green initiative by registering / updating their e-mail addresses for receiving electronic communications.
- 12) Members are requested to bring their copy of annual report with them at the time of attending the Annual General Meeting.

**DIRECTORS' REPORT**

To

The Members of **SHARDA ISPAT LIMITED**

Your Directors are pleased to present their the 52<sup>nd</sup> Annual Report on the business and operations of the company together with the Audited Annual Accounts of your Company for the financial year ended 31st March, 2013:

**1) FINANCIAL RESULTS :**

The financial performance of the Company for the year ended 31st March, 2013 is summarized below.

**FINANCIAL RESULTS :**

(Amt. in Rs.)

| Sr. No. | Particulars                             | FY 2012-13  | FY 2011-12  |
|---------|---|-------------|-------------|
| 1       | Sales and Service Charges               | 802,682,485 | 559,014,619 |
| 2       | Profit Before Interest and Depreciation | 23,802,772  | 25,942,119  |
| 3       | Less : Interest and Finance Charges     | 13,543,513  | 13,169,373  |
| 4       | Less : Depreciation                     | 7066,027    | 6,898,395   |
| 5       | Profit After Interest and Depreciation  | 3,193,232   | 5,874,351   |
| 6       | Less : Provision for Taxation           |             |             |
|         | a) Current Tax                          | 2,855,000   | 3,650,000   |
|         | b) Income Tax (Earlier Years)           | 328,169     | 7,097       |
|         | c) Deferred Tax                         | (117,203)   | (1,679,113) |
| 7       | Net Profit After Taxation               | 127,266     | 3,896,367   |
| 8       | Add Brought Forward Balance of Loss     | (2,272,049) | (6,168,416) |
| 9       | Surplus or Deficit Carried Over to      | (2,144,783) | (2,272,049) |
|         | Balance Sheet                           |             |             |



## 2. REVIEW OF OPERATIONS :

During the year under review, in spite of dismal global scenario and recessionary trend in Indian steel market the Company recorded further growth in its operational performance but the profitability vis-à-vis the sales turnover, as compared to last year declined due to persistent rise in cost of various inputs.

Nevertheless, the Company witnessed the sales turnover Rs. 9018.41 Lacs (Own Unit 8997.89 Lacs and Conversion / Service Rs. 20.52 Lacs as against Rs. 6,121.71 Lacs (Own Unit 5852.62 Lacs and Conversion / Service Rs. 269.09 Lacs) during the last year, registering thereby the growth in turnover of 47.32% over the previous year. After providing Rs.70.66 Lacs for depreciation and Rs. 135.44 Lacs against interest and further providing Rs. 30.66 Lacs towards taxation, the Company posted net profit after tax of Rs. 1.27 Lacs as against Rs. 38.96 Lacs during the previous year.

As can be seen the profitability is not in commensuration with the turnover which is due to adverse market conditions especially higher prices of oil and raw materials besides higher cost of borrowed funds.

## 3. DIRECTORS :

During the period under review, the Board of Directors of the Company at their meeting held on 30.05.2012 re-appointed Shri. N.K. Sarda as Chairman & Managing Director and appointed Smt. Poonam Sarda as Whole Time Director of the company for the period of five years effective from 01.04.2012. The necessary approval to the said appointments was obtained by the Company at its annual general meeting held on 31.08.2012.

In accordance with the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Shri. R.P. Mohanka retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Board of Directors recommends the above reappointment.

## 4. FIXED DEPOSITS :

Your Company has not invited or accepted any fixed deposits during the year under review and no deposit was outstanding as on 31st March, 2013.

## 5. AUDITORS' REPORT & AUDITORS :

The Auditor's Report and its Annexures are self-explanatory. M/s Loya Bagri & Co., Chartered Accountants, Nagpur retire as statutory Auditors of the Company at the conclusion of 52<sup>nd</sup> Annual General Meeting and are eligible for re-appointment. The Audit Committee and the Board of Directors recommends the reappointment of M/s Loya Bagri & Co., Chartered Accountants, as Statutory Auditors of your company.



Clause (i) (a) of Annexure to the Auditor's Report needs explanation which is as under:

Your Company has taken steps to update the fixed assets register of the Company to incorporate therein the details regarding fixed assets added during the year under review.

#### **6. LISTING OF SECURITIES :**

The Shares of the Company continue to be listed at the stock exchanges namely Bombay, Ahmadabad, Kolkata, and Pune. The Company has made due payment of the listing fees in respect of the financial year 2013-2014. As already reported, the Company has however decided to delist its shares from Ahmadabad, Kolkata, and Pune exchange due to non-trading of shares of the Company on these exchanges. Presently the Delisting Application made to these three stock exchanges are in process.

#### **7. PARTICULARS OF EMPLOYEES :**

Your company has no employee whose remuneration exceeds the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, and hence the prescribed information has not been given in the report.

#### **8. CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE :**

The information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo, is given in the Annexure forming part of the report.

#### **9. DIVIDEND :**

In view of meeting out working capital requirements of the Company in ensuing year, your Directors express their inability to recommend any dividend for this year.

#### **10. CORPORATE GOVERNANCE :**

Corporate Governance Report and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are given separately and forms an integral part of this Annual Report.

#### **11. DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, the Board of Directors of your company to the best of their knowledge and belief hereby confirm that :



- i) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2013, the applicable accounting standards have been followed along with proper explanations relating to material departure.
- ii) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year ended on 31<sup>st</sup> March 2013 and of the profit for the year under review.
- iii) Proper and sufficient care has been taken 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.
- iv) The annual accounts for the financial year ended on 31<sup>st</sup> March, 2013 have been prepared on a 'going concern' basis.

#### 12. DEMATERIALIZATION OF SHARES :

The Company has established electronic connectivity with both the Depositories viz. National Securities Depository Limited ( NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar & Transfer Agent of the Company M/s Adroit Corporate Services Private Limited. As on 31.03.2013, 24,71, 340 shares have been dematerialized representing 48.68 % of the total shares of the Company. The International Securities Identification Number (ISIN) of the Company is INE 385M01012.

#### 13. INDUSTRIAL RELATIONS :

During the period under review, the industrial relations of your company have been cordial.

#### 14. ACKNOWLEDGEMENT:

Your directors are pleased to place on record their sincere gratitude to Nagpur Nagrik Sahakari Bank Limited and other Bankers of the Company, various Government Departments, Financial Institutions and Business Associates for their continued financial assistance, co-operation and guidance extended to the Company during the year.

The Board of Directors would like to take opportunity to express their deep appreciation for the devoted and sincere efforts put in by the workers, staff and officers in the Company during the year. The Directors are also grateful to all the shareholders for the continued faith reposed by them in the Company.

For and on behalf of the Board of Directors

Place : Nagpur

N.K.Sarda

Smt. Poonam Sarda

Date : 01.09.2013

Chairman & Managing Director

Whole-Time Director



**ANNEXURE FORMING PART OF THE DIRECTORS' REPORT****A. CONSERVATION OF ENERGY :**

The Company lays great emphasis on savings in the cost of energy consumption. Therefore achieving reduction in per unit consumption of energy is an ongoing exercise in the Company. Effective measures such as improved operational and maintenance practices have been taken to minimize the loss of energy as far as possible.

**FORM 'A'**

(See Rule 2)

(Form for Disclosure of Particulars with respect to Conversation of Energy)

|  | March 2013  | March 2012  |
|--|-------------|-------------|
| <b>B. Power and Fuel Consumption</b>                   |             |             |
| 1. Electricity   |             |             |
| Purchased : Units (No.)                                | 19,80,020   | 23,51,160   |
| Total Amount (Rs.)                                     | 1,45,49,756 | 1,49,03,206 |
| Average Rate /Unit (Rs.)                               | 7.35        | 6.34        |
| Own Generation   | Nil         | Nil         |
| 2. Steam Coal :  |             |             |
| Quantity (Tonnes)                                      | 4,623       | 4684        |
| Total Cost (Rs.)                                       | 1,97,91,063 | 30,833,375  |
| Average Rate / Tonne (Rs.)                             | 4,281       | 6,583       |
| 3. Furnace Oil :                                       |             |             |
| Quantity (K. Ltrs.)                                    | Nil         | 62          |
| Total Amount (Rs.)                                     | Nil         | 20,99,157   |
| Average Rate / K. Ltrs.(Rs.)                           | Nil         | 33,857      |
| 4. Other / Internal Generation                         |             |             |
|  | Nil         | Nil         |
| 5. Consumption per MT of production (Standards if any) |             |             |
| Products (with details) Unit                           |             |             |
| Rolled Iron & Steel (in MT)                            | 20,100      | 20,493      |
| Electricity (in Units)                                 | 98.51       | 114.73      |
| Furnace Oil (Secondary Fuel) (in Ltrs.)                | Nil         | 3.02        |
| Coal (Steam Coal 'B' Grade) (in MT)                    | 0.230       | 0.229       |
| Excluding Shell & Dust                                 |             |             |
| Other (Specify)  | Nil         | Nil         |



**B. TECHNOLOGY ABSORPTION : RESEARCH & DEVELOPMENT**

The technology used for the existing project is fully indigenous. The production department of the Company is always in pursuit of finding ways and means to improve the performance, quality and cost effectiveness of products. The consistent efforts are made for the updation of technology being used by the Company as a continuous exercise. The Company does not have a separate Research & Development activity.

**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

- i. The company has not effected any import or export during the year ended 31.03.2013.
- ii. The inflow of foreign exchange is Nil
- iii. The outflow of foreign exchange is Nil

For and on behalf of the Board of Directors

Place : Nagpur

N.K.Sarda

Smt. Poonam Sarda

Date : 01.09.2013

Chairman & Managing Director

Whole-Time Director

20,100

98.21

Roller Iron & Steel (in MT)

114.73

Nil

Electricity (in Units)

3.02

0.230

Furnace Oil (Secondary Fuel) (in Ltrs.)

0.229

Nil

Coal (Steam Coal B Grade) (in MT)

Nil

Nil

Excluding Shell & Dust

Nil

Nil

Other (Specify)

Nil

Nil

Director

**SECRETARIAL COMPLIANCE CERTIFICATE****Registration No. of the Company: 11-011830 of 1960**

Nominal Capital: Rs. 5,10,00,000/-

Paid-up Capital: Rs. 5,07,68,000/-

To,

The Members

SHARDA ISPAT LIMITED

Nagpur (M.S.)

