

*Chandrasekhar*  
FOR SHARAD FIBRES & YARN  
PROCESSORS LIMITED  
*[Signature]*  
DIRECTOR

# **SHARAD FIBRES & YARN PROCESSORS LIMITED**



**17TH  
ANNUAL REPORT  
2003- 2004**



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### BOARD OF DIRECTORS

<b>Ravi Dalmia</b>	:	Chairman Cum Managing Director
<b>Aditya Dalmia</b>	:	Director
<b>UnniKrishnan Nair</b>	:	Director
<b>Narandra Khemka</b>	:	Director
<b>Rajendra Agarwal</b>	:	Director

### REGISTERED OFFICE

202, Venkatesh Chambers,  
Prescot Road, Fort,  
Mumbai-400 001.

### FACTORY

Unit I & II  
110/111 Govt. Indst. Estate,  
Masat, Silvassa -396230.  
Dadra & Nagar Haveli (U.T.).

Unit III.  
Survey No. 218/1/1, Dadra Village,  
Dadra & Nagar Haveli - 396230.  
Silvassa (U.T.).

### AUDITORS

M/s. Vinod S.Mehta & Co.,  
Chartered Accountants  
114-A, Jolly Bhavan No.1,  
10, New Marine lines,  
Mumbai-400 020.

### BANKERS

Central Bank of India  
Corporate Finance Branch.  
Mumbai-400 023.

### SHARE TRANSFER AGENT

BIGSHARE SERVICES PVT. LTD.  
E/2, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka  
Andheri (E), Mumbai - 400 072.

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## NOTICE TO THE MEMBERS

NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting of the members of Sharad Fibres & Yarn Processors Ltd will be held on Thursday, the 30<sup>th</sup> day of September, 2004 at 10.00 A. M. at the Registered Office of the Company at 202, Venkatesh Chambers, Prescott Road, Fort, Mumbai- 400 001 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2004 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Narendra Khemka, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Aditya Dalmia, who retires from rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office :  
202, Venkatesh Chambers,  
Prescot Road, Fort,  
Mumbai – 400 001

Date : 31.8.2004

For and on behalf of the Board  
For Sharad Fibres & Yarn Processors Ltd

Ravi Dalmia  
Chairman cum Managing Director



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 28/09/2004 to 30/09/2004 (both days inclusive).
3. Members desirous of seeking any information concerning the Accounts of the Company are requested to address their queries in writing to the Company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.
4. The Company has listed its shares on The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad, The Stock Exchange, Jaipur and the Stock Exchange, Chennai. The Company has been regular in payment of listing Fee to the Stock Exchange, Mumbai.
5. Members are requested to notify immediately any change in their address to the Share Transfer Agent of the Company at the address given below:

**M/s. BIG SHARE SERVICES PRIVATE LIMITED**

[Unit : SHARAD FIBRES & YARN PROCESSORS LIMITED]

E/2, Ansa Industrial Estate, Ground Floor, Sakhivihar Road, Andheri (East), Mumbai – 400 072.

**Tel: 022 28470652/28470653**

6. All documents referred to in the Notice are open for inspection at the registered office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

### LISTING REQUIREMENTS:

As required under Clause 49 [vi] of the Listing Agreement, given below are the details of the Director(s) who retire by rotation and are eligible for re-appointment (Resolution at Item Nos. 2 & 3) :

A. Name : Mr. Narendra Khemka .  
Age : 53 Years  
Date of Birth : 15.12.1951  
Qualifications : S.S.C

Mr. Narendra Khemka is associated with the Company since last 20 years and is looking after Banking and general administration work of the Company and other group company. He has an experience of over 20 years.

Other Directorships : Nil.  
Committee Memberships :  
Audit Committee : Sharad Fibres & yarn Processors Ltd.  
Share Holders Committee : Sharad Fibres & yarn Processors Ltd.  
Remuneration Committee : Sharad Fibres & yarn Processors Ltd.

B. Name : MR. Aditya Dalmia  
Age : 44 Years  
Date of Birth : 09.10.1960  
Qualifications : Diploma in Textile Engg.

Mr. Aditya Dalmia is associated with the Company since last 17 years and is looking after marketing and general affairs of the Company. He has an experience of over 17 years.

Other Directorships : M/s. Dalmia Exim Ltd  
Committee Memberships : Nil

# ANNUAL REPORT 2003-2004



## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their 17<sup>th</sup> Annual Report together with the Audited accounts for the year ended 31st March, 2004.

### FINANCIAL RESULTS :

PARTICULARS	Year ended 31.03.2004 Rs. In Lacs	Year ended 31.03.2003 Rs. In Lacs
Total Income	240.19	294.97
Net Profit / (Loss) during the year	(1049.15)	(891.61)
Add / Less : Profit / (Loss) brought forward	(3064.42)	(2172.62)
Profit / (Loss) carried forward	(4113.57)	(3064.42)

### PERFORMANCE:

The Company continued to suffer huge losses, incurred on account of high interest cost inspite of taking various cost cutting measures during the year under review. In view of acute scarcity of working capital fund the company continued manufacturing activities by undertaking jobwork assignments instead of own production. During the year production of Texturised yarn including jobwork increased to 1000 MT as against 758.5 MT in the previous year, whereby sales including job charges amounted to Rs.209.30 Lacs as against Rs.271.27 Lacs in the previous year. During the year company incurred net loss of Rs. 1049.15 lacs which includes a provision for bad and doubtful debts of Rs. 145.06 lacs as against a loss of Rs. 891.621 lacs in the previous year.