I have examined the registers, records, books and papers of SHARDA ISPAT LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2013 (financial year from 01.04.2012 to 31.03.2013). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company and its officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies along with necessary fees including additional fees in respect of delayed filing. The Company has not filed any form or return with the Regional Director, Central Government, Company Law Board, or other authorities under the Act during the financial year.
3. The Company being a public limited Company, comments are not required
4. The Board of Directors duly met 9 (Nine) times respectively on 07.04.2012, 30.05.2012, 09.07.2012, 01.08.2012, 13.08.2012, 14.11.2012, 03.01.2013, 14.02.2013 and 26.03.2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members for two days from 30th August, 2012 to 31st August, 2012 (both days inclusive) during the financial year. However, the previous notice thereof was not published in the newspapers.
6. The annual general meeting for the financial year ended on 31st March, 2012 was held on 31.08.2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year..
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section..
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year..
13. (i) The Company has delivered all the certificates on lodgment thereof for transfer/transmission in accordance with the provisions of the Act. The Company has not made allotment of any securities during the financial year.  
(ii) The Company was not required to deposit any amount in a separate bank Account as no dividend was declared during the financial year.  
(iii) The Company was not required to post warrants for dividends to any members of the Company.  
(iv) The Company was not required to transfer any amounts in Investor Education and Protection Fund as there were no outstanding balances in unpaid dividend account or application money due for refund or matured deposits or matured debentures and interest accrued thereon which



- have remained unclaimed or unpaid for the period of seven years.
- (v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Director(s), additional director(s), alternate director(s), and director(s) to fill casual vacancies during the financial year..
  15. The appointments of Chairman & Managing Director and Whole Time Director have been made in compliance with the provisions of section 269 read with Schedule XIII to the Act..
  16. The Company has not appointed any sole-selling agents during the financial year.
  17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under various provisions of the Act during the financial year.
  18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. The Company has not issued any shares or other securities during the financial year.
  20. The Company has not bought back any shares during the financial year.
  21. As there were no outstanding preference shares or debentures, question of redemption does not arise.
  22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The Company has not invited/accepted any deposits except unsecured loan(s), falling within the purview of section 58A and 58 AA of the Act read with Companies (Acceptance of Deposits) Rules, 1975 during the financial year.
  24. The amount borrowed by the Company from Directors, members, public, financial institutions, banks, and others during the financial year ending 31.03.2013 is/are within the borrowing powers limits of the Company and that necessary resolution as per section 293(1)(d) of the Act have been passed in duly convened annual/ extra-ordinary general meeting.
  25. The Company has not made loans and advances or given any guarantee or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
  26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
  27. The Company has not altered the provisions of the Memorandum with respect to objects of the Company during the year under scrutiny.
  28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny
  29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny..
  30. The Company has not altered its Articles of Association during the financial year.
  31. There was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
  32. The Company has not received any money as security from its employees during the financial year.
  33. The Company has deposited both employee's and employer's contribution to Provident Fund with the prescribed authorities. As such, the Company has not constituted any specific Fund / Trust for the said purpose and hence, the provisions of section 418 of the Act are not applicable.

VILAS NICHAT  
Company Secretary

Date : 29.05.2013

Place : Nagpur

Membership No. FCS- 6561 C.P. No. 4374

**ANNEXURE 'A' TO SECRETARIAL COMPLIANCE CERTIFICATE****Registers as maintained by the Company**

1. Register of Members under section 150 of the Act.
2. Copies of Annual Return under section 163 of the Act.
3. Minutes Book containing minutes of Board Meetings and General Meetings under section 193 of the Act.
4. Books of Accounts under section 209 of the Act.
5. Register of contracts / Companies and firms in which directors etc. are interested under section 301 of the Act.
6. Register of Directors, Managing Directors/Manager/Secretary under section 303 of the Act.
7. Register of Directors' Shareholdings under section 307 of the Act.
8. Register of investments or loans made, guarantee or security provided under section 372A of the Act.
9. Register of charges under section 125 of the Act.
10. Share Transfer Register
11. Register of Issue of Duplicate Share Certificates.

Apart from above, the Company has also maintained all the requisite statutory registers, books, returns, etc. to be kept or maintained by the Company in terms of various provisions of the Act/Rules. Nevertheless, there were no entries/transactions to be recorded therein during the financial year.

**VILAS NICHAT**  
Company Secretary

Date : 29.05.2013

Place : Nagpur Membership No. FCS- 6561 C.P. No. 4374

**ANNEXURE 'B' TO SECRETARIAL COMPLIANCE CERTIFICATE**

Forms and returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the Financial Year ending on 31st March, 2013 (Till the date of this certificate) : **With Registrar of Companies, Maharashtra**

1. Form 23AC XBRL with audited Balance Sheet in respect of financial year ended 31st March, 2012 attached thereto, approved and adopted at the Annual General Meeting held on 31.08.2012 due for filing on 30.09.2012 was duly e-filed under section 220 of the Act on 15.01.2013 vide Challan No. Q05901491.
2. Form 23ACA XBRL with audited Profit & Loss Account in respect of financial year ended 31st March, 2012 attached thereto, approved and adopted at the Annual General Meeting held on 31.08.2012 due for filing on 30.09.2012 was duly e-filed under section 220 of the Act on 15.01.2013 vide Challan No. Q05901491.
3. Form 66 with Secretarial Compliance Certificate in respect of financial year ended 31.03.2012 attached thereto, approved and adopted at an Annual General Meeting held on 31.08.2012 due for filing on 30.09.2012 was duly e-filed under proviso to section 383A of the Act read with Companies (Compliance Certificate) Rules, 2001 on 28.10.2012 vide Challan No. P92757459.
4. Form 20B with Annual Return in respect of the Annual General Meeting held on 31.08.2012, attached thereto due for filing on 29.10.2012 was duly e-filed under section 159 of the Act on 26.11.2012 vide Challan No. Q02554848.
5. Form 32 dated 01.04.2012 regarding return of cessation of Directors due for e-filing on 30.04.2012, was duly e-filed under section 303 of the Act on 23.07.2012 vide Challan No. B43876150.
6. Form 32 dated 30.05.2012 regarding change of designation of the Directors due for e-filing on 29.06.2012, was duly e-filed under section 303 of the Act on 25.07.2012 vide Challan No. B44088961.
7. Form 23 dated 30.05.2012 regarding registration of the resolutions passed in respect of re-appointment and appointment of Chairman & Managing Director and whole Time Director respectively, due for e-filing on 30.06.2012, was duly e-filed under section 192 of the Act on 25.07.2012 vide Challan No. B44083434.
8. Form 25C dated 01.04.2012 regarding return of appointment of Chairman & Managing Director due for e-filing on 30.06.2012, was duly e-filed under section 269 of the Act on 25.07.2012 vide Challan No. B44084242..
9. Form 25C dated 01.04.2012 regarding return of appointment of Whole Time Director due for e-filing on 30.06.2012, was duly e-filed under section 269 of the Act on 25.07.2012 vide Challan No. B44085140.
10. Form 23 dated 30.09.2011 regarding registration of resolution passed under section 293(1)(d) of the Act, due for e-filing on 30.10.2011, was duly e-filed under section 192 of the Act on 25.07.2012 vide Challan No. B44110336.
11. Form 8 dated 21.04.2012 regarding registration of charge favouring Nagpur Nagrik Sahakari Bank Limited securing their Credit Limit of Rs. 75.00 Lacs, due for e-filing on 21.05.2012 was duly e-filed under section 125 of the Act on 19.05.2012 vide Challan No. B39467097.
12. Form 8 dated 20.11.2012 regarding registration of charge favouring Nagpur Nagrik Sahakari Bank Limited securing their Credit Limit of Rs. 75.00 Lacs, due for e-filing on 20.12.2012 was duly e-filed under section 125 of the Act on 18.01.2013 vide Challan No. B66204033.
13. Form 8 dated 30.03.2013 regarding registration of modification of charge favouring Nagpur Nagrik Sahakari Bank Limited securing their Credit Limit of Rs. 500.00 Lacs, due for e-filing on 29.04.2013 was duly e-filed under section 135 of the Act on 26.04.2013 vide Challan No. B73717415.

Date : 29.05.2013

Place : Nagpur

VILAS NICHAT  
Company Secretary

Membership No. FCS- 6561 C.P. No. 4374

**AUDITOR'S CERTIFICATE OF CORPORATE GOVERNANCE**

To,  
The Members,  
**SHARDA ISPAT LIMITED**  
**NAGPUR.**

- 1) We have examined the compliance of conditions of Corporate Governance by **SHARDA ISPAT LIMITED** for the year ended on 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
- 2) The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 3) In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause-49 of the above mentioned Listing Agreement.
- 4) We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**FOR LOYA BAGRI & CO.**  
(Firm Registration No. 105658W)  
Chartered Accountants

**(GOPAL DAS BAGRI)**  
Partner  
(M.No. 002933)

Nagpur, Dated the,  
29th May, 2013

**REPORT ON CORPORATE GOVERNANCE****I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

The Company conducts its business under the governance of the set of principles and beliefs through its "brain-trust", the Board. The Board being the "Sparking Chamber" of the Company plays its crucial role in the conduct of the business of the Company adhering to certain ethics viz., truth, honesty, promptness, accountability and transparency within the legal frame with aim to achieve consistent growth of the Company maximizing the shareholders' value.

**A) Code of Conduct For Members of Board :**

- 1) The members of the Board shall exercise their powers in good faith, honestly and in the interest of the Company.
- 2) Powers vested in the Board members under the articles of association of the Company, by the Company in general meeting or by a Board resolution must be exercised for the proper purposes and to the extent permissible.
- 3) The members of the Board should not participate in and vote on any discussion in Board meetings on any resolution or a matter relating to his own affairs or to the affairs of another Company in which he is a Director or a shareholder or relating to a firm in which he is a partner or relating to his proprietary business.
- 4) Where there is conflict between the Board Members' own interest and the interest of the Company, he must put the interest of the Company first.
- 5) The Board Members must act honestly and should exercise reasonable skill and diligence in the discharge of their duties.
- 6) The Board Members shall review and monitor the statutory compliance by the Company from time to time.
- 7) The Board members should delegate the works with adequate empowerment and necessary accountability.
- 8) The members while working for the Company should follow a proper leadership and set of standards for working.
- 9) The members of the Board should also ensure from time to time the due implementation of the aforesaid code.

**B) Code of Conduct For Senior Management Personnel :**

- 1) They should ensure proper maintenance of books, records, files etc. and suitable system procedures and practice for the purpose.
- 2) The officers shall not involve themselves in fraudulent dealing in securities.
- 3) They should discharge their department duties and responsibilities with due observation of the relevant statutory provision.
- 4) They should avoid the government officials from making undue/improper benefits through the Company.
- 5) The officers shall not indulge themselves in any anti-competitive conduct.
- 6) The officers should respect each other and create a congenial atmosphere.
- 7) The officers should extend their full co-operation during investigations of alleged violation of law, if any.
- 8) The officers shall not misuse the name of the Company.
- 9) The officers shall ensure from time to time that their working is within frame work of the code of conduct so laid down for them.





## II. MANAGEMENT DISCUSSION & ANALYSIS

### ECONOMY:

The fiscal year 2012-2013 witnessed a slowing growth in the economies of United States and China. While Europe's recession is still underway, Japan has announced a massive stimulus program but it is not likely to grow much even this year. The global economic experts have cited the sluggish world economy as a challenge to the global business. Nevertheless, India has registered slight growth in its economy as compared to 5% growth during the fiscal 2012. To effect and sustain the growth of Indian economy the Company has to accept the challenge of global competition excelling in its business.

### OVERVIEW:

During the financial year 2012-2013 the Company witnessed 47.32% growth in its sales performance over the previous year. Nevertheless, the profitability does not commensurate with the sales turnover as compared to the last year's figures. The decline in profit has been due to persistent rise in cost of inputs as well as market conditions during second half of the year. The production figure of the Company reflects an improvement in own manufactured goods from 11228.482 MT to 19134.640 MT from the previous year.

### INDUSTRY STRUCTURE AND DEVELOPMENTS STEEL INDUSTRY OVERVIEW:

India's industrial growth slowed to a 20-year-low of 1% in 2012-13 compared to 2.9% in 2011-12. Despite the weak sentiment prevailing in the domestic steel sector, India has emerged as the top ranker in terms of production growth in the world during April-November, 2012. Announcing this, Steel Ministry has commended the Indian steel industry for being the number one in terms of growth rate in steel production amongst the top ten steel producing countries. During April-November 2012, the Indian steel industry achieved a growth rate of 5.36 percent which was the highest in the world.

### FUTURE OUTLOOK BRIGHTER PROSPECTS:

With due liberalization of the industrial sector added with the reforms being extended at Government front, purporting to make the economy stronger. It is expected that the Indian Economy would grow at 6.1 % during the current fiscal. India is regaining economic momentum and growth is expected to recover gradually to its high long-term potential.

The States of Orissa, Chhattisgarh and Jharkhand which account for majority of the iron ore and coal reserves in the country will remain the most attractive locations for setting up iron and steel manufacturing capacity.

### OPPORTUNITIES AND THREATS:

Your Company is poised to seize the opportunities in the Iron & Steel Industry (both for steel & intermediary saleable products) through its strengths of locational and logistical advantages, raw material linkages, technology edge and management expertise. These opportunities will be linked directly to the growing demand from the automobile and auto components, infrastructure, construction and power sectors. Your Company's strategic location in Nagpur offer scope for seamless value addition in its manufacturing process from hot metal to stainless steel. Your Company is also well positioned in its conscious adherence to a modular project implementation, thereby enabling ploughing of internal accruals in future projects, thereby reducing costs related to financing. The threats for your Company would come from adverse fluctuations in input and capital costs, foreign exchange variations and taxes & duties. The buoyancy in the Iron & Steel Sector has attracted many players, resulting in reduced availability of skilled manpower and contractor workforce. Delay in implementation of project may lead to opportunity loss in revenue generation and rise in costs. Your Company is poised to seize the opportunities in the Iron & Steel Industry.

**RISK MANAGEMENT:**

Your Company has identified major focus areas for risk management to ensure achievement of the organisational objectives. and has a well defined structure and proactive approach to assess, monitor and mitigate risks associated with these areas, briefly enumerated below:

a) **Systems** - Your Company is running on ERP systems and implementing stringent controls continuously to smoothen the operations.

b) **Statutory Compliances** - Procedure is in place for monthly reporting of compliance of statutory obligations and reported to the Board of Directors at its meetings.

**FINANCE REVIEW AND ANALYSIS:**

During the period under review the Company posted sales turnover of Rs. 9018.41 Lacs (Own Unit 8997.89 Lacs and Conversion / Service 20.52 Lacs) as against Rs. 6,121.71 Lacs (Own Unit 5852.62 Lacs and Conversion / Service 269.09 Lacs) during the last year, registering thereby the growth in turnover of 47.32% over the previous year. After providing Rs. 70.66 Lacs for depreciation and Rs. 135.44 Lacs against interest and further providing Rs. 30.66 Lacs towards taxation, the Company earned net profit after tax of Rs. 1.27 Lacs as against Rs. 38.96 Lacs during the previous year.

**DEVELOPMENTS IN HUMAN RESOURCES & INDUSTRIAL RELATIONS:**

Your Company recognizes the fact that manpower is one of the vital constituents of a successful organisation. The success of any business lies under the qualified, trained & motivated Human Resources. The company gives more importance to the development of Human Resources than any other Resources. The company updates its HR policy in line with the changing system in the industry as a whole the company takes adequate steps for maintaining safety and healthy environment for the workers. The Industrial relations continue to be cordial, throughout the year. Your Directors place on record their sincere appreciation for the excellent team work displayed by the employees of the Company.

**INTERNAL CONTROL AND SYSTEMS:**

The internal control systems in your Company commensurate with the size and nature of its operations and periodic audits are conducted in various disciplines to ensure adherence to the same. During the year Internal Auditors of your Company had independently evaluated the adequacy and efficacy of the audit controls. The Board and the management review the findings and recommendations of the auditors and take corrective actions, whenever necessary. The Board considers risk assessment, identification of mitigating actions and internal control procedure to ensure that business risks are identified, managed and regularly reviewed at all levels and that Directors are periodically appraised of the key risks.

**OUTLOOK:**

India has set a vision to be an economically developed nation by 2020. The steel industry is expected to play a major role in India's economic development in the coming years. The steel industry of India has a very high growth potential and is expected to register significant growth in the coming decades. India is expected to emerge as a strong force in the global steel market in coming years.

The per capita-consumption of steel in India, according to latest available estimates, is only 29 kg. This is much less compared to the global average of 140kg. The per capita consumption level of developed nations like the United States of America is 400kg. In this respect, one of the major initiatives that need to be taken is to focus on increasing the consumption of steel in the rural areas of India. The potential for the growth of consumption of steel in the rural areas of India for purposes like rural housing, rural infrastructure, etc is High which needs to be tapped efficiently.



In order to realize the growth potential in the steel industry of India, it is essential to ensure that the industry can remain competitive. One of the major aspects in this regard is the availability of inputs. Shortage of inputs like coke has led to increase in costs earlier. Moreover proper infrastructure facilities like transport infrastructure, power etc are of prime importance in maintaining the competitiveness of the industry.

Most developed countries have regulations that are aimed to protect the domestic steel industry. The Indian steel industry has comparatively much lesser protection through regulations. Proper regulatory measures should be adopted by the government to protect the domestic steel industry.

**CAUTIONARY STATEMENT:**

Statements in this "Management Discussion & Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, input availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

**III. CHAIRMAN & MANAGING DIRECTOR'S CERTIFICATION:**

In terms of the provisions of Clause 49 of the Listing Agreement, as amended, the Chairman & Managing Director of the Company hereby certifies to the Board that:

- a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - ii) These statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulation.
- b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct
- c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies
- d) They have indicated to the auditor's and the Audit Committee
  - i) Significant changes in internal control over financial reporting during the year.
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements., and
  - iii) instances of significant fraud of which they have become aware and the involvement therein , if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**III. BOARD OF DIRECTORS :****A. Composition :**

During the year under review, the Board of Directors of the Company was comprised of total 5 (Five) Nos. Directors out of which 3 (Three) Nos. Directors are Non-executive and Independent. The Chairman of the Board is a Executive Director. The presence of 3 Nos. independent Directors on the Board as stated above is in conformity with the provisions of Corporate Governance.

| Sr. No. | Name of the Directors | Designation                            |
|---------|-----------------------|--|
| 1.      | Shri. N.K. Sarda      | Chairman & Managing Director           |
| 2.      | Smt. Poonam Sarda     | Whole Time Director                    |
| 3.      | Shri. H. K. Dass      | Non - Executive & Independent Director |
| 4.      | Shri. R.P. Mohanka    | Non - Executive & Independent Director |
| 5.      | Shri. Ramesh Mantri   | Non - Executive & Independent Director |

**B. Meetings & Attendance :**

9 (Nine) Meetings of Board of Directors were held during the financial year ended 31st March, 2013. These were held on :-

**Meetings**

| S No. | Date of Board Meeting |
|-------|-----------------------|
| 1     | 07.04.2012            |
| 2     | 30.05.2012            |
| 3     | 09.07.2012            |
| 4     | 01.08.2012            |
| 5     | 13.08.2012            |
| 6     | 14.11.2012            |
| 7     | 03.01.2013            |
| 8     | 14.02.2013            |
| 9     | 26.03.2013            |

**Attendance:**

| S No. | Name of Director    | Attendance at the Board Meeting | Attendance at the Last AGM |
|-------|---------------------|---------------------------------|----------------------------|
| 1     | Shri. N.K. Sarda    | 9                               | Yes                        |
| 2     | Smt. Poonam Sarda   | 9                               | Yes                        |
| 3     | Shri. H.K. Dass     | 8                               | Yes                        |
| 4     | Shri. R.P. Mohanka  | 9                               | Yes                        |
| 5     | Shri. Ramesh Mantri | 6                               | Yes                        |

**C. Membership or Chairmanship of other BOD's or Board Committees:**

| S No. | Name of Director    | No. of Outside Directorships Held | Chairman / Member of Other BOD/Board Committee |
|-------|---------------------|-----------------------------------|--|
| 1     | Shri. N.K. Sarda    | 3                                 | Nil  |
| 2     | Smt. Poonam Sarda   | 1                                 | Nil  |
| 3     | Shri. H.K. Dass     | 2                                 | Nil  |
| 4     | Shri. R.P. Mohanka  | 4                                 | Nil  |
| 5     | Shri. Ramesh Mantri | 0                                 | Nil  |

**Note :**

The Directorships held by directors as mentioned above, do not include alternate Directorships & Directorships in private limited companies.

**D. Remuneration of Directors :**

The details of remuneration of the directors of the company is given below :

| S No. | Name of Director    | Salary including perquisites | Services                  |
|-------|---------------------|------------------------------|---------------------------|
| 1     | Shri. N.K. Sarda    | Rs. 15.00 Lacs               | 5 Years (Till 31.03.2017) |
| 2     | Smt. Poonam Sarda   | Rs. 12.00 Lacs               | 5 Years (Till 31.03.2017) |
| 3     | Shri. H.K. Dass     | Nil                          | Nil                       |
| 4     | Shri. R.P. Mohanka  | Nil                          | Nil                       |
| 5     | Shri. Ramesh Mantri | Nil                          | Nil                       |

**Note :**

In addition to salary, the perquisites payable to Shri. N.K. Sarda & Smt. Poonam Sarda are as follows: contribution to provident fund, gratuity and encashment of leaves.

**New Appointments and re-appointments:**

During the year, the Board of Directors of the Company at their meeting held on 30.05.2012 re-appointed Shri. N. K. Sarda as Chairman & Managing Director and appointed Smt. Poonam Sarda as Whole Time Director of the Company for the tenure of five years effective from 01.04.2012. The necessary approval of the members of the Company to the said appointments was duly obtained by the Company at its annual general meeting held on 31.08.2012.

Shri. R. P. Mohanka is liable to retire by rotation and being eligible, offer himself for re-appointment at the ensuing Annual General Meeting.

**IV. AUDIT COMMITTEE :**

Your Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 II (C) and (D) of the Listing Agreement. The Committee acts as a link between the management, the statutory auditors and internal auditors and the Board of Directors and oversees the financial reporting process.

During the year under review, the composition of the committee as reconstituted on 30.05.2012 effective from 01.04.2012 was as under :

**Composition:**

| S No. | Name of Member (Director) | Nature of Directorship | Designation in the Committee |
|-------|---------------------------|------------------------|------------------------------|
| 1     | Shri. R.P. Mohanka        | Independent Director   | Chairman                     |
| 2     | Shri. Ramesh Mantri       | Independent Director   | Member                       |
| 3     | Shri. H.K. Dass           | Independent Director   | Member                       |

All the members of the Audit Committee are Non- Executive & independent directors. Shri R. P. Mohanka being a qualified Chartered Accountant having expert knowledge in finance and accounts is the Chairman of the Committee.

**B. Meeting and Attendance :**

During the year under review, (4) Four meeting(s) were held on 30.05.2012, 13.08.2012, 14.11.2012, 14.02.2013.

| S No. | Name of Member (Director) | Attendance |
|-------|---------------------------|------------|
| 1     | Shri. R.P. Mohanka        | 4          |
| 2     | Shri. Ramesh Mantri       | 3          |
| 3     | Shri. H.K. Dass           | 4          |

**C. Powers & Functions:**

The terms of reference stipulated by the Board to Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, as follows

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of the external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the quarterly, half yearly and annual financial statement before submission to the Board. Focusing primary on (i) any changes in accounting policies and practices, (ii) major accounting entries based on the exercise of judgment by management, (iii) qualification in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern concept, (vi) compliance with accounting standard (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions having conflict with the interest of the company at large.
- Reviewing with management, external and internal auditors, the adequacy and compliance of internal control system.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant finding and follow up there on.
- Discussion with external auditors regarding nature and scope of audit.
- Reviewing of Company's financial and risk management policies.



- V. REMUNERATION COMMITTEE :** In view of complying the provisions of the Companies Act, 1956 as regards to payment of remuneration to the Executive Directors of the Company, the Board of Directors of the Company had constituted the Remuneration Committee on 31.07.2006. The committee was further reconstituted on 30.05.2012 effective from 01.04.2012 with composition as under :

**Composition:**

| S No. | Name of Member (Director) | Nature of Directorship | Designation in the Committee |
|-------|---------------------------|------------------------|------------------------------|
| 1     | Shri. R.P. Mohanka        | Independent Director   | Chairman                     |
| 2     | Shri. Ramesh Mantri       | Independent Director   | Member                       |
| 3     | Shri. H.K. Dass           | Independent Director   | Member                       |

**Terms of reference :**

- i) To frame policy as regards to specific remuneration packages for executive Directors.
- ii) To evaluate services of the executive Directors and decide on remuneration payable to them.
- iii) To review the remuneration packages from time to time.
- iv) To ensure that the remuneration being paid to executive Directors are in conformity with the legal provisions.

During the year, only one meeting of the committee was held on 30.05.2012.

**VI. SHARE TRANSFER AND SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE**

The Board of the Company has constituted a Shareholders' / Investors' Grievance Committee in Compliance with Clause 49 of the Listing Agreement. The Committee inter alia, approves the various aspects of Transfer / Transmission of Shares, consolidation / split of shares, issue of duplicate share certificates and other allied matters including redressal of Investors' complaints.. The committee monitors the entire share transfer working, assigned to the R & T Agent "Adroit Corporate Services Private Limited" and recommends measures for overall improvement in the quality of investor services. The committee was reconstituted on 30.05.2012 effective from 01.04.2012 with composition as under :

**A. Composition of the Committee :**

| S No. | Name of Member (Director) | Nature of Directorship       | Designation in the Committee |
|-------|---------------------------|------------------------------|------------------------------|
| 1     | Shri. H. K. Das           | Independent Director         | Chairman                     |
| 2     | Shri. N. K. Sarda         | Chairman & Managing Director | Member                       |
| 3     | Smt. Poonam Sarda         | Whole Time Director          | Member                       |

**B. Meetings and Attendance :**

During the year under review, one meeting was held on 07.09.2012

| S No. | Name of Member (Director) | Attendance |
|-------|---------------------------|------------|
| 1     | Shri. H. K. Das           | 1          |
| 2     | Shri. N. K. Sarda         | 1          |
| 3     | Smt. Poonam Sarda         | 1          |

**C. No. of complaints received from the Shareholders / Investors** : Nil

**D. No. of Complaints not solved** : N.A.

**E. No. of pending Share transfer** : N.A.

**VII. GENERAL BODY MEETINGS :**

Details of Annual General Meetings : Location, Date and Time of the Last Three Annual General Meetings :

| For the year ended | Date       | Time       | Venue   |
|--------------------|------------|------------|---|
| 31.03.2012         | 31.08.2012 | 10.00 A.M. | Registered Office of the Company at Kamptee Road, Nagpur 440026 |
| 31.03.2011         | 30.09.2011 | 10.00 A.M. |   |
| 31.03.2010         | 30.09.2010 | 10.00 A.M. |   |

**Resolution Passed By Postal Ballot :**

No Special Resolution was put through Postal Ballot last year.

**VIII. OTHER DISCLOSURES :**

During the period under review :

- i) There were no materially significant transactions with the related parties viz, promoters, Directors or the management, their Subsidiaries or relatives conflicting with the Company's interest.
- ii) No penalties or restrictions have been imposed on the Company by the Stock Exchanges, SEBI or any statutory authority on any matter related to Capital markets.

**IX. MEANS OF COMMUNICATION :**

The financial results (statements) in the prescribed proforma on Quarterly basis are being sent to the Stock Exchanges as per norms prescribed under the Listing Agreement.

1. Half Yearly report sent to each household of shareholders : No
2. Newspapers in which Quarterly results are normally published : The Indian Express & Loksatta
3. Web site where quarterly results are displayed : www.shardaispat.com
4. Analysis is a part of Annual Report : No



**X. GENERAL SHAREHOLDERS INFORMATION :**

1. Annual General Meeting : Monday, the 30<sup>th</sup> September, 2013 at 10 A.M. at the Registered Office of the Company at Kamptee Road , Nagpur.
2. Tentative Calendar for the Financial Year ending March 31, 2014.

The tentative dates for Board Meetings for consideration of quarterly financial results is as follows:

| S No. | Particulars of Quarter               | Tentative dates                           |
|-------|--------------------------------------|---|
| 1     | First Quarter Results                | In or before Second week of August 2013   |
| 2.    | Second quarter & Half Yearly Results | In or before Second week of November 2013 |
| 3.    | Third Quarter and Nin-months Results | In or before Second week of February 2014 |
| 4.    | Fourth Quarter and Annual Results    | In or before Second week of May 2014      |

3. Book Closure Date 29<sup>th</sup> September, 2013 to 30<sup>th</sup> September, 2013

4. Dividend Payment Date: Not Applicable

5. Listing on Stock Exchanges:

The company shares are listed on BSE Ltd. The listing fees for the year 2012-13 have been paid to BSE Ltd. The company had applied for delisting from Calcutta Stock Exchange, Pune Stock Exchange and Ahmedabad Stock Exchange.

| 6. Stock Exchange            | Stock Code |
|------------------------------|------------|
| (a) Bombay Stock Exchange    | 513548     |
| (b) Calcutta Stock Exchange  | 029292     |
| (c) Pune Stock Exchange      | 013548     |
| (d) Ahmedabad Stock Exchange | 052710     |

7. Stock Price Data of Company's Equity Shares:

| Month        | Price of Transfer |         |
|--------------|-------------------|---------|
|              | HIGH              | LOW     |
| APRIL - 2011 | Nil               | Nil     |
| MAY - 2011   | Nil               | Nil     |
| JUNE - 2011  | Nil               | Nil     |
| JULY - 2011  | Nil               | Nil     |
| AUG - 2011   | Nil               | Nil     |
| SEPT - 2011  | Rs.10/-           | Rs.10/- |
| OCT - 2011   | Nil               | Nil     |
| NOV - 2011   | Nil               | Nil     |
| DEC - 2011   | Nil               | Nil     |
| JAN - 2012   | Nil               | Nil     |
| FEB - 2012   | Nil               | Nil     |
| MAR - 2012   | Rs.10/-           | Rs.10/- |



8. Registrar and Transfer Agent Adroit Corporate Services Pvt. Ltd, 19/20, Jaferbhoy Industrial Estat, Makwana Road Marol Naka, Marol, Andheri, (E), Mumbai 400059.

9. Share Transfer and inventors' Grievances Redressal System:

The Shareholders / Investor Grievances Committee approves and monitors the transfer and transmission of shares, and allied matters. As regards to execution of share transfer work and dematerialization of shares the Company avails services of M/s. Adroit Corporate Services Private Limited, which have got adequate Infrastructure to process the share transfers and effect dematerialization of shares.. The share transfers and demat requests are received and processed promptly subject to transfer documents/DRF requests are valid and complete in all respects. The said Company is having adequate facility to respond and attend investors' grievances at the earliest.

10. Shareholding Pattern as on 31.03.2013 :

| Sr. No. | Category Shareholding   | No. of Shares Held                    | Percentage of                   |
|---------|---|---------------------------------------|---------------------------------|
| 1.      | Promoters' Holding :<br>- Indian Promoters<br>- Foreign Promoters   | 266060<br>Nil                         | 5.24<br>Nil                     |
| 2.      | Persons acting in concert   | 3541540                               | 69.76                           |
| 3.      | Non-promoters' Holding<br>- Institutional Value<br>- Mutul Funds & UTI<br>- Banks & Financial Institutions<br>- Insurance Companies | Nil<br>Nil<br>Nil<br>Nil<br>Nil       | Nil<br>Nil<br>Nil<br>Nil<br>Nil |
| 4.      | Others :<br>- Private Corporate Bodies<br>- Trust<br>- Indian Public<br>- NRI / OCBs  | 4,82,600<br>15,000<br>7,71,600<br>Nil | 9.50<br>0.30<br>15.20<br>Nil    |
|         | <b>GRAND TOTAL</b>  | <b>50,76,800</b>                      | <b>100.00</b>                   |

11. Distribution of shareholding as on 31.03.2013 :

| Shares Slab   | Shareholder | %      | Total Share | Amount (Rs.) | %      |
|---------------|-------------|--------|-------------|--------------|--------|
| Upto - 500    | 2,599       | 90.75  | 4,43,200    | 44,32,000    | 8.73   |
| 501 - 1000    | 131         | 4.57   | 1,14,300    | 11,43,000    | 2.25   |
| 1001 - 2000   | 43          | 1.50   | 68,900      | 6,89,000     | 1.36   |
| 2001 - 3000   | 12          | 0.42   | 32,700      | 3,27,000     | 0.64   |
| 3001 - 4000   | 18          | 0.63   | 65,400      | 6,54,000     | 1.29   |
| 4001 - 5000   | 2           | 0.07   | 10,000      | 1,00,000     | 0.20   |
| 5001 - 10000  | 13          | 0.45   | 1,08,900    | 10,89,000    | 2.15   |
| 10001 & above | 46          | 1.61   | 42,33,400   | 4,23,34,000  | 83.39  |
|               | 2,864       | 100.00 | 50,76,800   | 5,07,68,000  | 100.00 |



**12. Dematerialisation of Shares and Liquidity**

The Company's securities i.e. equity shares are registered with Central Depository Services India Ltd., and are admitted with National Securities Depository Ltd. on 11th January 2012.

Company is now revoked from suspension from trading of shares from BSE and applied for delisting from other three stock exchanges i.e. ASE, PSE & CSE.

**13. Plant Locations**

Kamptee Road,  
Nagpur 440026 (Maharashtra).

**14. Address of Correspondence Registered Office :**

Kamptee Road,  
Nagpur 440026 (Maharashtra)

For and on behalf of the Board of Directors,

Place : Nagpur

N.K.Sarda

Smt. Poonam Sarda

Date : 29.05.2013

Chairman & Managing Director

Whole-Time Director



## INDEPENDENT AUDITOR'S - REPORT

To,  
The Members of,  
Sharda Ispat Ltd.,  
Nagpur.

### Report on the Financial Statements:

We have audited the accompanying financial statements of Sharda Ispat Ltd., Nagpur, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.



- i) in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013,
- ii) in the case of the statement of Profit & Loss, of the Profit for the year ended on that date, and,
- iii) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**Emphasis of Matter:**

We draw attention to the transactions covered under section 297 of Companies Act, 1956, the previous sanction of central government under section 297 of the companies act, 1956 was not made available.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003, (the Order), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the order.
2. As required by section 227(3) of the Act, 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 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 the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet and the Statement of Profit & Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
  - e. On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

FOR LOYABAGRI & CO.,  
Firm registration No 105658W  
Chartered Accountants,

Nagpur, Dated the,  
29<sup>th</sup> May, 2013

(GOPAL DAS BAGRI)  
Partner. (M.No.002933)

**ANNEXURE TO INDEPENDENT AUDITOR'S REPORT OF****SHARDA ISPAT LTD.****(Referred to our Report of Even date)****On the Accounts as at 31st March, 2013.**

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for additions of the current year.
- (b) All the Assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verification, as reported to us.
- (c) In our opinion and according to the information and explanations given to us, there is no disposal of fixed assets by the company during the year
- ii) (a) As explained to us, inventory has been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification.
- iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register under section 301 of the Act. The provisions of (iii) (b) & (d) of paragraph 4 of the order are not applicable to the company.
- (b) The Company has taken unsecured loans from Companies, Firms or other parties covered in the register maintained u/s. 301 of the Companies Act, 1956. The amount of Rs. 2.54 Lacs from one party has been taken during the financial year.
- (c) The rate of interest and other terms and conditions of such unsecured loan taken by the company are, in our opinion, prima facie not prejudicial to the interest of the Company.
- (d) There is no stipulation for repayment of principal loan taken and interest thereon.



- iv) 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 for the purchases of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us and as per the records of the company, there is no transaction made in pursuance of contracts or arrangements entered in the register in pursuance of section 301 of the Companies Act, 1956 in excess of Rs.5 lacs in respect of any party during the year.
- vi) In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of sections 58-A, 58-AA or any other relevant provisions of the Companies Act, 1956 and rules made there under are applicable.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) According to the information & explanations given to us, the cost records under Section 209(1)(d) of the Companies Act, 1956 has been maintained but we have not made a detailed examination of the records.
- ix) (a) According to the information and explanations given to us & records of the company examined by us, in our opinion, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom duty, Excise duty and any other statutory dues which remained outstanding as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, the following dues of Sales Tax and Excise duty as at 31<sup>st</sup> March, 2013, have not been deposited on account of disputes, are as under :-



| Sr. No. | Name of Statute                 | Nature of Dues                  | Amount (Rs.) | Forum where Dispute is pending                                      |
|---------|---------------------------------|---------------------------------|--------------|---|
| 1.      | Central Excise Act              | Excise Duty                     | 12,57,012    | High Court Delhi  |
| 2.      | Central Excise Act              | Excise Duty & Penalty           | 1,40,100     | CEGAT, Mumbai (Appeals), Nagpur                                     |
| 3.      | Central Excise Act              | Penalty                         | 2,24,000     | CEGAT, North Zone, Delhi (Appeals), Nagpur                          |
| 4.      | Central Excise Act              | Excise Duty & Penalty           | 17,60,778    | CEGAT, Mumbai (Appeals), Nagpur                                     |
| 5.      | Central Excise Act              | Excise Duty & Penalty           | 22,64,530    | Add. Commissioner of Central excise, custom and service tax, Nagpur |
| 6.      | Central Excise Act              | Excise Duty & Penalty           | 19,63,762    | Jt. Commissioner of Central excise, custom and service tax, Nagpur  |
| 7.      | Central Excise Act              | Excise Duty & Penalty           | 1,87,289     | Dep. Commissioner, Central Excise, Division I, Nagpur               |
| 8.      | Central Excise Act              | Service Tax                     | 1,15,559     | Dep. Commissioner Service Tax Cell, Nagpur.                         |
| 9.      | Bombay Sales Tax Act (1999-00)  | Sales Tax, Interest and Penalty | 9,13,650     | Joint Commissioner of Sales Tax (Appeals), Nagpur                   |
| 10.     | Central Sales Tax Act (1999-00) | Sales Tax, Interest and Penalty | 2,37,211     | Joint Commissioner of Sales Tax (Appeals), Nagpur                   |
| 11.     | Bombay Sales Tax Act (2000-01)  | Sales Tax, Interest and Penalty | 1,21,62,805  | Joint Commissioner of Sales Tax (Appeals), Nagpur                   |
| 12.     | Central Sales Tax Act (2000-01) | Sales Tax, Interest and Penalty | 30,15,700    | Joint Commissioner of Sales Tax (Appeals), Nagpur                   |

(Above Sr. No 9, 10, 11 and 12 are in total. The allocation shall be made after final decision between demerged company and resultant companies) (Refer Note No. 28.2)

- x) As per Records of the company, the accumulated losses at the end of the financial year are less than 50% of its net worth. The company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- xi) In our opinion, and according to the information and explanations given to us, the company has not defaulted in the repayments of dues to bank.





- xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/ mutual benefit fund/society are not applicable to the company.
- xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- xvi) As per records examined by us, the company has not received any term loan during the year.
- xvii) According to the information and explanation given to us, and the records of the company examined by us and on an overall basis, we report that short term fund have not been used for long term investment during the year.
- xviii) The company has not made any preferential allotment of shares during the year.
- xix) The company has not issued any debentures during the year.
- xx) The company has not raised any money by public issue during the year.
- xxi) According to information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

TOTAL

FOR LOYABAGRI & CO.,  
Firm Registration No 105658W  
Chartered Accountants,

Nagpur, Dated the,  
29th May, 2013

(GOPAL DAS BAGRI)  
Partner (M.No.002933)

**BALANCE SHEET AS AT 31ST MARCH 2013**

| PARTICULARS                       | NOTES        | 31-03-2013         | 31-03-2012         |
|-----------------------------------|--------------|--------------------|--------------------|
| <b>1) EQUITY AND LIABILITIES</b>  |              |                    |                    |
| <b>A) SHARE HOLDERS' FUNDS</b>    |              |                    |                    |
| a) Share Capital                  | 1            | 50,768,000         | 50,768,000         |
| b) Reserve & Surplus              | 2            | (21,44,783)        | (2,272,049)        |
| <b>B) NON CURRENT LIABILITIES</b> |              |                    |                    |
| a) Long-term borrowings           | 3            | 56,859,878         | 7,565,739          |
| b) Deferred tax liabilities (Net) | 4            | 12,395,935         | 12,513,138         |
| c) Long-term Provisions           | 5            | 1,745,607          | 1,585,305          |
| <b>C) CURRENT LIABILITIES</b>     |              |                    |                    |
| a) Short-term borrowings          | 6            | 149,249,301        | 111,002,502        |
| b) Trade Payables                 | 7            | 40,581,809         | 82,451,730         |
| c) Other current liabilities      | 8            | 58,682,877         | 47,222,601         |
| d) Short-term Provisions          | 9            | 3,090,395          | 3,848,564          |
|                                   | <b>TOTAL</b> | <b>371,229,018</b> | <b>314,685,530</b> |
| <b>2) ASSETS</b>                  |              |                    |                    |
| <b>D) NON-CURRENT ASSETS</b>      |              |                    |                    |
| a) Fixed assets                   | 10           |                    |                    |
| (i) Tangible assets               |              | 55,991,084         | 56,964,107         |
| (ii) Intangible assets            |              | 132,318            | 164,738            |
| b) Non-current investments        | 11           | 1,130,100          | 1,125,100          |
| c) Other non-current assets       | 12           | 5,872,866          | 4,554,866          |
| <b>E) CURRENT ASSETS</b>          |              |                    |                    |
| a) Inventories                    | 13           | 190,540,490        | 136,085,726        |
| b) Trade receivables              | 14           | 71,720,648         | 65,868,542         |
| c) Cash and cash equivalents      | 15           | 7,921,787          | 3,846,944          |
| d) Short-terms loans and advances | 16           | 2,308,737          | 14,783,815         |
| e) Other Current Assets           | 17           | 35,610,990         | 31,291,691         |
|                                   | <b>TOTAL</b> | <b>371,229,018</b> | <b>314,685,530</b> |
| Significant Accounting Policies   | 27           |                    |                    |

The Notes Numbers "28 to 34" form an integrated part of the financial Statements

As per Our report of even date attached.

**FOR LOYA BAGRI & CO.**  
Firm Registration No 105658 W  
Chartered Accountants

**(GOPAL DAS BAGRI)**  
Partner  
M. No. 002933

Nagpur, Dated the  
29th May, 2013

**For & on behalf of the Board**  
**For Sharda Ispat Limited**

**NANDKISHORE SARDA**  
Chairman & Managing Director

**POONAM SARDA**  
Whole-Time Director

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE  
YEAR ENDING 31ST MARCH 2013**

| PARTICULARS   | NOTES | 31-03-2013         | 31-03-2012         |
|---|-------|--------------------|--------------------|
| <b>1) REVENUE</b>                                   |       |                    |                    |
| (i) Revenue from operation (Gross)                  | 18    | 901,841,006        | 612,171,193        |
| Less : Excise duty                                  |       | 99,158,521         | 53,156,574         |
| Revenue from operations (Net)                       |       | 802,682,485        | 559,014,619        |
| (ii) Other Income                                   | 19    | 2,226,124          | 4,092,173          |
| <b>Total Revenue</b>                                |       | <b>804,908,609</b> | <b>563,106,792</b> |
| <b>2) EXPENSES</b>                                  |       |                    |                    |
| (iii) Cost of materials consumed                    | 20    | 766,647,028        | 449,003,244        |
| (iv) Charges in inventories of finished goods       | 21    | (76,886,152)       | (7,629,060)        |
| (v) Employee benefit expense                        | 22    | 10,619,947         | 10,619,691         |
| (vi) Finance costs                                  | 23    | 13,543,513         | 13,169,373         |
| (vii) Depreciation and amortization expense         | 24    | 7,066,027          | 6,898,395          |
| (viii) Other expenses                               | 25    | 80,725,014         | 85,170,798         |
| <b>Total Expenses</b>                               |       | <b>801,715,377</b> | <b>557,232,441</b> |
| (ix) Profit before tax                              |       | 3,193,232          | 5,874,351          |
| (x) Tax expense :                                   |       |                    |                    |
| (1) Current tax                                     |       | 2,855,000          | 3,650,000          |
| (2) Income Tax (earlier years)                      |       | 328,169            | 7,097              |
| (4) Deferred tax                                    |       | (117,203)          | (1,679,113)        |
| (xi) Profit/(Loss) for the period                   |       | 127,266            | 3,896,367          |
| (xii) Earning per equity share :<br>Basic & Diluted | 26    | 0.03               | 0.77               |

Significant Accounting Policies 27

The Notes Numbers "29 to 36" form an integrated Part of  
the Financial Statements

As per our report of even date attached.

**FOR LOYA BAGRI & CO.**  
Firm Registration No 105658 W  
Chartered Accountants**(GOPAL DAS BAGRI)**  
Partner  
M. No. 002933Nagpur, Dated the  
29th May, 2013**For & on behalf of the Board  
For Sharda Ispat Limited****NANDKISHORE SARDA**  
Chairman & Managing Director**POONAM SARDA**  
Whole-Time Director

**NOTES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2013**

| PARTICULARS                              | (Rs. in Thousand) |                   |
|--|-------------------|-------------------|
|  | 31-03-2013        | 31-03-2012        |
| <b>NOTE "1"</b>                          |                   |                   |
| <b>SHARE CAPITAL :</b>                   |                   |                   |
| Authorised :                             |                   |                   |
| 51,00,000 Equity Shares of Rs. 10/- each | 51,000,000        | 51,000,000        |
| Issued :                                 |                   |                   |
| 50,76,800 Equity Shares of Rs. 10/- each | 50,768,000        | 50,768,000        |
| Subscribed & Paid Up :                   |                   |                   |
| 50,76,800 Equity Shares of Rs. 10/- each | 50,768,000        | 50,768,000        |
| <b>TOTAL</b>                             | <b>50,768,000</b> | <b>50,768,000</b> |

(a) The company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.

(b) Reconciliation of number of shares

|   | As at March 31, 2013 |            | As at March 31, 2012 |            |
|---|----------------------|------------|----------------------|------------|
|   | No. of Shares        | Amount     | No. of Shares        | Amount     |
| Equity Shares :   |                      |            |                      |            |
| Balance as at beginning of the year   | 5,076,800            | 50,768,000 | 5,076,800            | 50,768,000 |
| Add : Issued during the year to the promoters as required in BIFR order as preferential allotment | —                    | —          | —                    | —          |
| Balance as at the end of the year   | 5,076,800            | 50,768,000 | 5,076,800            | 50,768,000 |

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

| Name of the Shareholders                | As at March 31, 2013 |            | As at March 31, 2012 |            |
|---|----------------------|------------|----------------------|------------|
|   | No. of Shares        | Percentage | No. of Shares        | Percentage |
| Kyoto Merchandise Private Limited       | 400,000              | 7.88%      | 400,000              | 7.88%      |
| Sulakshna Trade Holding Limited         | 284,160              | 5.60%      | 284,160              | 5.60%      |
| Anand Nandkishore Sarda                 | 584,000              | 11.50%     | 639,800              | 12.60%     |
| Asha Agriculture & Properties Pvt. Ltd. | 526,500              | 10.37%     | 526,500              | 10.37%     |

(d) 24200 Equity shares which was paid upto Rs. 5/- each were forfeited in 31st March, 2011.



(Rs. in Thousand)

| PARTICULARS                                     | 31-03-2013         | 31-03-2012         |
|---|--------------------|--------------------|
| <b>NOTE "2"</b>                                 |                    |                    |
| <b>RESERVES &amp; SURPLUS :</b>                 |                    |                    |
| <b>(a) Capital Reserve</b>                      |                    |                    |
| Balance as per last Account                     | 2,500,000          | 2,500,000          |
| *Capital Subsidy                                |                    |                    |
| <b>(b) Securities Premium Reserve</b>           |                    |                    |
| Balance as per last Account                     | 27,379,000         | 27,379,000         |
| <b>(c) Balance of Profit &amp; Loss Account</b> |                    |                    |
| Balance as at the beginning of the year         | (32,151,049)       | (36,047,416)       |
| Add : Profits of the year                       | 127,266            | 3,896,367          |
| Balance as at the end of the year               | (32,023,783)       | (32,151,049)       |
| <b>TOTAL</b>                                    | <b>(2,144,783)</b> | <b>(22,72,049)</b> |

\*Received in 2007 as grant under Package Scheme of Incentives, 1988 in Maharashtra

**NOTE "3"****LONG TERM BORROWINGS****Unsecured**

|                                    |                   |                  |
|------------------------------------|-------------------|------------------|
| *(a) Deferred Payment Liabilities  | 4,261,664         | 7,565,739        |
| (b) Unsecured loan against Vehicle | 3953291           |                  |
| Less Payable within 12 months      | 1355077           | 2,598,211        |
| (c) Other Loans & Advance          | 50,000,000        | -                |
| <b>TOTAL</b>                       | <b>56,859,878</b> | <b>7,565,739</b> |

\*The company is entitled to defer its liability to pay sales tax (Including a portion of purchase tax) for a period of 10 years and is liable to pay the same in five annual installments thereafter in respect of its one unit at Kamptee road. The liability under the Package Scheme of Incentives, 1988 as on 31st March 2013 is Rs.82,83,927/- (Previous Year Rs. 1,09,85,447/-) which is provided for on the basis of its net present value of Rs. 1,22,83,521/- (Previous Year Rs. 1,17,73,965/-)

**NOTE "4"****DEFERRED TAX LIABILITIES (NET)**

|   |                   |                   |
|---|-------------------|-------------------|
| Deferred tax Liability on account of :- |                   |                   |
| Fixed Assets                            | 12,778,634        | 12,834,923        |
| Allowance under Income Tax Act          | 230,803           | 230,805           |
| <b>OTHER NON-CURRENT ASSETS</b>         | <b>13,009,440</b> | <b>13,065,728</b> |
| Deferred Tax Asset on account of :-     |                   |                   |
| Other employee benefits                 | 613,505           | 552,590           |
| <b>TOTAL</b>                            | <b>12,395,935</b> | <b>12,513,138</b> |



| PARTICULARS   | (Rs. in Thousand)  |                    |
|---|--------------------|--------------------|
|   | 31-03-2013         | 31-03-2012         |
| <b>NOTE "5"</b>   |                    |                    |
| <b>LONG TERM PROVISIONS</b>   |                    |                    |
| (a) Provision for Employee Benefit<br>Gratuity Payable  | 1,745,607          | 1,585,305          |
| <b>TOTAL</b>  | <b>1,745,607</b>   | <b>1,585,305</b>   |
| <b>NOTE "6"</b>   |                    |                    |
| <b>SHORT TERM BORROWINGS</b>  |                    |                    |
| <b>Secured</b>  |                    |                    |
| Working Capital Loans From Banks<br>(Secured against hypothecation of Stocks and<br>book Debts & Notarised Equitable Mortgage<br>of House Property of one director and guaranteed<br>by Chairman cum Managing Director) | 79,448,734         | 58,024,956         |
| <b>Unsecured</b>  |                    |                    |
| (a) Loans from related parties  | 9,717,428          | 24,457,300         |
| (b) Other Loans & advances  | 60,083,139         | 28,520,246         |
| <b>TOTAL</b>  | <b>149,249,301</b> | <b>111,002,502</b> |
| <b>NOTE "7"</b>   |                    |                    |
| <b>TRADE PAYABLES</b>   |                    |                    |
| Trade Payables  | 40,581,809         | 82,451,730         |
| <b>TOTAL</b>  | <b>40,581,809</b>  | <b>82,451,730</b>  |
| <b>NOTE "8"</b>   |                    |                    |
| <b>OTHER CURRENT LIABILITIES</b>  |                    |                    |
| Advance from Customers  | 7,926,715          | 1,483,642          |
| Current Maturities of Long term Debt  | 1,355,077          | -                  |
| Other Current Liabilities   | 49,401,085         | 45,738,959         |
| <b>TOTAL</b>  | <b>58,682,877</b>  | <b>47,222,601</b>  |
| <b>NOTE "9"</b>   |                    |                    |
| <b>SHORT TERM PROVISIONS</b>  |                    |                    |
| Provision For Income-Tax  | 2,855,000          | 3,650,000          |
| Leave with Wages  | 235,395            | 198,564            |
| <b>TOTAL</b>  | <b>3,090,395</b>   | <b>3,848,564</b>   |



NOTE "10"

Fixed Assets as at 31st March 2013

| ASSETS                | Gross Block on Opening Date<br>Rs. | Additions During the Year<br>Rs. | Sales or Adjustments<br>Rs. | Gross Block on Closing Date<br>Rs. | DEPRECIATION          |                   |                     |                                | Net Block As on Closing Date<br>Rs. | Previous Year<br>Rs. |
|-----------------------|------------------------------------|----------------------------------|-----------------------------|------------------------------------|-----------------------|-------------------|---------------------|--------------------------------|-------------------------------------|----------------------|
|                       |                                    |                                  |                             |                                    | Upto Last Year<br>Rs. | Adjustment<br>Rs. | For the Year<br>Rs. | Total Upto Closing Date<br>Rs. |                                     |                      |
| (A) TANGIBLE ASSETS   |                                    |                                  |                             |                                    |                       |                   |                     |                                |                                     |                      |
| Land (Free Hold)      | 9,204,951                          | -                                | -                           | 9,204,951                          | -                     | -                 | -                   | -                              | 9,204,951                           | 9,204,951            |
| Buildings             | 20,070,231                         | -                                | -                           | 20,070,231                         | 10,847,921            | -                 | 670,346             | 11,518,267                     | 8,551,964                           | 9,222,310            |
| Plant & Machinery     | 139,562,179                        | 1,134,830                        | -                           | 140,697,009                        | 101,535,971           | -                 | 6,138,770           | 107,674,741                    | 33,022,268                          | 38,026,208           |
| Office Equipments     | 406,090                            | 41,182                           | -                           | 447,272                            | 59,226                | -                 | 19,761              | 78,987                         | 368,285                             | 346,864              |
| Computers             | 208,732                            | 24,974                           | -                           | 233,706                            | 44,958                | -                 | 36,508              | 81,466                         | 152,240                             | 163,774              |
| Vehicles              | -                                  | 4,859,598                        | -                           | 4,859,598                          | -                     | -                 | 168,222             | 168,222                        | 4,691,376                           | -                    |
| (B) INTANGIBLE ASSETS |                                    |                                  |                             |                                    |                       |                   |                     |                                |                                     |                      |
| Software              | 200,000                            | -                                | -                           | 200,000                            | 35,262                | -                 | 32,420              | 67,682                         | 132,318                             | 164,738              |
| <b>Total</b>          | <b>169,652,183</b>                 | <b>6,060,584</b>                 |                             | <b>175,712,767</b>                 | <b>112,523,338</b>    |                   | <b>7,066,027</b>    | <b>119,589,365</b>             | <b>56,123,402</b>                   | <b>57,128,845</b>    |
| Previous Year         | 170,117,675                        | 748,896                          | 1,214,388                   | 169,652,183                        | 105,710,186           | 85,243            | 6,811,323           | 112,523,338                    | 57,128,845                          | 64,407,489           |

10.1 The Car Adui A6 (MH-49-B-2101) has been registered in the name of Chairman & Managing Director as the loan was obtained in personal capacity due to personal guarantee of the Chairman & Managing Director. The Company has issued post dated cheques to the Bank for the repayment of the loan made available to the Chairman & Managing Director After repayment of the loan the car shall, be transferred/registered in the name of the company. However finance charges and depreciation alongwith the running expenditure have been recorded in the books of the company as the absolute possession of car is with the company. The gross value of the Car is Rs. 4859598/- and the outstanding loan as on 31st March 2013 is Rs. 3953291/- (Previous year Gross value of Rs. NIL & Loan Outstanding of Rs. NIL)

| PARTICULARS | 31-03-2013 | 31-03-2012 |
|-------------|------------|------------|
|-------------|------------|------------|

NOTE "11"

NON CURRENT INVESTMENTS

Other Investments (Unquoted)

Investments in Equity Instruments

(Valued at cost unless stated otherwise)

22502 Equity Shares of Nagpur Nagrik Sahkari

Bank Ltd. of Rs. 50/- each

(Previous Year 22502 Equity Shares)

Fixed Deposits with Bank

|              |                  |                  |
|--------------|------------------|------------------|
|              | 11,251,00        | 11,251,00        |
|              | 5,000            |                  |
| <b>TOTAL</b> | <b>11,30,100</b> | <b>11,251,00</b> |

NOTE "12"

OTHER NON-CURRENT ASSETS

Unsecured, considered good:

Security Deposits

|              |                  |                  |
|--------------|------------------|------------------|
|              | 5,872,866        | 4,554,866        |
| <b>TOTAL</b> | <b>5,872,866</b> | <b>4,554,866</b> |



| PARTICULARS  | 31-03-2013         | 31-03-2012         |
|--|--------------------|--------------------|
| <b>NOTE "13"</b>   |                    |                    |
| <b>INVENTORIES</b>   |                    |                    |
| Raw Material   | 29,444,727         | 52,732,823         |
| Finished Goods   | 158,046,330        | 81,160,178         |
| Stores & Spares  | 3,049,433          | 2,192,725          |
| <b>TOTAL</b>   | <b>190,540,490</b> | <b>136,085,726</b> |
| <b>NOTE "14"</b>   |                    |                    |
| <b>TRADE RECEIVABLES</b>   |                    |                    |
| Unsecured, considered good                                       |                    |                    |
| Exceeding Six Months   | 1,013,496          | 178,803            |
| Others   | 20,707,151         | 65,689,739         |
| <b>TOTAL</b>   | <b>71,720,648</b>  | <b>65,868,542</b>  |
| <b>NOTE "15"</b>   |                    |                    |
| <b>CASH AND BANK BALANCES</b>                                    |                    |                    |
| Cash in Hand   | 72,854             | 24,654             |
| <b>Bank with Balances</b>  |                    |                    |
| On Current Accounts  | 4,291,933          | 1,315,290          |
| On Deposit Account (with maturity of more than 12 months)        | 1,125,000          | 2,432,000          |
| Other Bank Balances Deposits (with maturity less than 12 months) | 2,432,000          | 75,000             |
| <b>TOTAL</b>   | <b>7,921,787</b>   | <b>3,46,944</b>    |
| <b>NOTE "16"</b>   |                    |                    |
| <b>SHORT TERM LOANS AND ADVANCES</b>                             |                    |                    |
| Other Loans & Advances (Unsecured Considered good)               |                    |                    |
| Advances for Purchase  | 2,269,337          | 9,634,804          |
| Other Loans and Advances   | 39,400             | 5,149,011          |
| <b>TOTAL</b>   | <b>2,308,737</b>   | <b>14,783,815</b>  |
| <b>NOTE "17"</b>   |                    |                    |
| <b>OTHER CURRENT ASSETS</b>                                      |                    |                    |
| Balances with Government Authorities                             | 32,913,661         | 30,520,070         |
| Other Debit Balances   | 2,697,329          | 771,621            |
| <b>TOTAL</b>   | <b>35,610,990</b>  | <b>31,291,691</b>  |





| PARTICULARS                            | 31-03-2013          | 31-03-2012         |
|--|---------------------|--------------------|
| <b>NOTE "18"</b>                       |                     |                    |
| <b>REVENUE FROM OPERATIONS</b>         |                     |                    |
| Sales of Manufacturing goods           |                     |                    |
| *Iron & Steels                         | 897,856,853         | 554,470,138        |
| Sales of Others                        | 1,931,984           | 30,792,291         |
| Sales of Services                      |                     |                    |
| Conversion Charges                     | 2,052,169           | 26,908,764         |
| <b>TOTAL</b>                           | <b>901,841,006</b>  | <b>612,171,193</b> |
| *Includes Intra Transactions           | -                   | 14,957,025         |
| <b>NOTE "19"</b>                       |                     |                    |
| <b>OTHER INCOME</b>                    |                     |                    |
| Interest Received                      | 446,866             | 1,956,888          |
| Rent Received                          | 4,200               | 8,400              |
| Profit on Sale of Assets               | -                   | 992,275            |
| Other Receipts                         | 805,805             | 12,257             |
| Excess Provision Written Back          | 21,360              | 1,000              |
| Dividend Received                      | 112,510             | 37,504             |
| *Sales Tax Adjustments                 | 670,866             | 1,083,849          |
| Liability no Longer Payable            | 164,517             | -                  |
| <b>TOTAL</b>                           | <b>2,226,124</b>    | <b>4,092,173</b>   |
| *Includes Prior Period                 | -                   | 691,612            |
| <b>NOTE "20"</b>                       |                     |                    |
| <b>COST OF MATERIAL CONSUMED</b>       |                     |                    |
| Opening Stock                          | 52,732,823          | 27,133,529         |
| Add : Purchase Including expenses      | 743,358,932         | 474,602,538        |
|  | 796,091,755         | 501,736,067        |
| Less Closing Stock                     | 29,444,727          | 52,732,823         |
|  | <b>766,647,028</b>  | <b>449,003,244</b> |
| <b>TOTAL</b>                           | <b>766,647,028</b>  | <b>449,003,244</b> |
| Included Intra Transactions            | -                   | 14,957,025         |
| Detail of Raw Material Consumed        |                     |                    |
| Iron & Steel                           | 766,647,028         | 449,003,244        |
| <b>NOTE "21"</b>                       |                     |                    |
| <b>CHANGES IN FINISHED GOODS</b>       |                     |                    |
| Opening Stock of Finished Goods        | 81,160,178          | 73,531,118         |
| Less : Closing Stock of Finished goods | 158,046,330         | 81,160,178         |
| <b>TOTAL</b>                           | <b>(76,886,152)</b> | <b>(7,629,060)</b> |



| PARTICULARS                                     | 31-03-2013        | 31-03-2012        |
|---|-------------------|-------------------|
| <b>NOTE "22"</b>                                |                   |                   |
| <b>EMPLOYEE BENEFIT EXPENSES</b>                |                   |                   |
| Salary, Wages & Bonus etc.                      | 9,946,360         | 9,821,634         |
| Contribution to Provident & Other Funds         | 580,328           | 646,018           |
| Staff Welfare Expenses                          | 93,260            | 152,039           |
| <b>TOTAL</b>                                    | <b>10,619,947</b> | <b>10,619,691</b> |
| <b>NOTE "23"</b>                                |                   |                   |
| <b>FINANCIAL COSTS</b>                          |                   |                   |
| Interest Expense                                | 13,543,513        | 13,169,373        |
| <b>TOTAL</b>                                    | <b>13,543,513</b> | <b>13,169,373</b> |
| <b>NOTE "24"</b>                                |                   |                   |
| <b>DEPRECIATION &amp; AMORTISATION EXPENSES</b> |                   |                   |
| Depreciation                                    | 7,066,027         | 6,898,395         |
| <b>TOTAL</b>                                    | <b>7,066,027</b>  | <b>6,898,395</b>  |
| <b>NOTE "25"</b>                                |                   |                   |
| <b>OTHER EXPENSES</b>                           |                   |                   |
| Consumption of Stores & Spare Parts             | 2,738,973         | 3,081,998         |
| Power & Fuel                                    | 34,340,819        | 47,835,638        |
| Repairs & Maintenance to Plant & Machinery      | 2,209,927         | 3,639,939         |
| Repairs to Building                             | 296,117           | 709,929           |
| Finished Goods Expenses                         | 91,754            | 1,023,393         |
| Rent Paid                                       | 2,467,800         | 6,067,100         |
| FG Outward Transportation Charges               | 16,549,554        | 6,720,183         |
| Factory Expenses                                | 244,954           | 415,436           |
| Excise Duty                                     | 7,569,024         | 2,569,528         |
| Provision for Sales Tax Defferal                | 509,556           | 810,807           |
| Keyman Insurance                                | 1,00,000          | 1,00,000          |
| Director Sitting Fees                           | 6,000             | 7,000             |
| Payment to Auditors                             |                   | 70,000            |
| Audit Fees                                      | 100,000           |                   |
| Taxation Matters                                | 28,000            | 128,000           |
| Other Miscleanous Expenses                      | 12,572,536        | 11,193,847        |
| <b>TOTAL</b>                                    | <b>80,725,014</b> | <b>85,170,798</b> |
| <b>NOTE "26"</b>                                |                   |                   |
| <b>EARNING PER SHARE</b>                        |                   |                   |
| Profit after Tax                                | 127,266           | 3,896,367         |
| No. of equity shares (weighted)                 | 5,076,800         | 5,076,800         |
| Earning Per Share                               | 0.03              | 0.77              |
| Nominal Value of per equity share (Rs.)         | 10                | 10                |

**27. SIGNIFICANT ACCOUNTING POLICIES :****27.1. General :**

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

**27.2. The method of Accounting :**

The Company maintains its accounts on accrual basis, unless otherwise stated.

**27.3. Fixed Assets :**

Fixed assets are stated at cost less depreciation. Interest on borrowings used during the period of construction is added to the cost of fixed assets. Cost includes purchase price, freight cost, installation cost and finance cost.

**Impairment :**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and the present value in use. In assessing value in use, the estimated future cash flows are discounted to the presented value by using weighted average cost of capital. A previously recognized impaired loss is future provided or reversed depending on changing in circumstances.

**27.4. Depreciation :**

Depreciation has been provided on straight line basis as under :-

- a) At the rates as prescribed in Schedule XIV of the Companies Act, 1956.
- b) For addition/deletion/sales, depreciation has been charged at the applicable rates on prorata basis.

**27.5. Inventory Valuation :**

Raw material, stores and spares are valued at cost. Manufactured goods are valued at lower of cost and net realisable value.

**27.6. Revenue Recognition :**

The Company generally follows mercantile system of accounting (Sales are inclusive of excise duty and net of Sales Tax and discounts).

Liability of Sales Tax / Service Tax has been taken as per returns including Fresh/ Revised return submitted. The demands, if any, on Completion of assessment/ Vat audit, are accounted for on accrual basis.

**27.7. Investments :**

Long term investments are stated at cost Current Investments are stated at cost or fair value whichever is lower. Wherever applicable, provision is made when there is a permanent fall in the value of investment.

**27.8. Retirement Benefits etc. :**

- a) The Company makes regular contribution to provident fund and charge it to the profit & loss account.
- b) The liabilities of gratuity is on basis of actuarial valuation carried out by an independent autuary using projected unit credit method.
- c) The Liability of Leave encashment is on the estimation basis.

**28. CONTINGENT LIABILITIES :**

Contingent liabilities not provided for are in respect of:

|  | March 2013 | March 2012                   |
|--|------------|------------------------------|
| <b>28.1.</b> Claims not acknowledged as debts by the Company on account of:  |            |                              |
| a) Labour cases  | 9,29,669   | 9,29,669                     |
| <b>28.2.</b> Sales tax matters under appeal for which the Company denies liability.<br>Total liabilities are of Rs. 1,71,19,336/-<br>(Previous year Rs. 1,71,19,336/-) for the Company in total.<br>The allocation shall be made after final computation in the demerged company and resultant companies.                          |            |                              |
| <b>28.3.</b> Excise Duty matters under appeal for which the Company denies liability.  | 88,00,073  | 86,40,057                    |
| <b>29.</b> Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.   |            |                              |
| <b>30.</b> The Company has not received any intimation from suppliers regarding their status under the Micro, Small & Medium Enterprise Development Act, 2006 & hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid or payable as required under the said act have not been given. |            |                              |
| <b>31. Segment reporting:</b><br>The financial results relate to mainly "Iron & Steel Products" segment, in accordance with Accounting Standard - 17 "Segment Reporting".  |            |                              |
| <b>32.</b> Letters of confirmation of balances have not been received from Sundry Creditors, Sundry debtors and persons from whom advances & deposits have been received or to whom advances and deposits have been given.   |            |                              |
| <b>33.</b> All Consumption of Stores & all Raw Material consumed (Including for Resale) are indigenous only.   |            |                              |
| <b>34. Related Party disclosures :</b><br>As required by Accounting Standard - 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the details are as follows:   |            |                              |
| (a) Relationships:   |            |                              |
| (i) <b>Associates</b>  |            |                              |
| M/s Sharda Dharamkanta<br>Sharda Shree Ispat Ltd.<br>Sulakshana Trade Holdings Ltd.<br>Prem Agriculture & Pro. Pvt. Ltd.<br>R.R. Sarda & Co.   |            |                              |
| (ii) <b>Key Management Personnel</b>   |            |                              |
| Shri N. K. Sarda   |            | Chairman & Managing Director |
| Smt. Poonam Sarda  |            | Whole Time Director          |



(b)

| Nature of transaction                   | Associates |          | Key Management Personnel |          |
|---|------------|----------|--------------------------|----------|
|   | 2013       | 2012     | 2013                     | 2012     |
| <b>Purchase of services</b>             |            |          |                          |          |
| Sharda Dharamkanta                      | 177992     | 228462   | -                        | -        |
| Sharda Shree Ispat Ltd.                 | 26625      | 38000    | -                        | -        |
| <b>Remuneration</b>                     |            |          |                          |          |
| N.K. Sarda                              | -          | -        | 1500000                  | 900000   |
| Poonam Sarda                            | -          | -        | 1200000                  | -        |
| <b>Loans repaid</b>                     |            |          |                          |          |
| Sulakshana Trade Holdings Ltd.          | 25339959   | 41219301 | -                        | -        |
| N. K. Sarda                             | -          | -        | 14994211                 | 18068239 |
| Kyoto Marchandise Pvt. Ltd.             | 20470851   | -        | -                        | -        |
| <b>Loans Received</b>                   |            |          |                          |          |
| Sulakshana Trade Holdings Ltd.          | 32500000   | 25000000 | -                        | -        |
| N. K. Sarda                             | -          | -        | 254399                   | 19500000 |
| Kyoto Marchandise Pvt. Ltd.             | 27250000   | -        | -                        | -        |
| <b>Interest Paid</b>                    |            |          |                          |          |
| Sulakshana Trade Holdings Ltd.          | 900700     | -        | -                        | -        |
| N. K. Sarda                             | -          | -        | 393684                   | -        |
| Kyoto Marchandise Pvt. Ltd.             | 836923     | -        | -                        | -        |
| <b>Balance outstanding at year end:</b> |            |          |                          |          |
| Sulakshana Trade Holdings Ltd.          | 8060741    | -        | -                        | -        |
| N. K. Sarda                             | -          | -        | 266825                   | 15006697 |
| Kyoto Marchandise Pvt. Ltd.)            | 17615972   | -        | -                        | -        |
| <b>Sharda Shree Ispat Ltd</b>           |            |          |                          |          |
| Loans Given                             | -          | 1000000  | -                        | -        |
| Refund of Loan                          | -          | 1000000  | -                        | -        |
| Purchases Made                          | 26625      | 1139638  | -                        | -        |
| Sales                                   | 2856513    | 3334108  | -                        | -        |

Notes: The above information has been determined to the extent such parties have been identified on the basis of information provided by the company which has been relied upon by the auditors.

Signature to Notes '1' to '34'  
As per our report of even date.  
For Loya Bagri & Co.,  
Firm Registration No.105658W  
Chartered Accountants.

(Gopal Das Bagri)  
Partner (M.No. 002933)

Nagpur, dated the,  
29<sup>th</sup> May, 2013

FOR LOYA BAGRI & CO.  
Firm Registration No.105658W

For & on behalf of the Board  
For Sharda Ispat Limited

(GOPAL DAS BAGRI)  
Partner  
NANDKISHORE SARDA  
Chairman & Managing Director

POONAM SARDA  
Whole-Time Director



## Cash Flow Statement for the year ended 31st March, 2013

|  | (Rs. in lacs)   |                |
|--|-----------------|----------------|
|  | March, 2013     | March, 2012    |
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>          |                 |                |
| Net Profit before taxation                             | 31.93           | 58.74          |
| <b>ADJUSTMENTS FOR</b>                                 |                 |                |
| Depreciation   | 70.66           | 68.98          |
| Profit on sale of assets                               |                 | (9.92)         |
| Interest expenses                                      | 135.44          | 131.69         |
| Sales Tax Deferred                                     | 5.10            | 8.11           |
| Interest Income  | (4.47)          | (19.57)        |
|  | <u>206.72</u>   | <u>179.30</u>  |
| <b>OPERATING PROFIT BEFORE WORKING</b>                 |                 |                |
| <b>CAPITAL CHANGES</b>                                 | <b>238.65</b>   | <b>238.04</b>  |
| Trade & Other Receivable                               | 24.85           | 130.19         |
| Inventories  | (544.55)        | (300.03)       |
| Trade & Other Payable                                  | (338.63)        | 156.49         |
|  | <u>(858.33)</u> | <u>(13.35)</u> |
| <b>CASH GENERATED FROM OPERATIONS :</b>                | <b>(619.67)</b> | <b>224.69</b>  |
| Income Tax paid  | (18.27)         | (25.44)        |
| Net Cash / (Used in) from Operating Activities         | <u>(637.94)</u> | <u>199.27</u>  |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>          |                 |                |
| Purchases of Fixed Assets                              | (60.61)         | (7.49)         |
| Interest received                                      | 4.47            | 19.57          |
| Sale of Fixed Assets                                   |                 | 21.21          |
| Net cash \ (used in) from investing activities.        | <u>(56.14)</u>  | <u>33.29</u>   |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>          |                 |                |
| Interest Expenses                                      | (135.44)        | (131.69)       |
| Net Receipts of short term borrowings                  | 870.30          | 145.53         |
| Net Cash / (used in) from Financing Activities.        | <u>734.86</u>   | <u>277.53</u>  |
| Net Increase / (Decrease) in cash and cash equivalents | 40.78           | (44.97)        |
| Cash and Cash Equivalents (Opening Balance)            | 38.46           | 83.43          |
| Cash and Cash Equivalents (Closing Balance)            | 79.22           | 38.46          |

**NOTES:**

- 1) The above Cash flow statement has been prepared under "Indirect Method" as set out in the Accounting Standard '3'
- 2) Cash and Cash equivalents consist of cash, cheques in hand, balances with banks including fixed deposit receipts.
- 3) The previous year's figures have been regrouped whenever necessary.

As per our report of even date attached.

**FOR LOYA BAGRI & CO.**  
Firm Registration No 105658 W  
Chartered Accountants

**(GOPAL DAS BAGRI)**  
Partner  
M. No. 002933

Nagpur, Dated the  
29th May, 2013

**For & on behalf of the Board**  
**For Sharda Ispat Limited**

**NANDKISHORE SARDA**  
Chairman & Managing Director

**POONAM SARDA**  
Whole-Time Director

### Auditor's Certificate

To,  
The Board of Directors,  
Sharda Ispat Ltd.,  
Kamptee Road,  
Nagpur - 440 026

We have examined the attached Cash flow Statement of the Sharda Ispat Limited, Nagpur, for the year ended 31st March, 2013. The statement have been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report to the members of the Company.

**FOR LOYA BAGRI & CO.**  
Firm Registration No. 105658W  
Chartered Accountants,

**(GOPAL DAS BAGRI)**  
Partner  
(M.No. 002933)

Nagpur, dated the,  
29th May, 2013



Registered Office : Kamptee Road, Nagpur 440026

**ATTENDANCE SLIP**

Please complete this attendance slip and hand it over at the entrance of the meeting hall

I hereby record my presence at the 52<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2013

Signature :

Folio No. :

Name of Shareholder :

**SHARDA ISPAT LIMITED**

Registered Office : Kamptee Road, Nagpur 440026

**Proxy Form**

I/We of \_\_\_\_\_ in \_\_\_\_\_  
the District of \_\_\_\_\_ being a member / members of  
SHARDA ISPAT LIMITED hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him / her of \_\_\_\_\_  
in the District of \_\_\_\_\_ as my / our proxy to vote for me / us on my /  
our  
behalf at the Annual General Meeting of the Company to be held on 30<sup>th</sup> September, 2013.

Signature : \_\_\_\_\_

(Affix Re. 1/- Revenue Stamp)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

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

No. of shares held : \_\_\_\_\_

**Note** : The form duly completed should be deposited at the registered office of the Company at Kamptee Road, Nagpur 440 026, not later than 48 hours before the time of the meeting.



BOOK-POST  
(PRINTED MATERIAL)

To,

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If undelivered please return to :



**Sharda Ispat Limited**

Kamptee Road, Nagpur - 440 026

Ph. : (0712) 2640071 / 3 (lines)

Fax : (0712) 2641171