### STATUS OF REFERENCE BEFORE BIFR.

The BIFR had hearing of the Company's case on 5<sup>th</sup> April, 2002 and no further hearing has been held thereafter. The inquiry to examine the sickness status of the Company is still under process. The Company would submit comprehensive proposal for rehabilitation on receipt of directives in this regard. In spite of delay in declaring the company sick and implementing measures for rehabilitation, your Board is hopeful that on grant of need based relief and restructuring of loans the company would make a viable running. The Company is contemplating to settle and repay the dues of Central Bank of India, who have issued notice under Securitisation & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

### STATUS OF PENDING LEGAL CASES :

The following legal cases are pending against the Company and the same are being defended by the company :

1. An Appeal filed by the Central Excise Department before the CEGAT against demand of Rs.1,76,04,797/- and same was decided in favour of the Company by the Honourable CEGAT. However the Department has filed case in the Supreme Court. The same is being defended suitably by the Company. The Central Excise Department have filed further complaint in this regard before the Honourable Chief Judicial Magistrate at Silvassa, are being protested by the Company.
2. An appeal which was pending before the Commissioner Central Excise (Appeal ) against demand of duty of Rs.3,61,537/- (already paid ) plus Rs.16,32,382/- (already paid) and impose penalty Rs.3,61, 537/- and Rs. 1,00,000/- and interest thereon, was heard and order has been passed in favour of the Company. However the department has filed an appeal before the CEGAT and the same is being defended by the company.



## SHARAD FIBRES & YARN PROCESSORS LIMITED

3. The Company has preferred an appeal before the Commissioner of Central Excise (Appeal), Vapi against the confirmation of demand by the Jt. Commissioner Central Excise & Customs for demand of Rs. 4,26,923/- & Rs. 2,38,991/- and also imposed Penalty of Rs. 6,65,484/- with interest thereon.
4. The Company has preferred an appeal before the Commissioner of Central Excise (Appeal), Vapi against the confirmation of demand by the Jt. Commissioner Central Excise & Customs for demand of Rs. 6,20,181/- (Rs. 22,944/- + Rs.1,89,024/- + Rs. 50,932/- + Rs.3,57,281/- ) & and also imposed Penalty of Rs. 7,20,181/- (Rs. 2,62,900/- + Rs.50,000/- + Rs. 3,57,281/- + Rs.50,000/- ) with interest thereon.
5. In respect of demand raised by the Income Tax Officer for A.Y 1997-98 Rs.72,23,446/- . The Company has preferred and appeal against the said order. The officer has also levied penalty of Rs.49,61,749/- and the company has preferred an appeal against the said order.
6. In respect of demand raised by Income Tax Officer for A.Y 1998-99 Rs.45,30,496/-. The Company has preferred an appeal against the said order.
7. M/s. Loknath Packaging Pvt.Ltd. has filed claim for amount of Rs.3,35,100/- with interest 29% before Silvassa court, the same is stayed by the court till the outcome of the decision by the honourable BIFR.
8. M/s. Silvassa Cement Products Pvt.Ltd has filed claim for an amount of Rs.98,170/- with interest @24% before Silvassa court. the same is stayed by the court till the outcome of the decision by the honourable BIFR.
9. In respect of claim filed by Mr. Gopal Ram Hanuman Prasad for Rs. 4,86,182/- with interest @24% before Silvassa court is stayed by the court till the outcome of the decision by the honourable BIFR.
10. In respect claim filed by Mr. Sureshchandra Ram Sakha against the company in Labour court at Silvassa for a claim of Rs. 3,80,706/-. The same is being defended by the company.
11. The GIICL has filed a civil suit against the Company for recovery of Loan of Rs. 1,47,39,160/- with interest granted to one of its group concerns viz. Dalmia Dye- Chem Industries Ltd in whose favour the company has given Corporate Guarantee. However the case is suitably defended by the Company.
12. The Recron Synthetics has filed a case before Mumbai High Court against the Company for total claim of Rs. 4,49,38,266 + Rs. 32,87,546/- with further interest . The same is being defended by the Company.
13. M/s. Modipon Ltd has filed a case before the Silvassa Court against the company for recovery of Rs.5,53,825/- with interest @18% p.a. However the same is suitably defended by the Company.

### **DIVIDEND :**

Due to losses, your Board regrets their inability to recommend any dividend for the year ended 31/03/2004.

### **FIXED DEPOSITS:**

The Company has not accepted any Deposits during the year under review.

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## **BOARD OF DIRECTORS :**

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. Narendra Khemka and Mr. Aditya Dalmia, Directors of the Company retire by rotation and being eligible, offer himself for re-appointment.

## **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. Appropriate policies have been selected and applied consistently and judgments and estimates wherever made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2004.
3. 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.
4. The annual accounts have been prepared on a going concern basis.

## **CORPORATE GOVERNANCE:**

The Company has taken proactive steps to ensure that the conditions of Corporate Governance stipulated in Clause 49 of the Agreement for Listing with the Stock Exchange are complied with. A separate report on Corporate Governance together with Auditors' Certificate on its compliance are included in this Annual Report.

## **AUDITORS:**

M/s. Vinod S.Mehta & Co., Chartered Accountants, Auditors of the Company are retiring at the ensuing Annual General Meeting. They are eligible for re-appointment and have expressed their willingness to act as auditors, if re-appointed. The Company has received a certificate from them that they are qualified under section 224 (1) of the Companies Act, 1956, for appointment as Auditors of the Company. Members are requested to consider their appointment at a remuneration to be decided by the Board of Directors for the financial year ending 31st March, 2005 as set out in the Notice convening the Meeting.

## **AUDITORS OBSERVATIONS :**

The observations made by the auditors are self explanatory and, therefore, do not call for any further comments.

## **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The information pursuant to section 217 (l) (e) of the Companies Act, 1956 read with the Companies ( Disclosure of particulars in the Report of Board of Directors ) Rules 1988 are given in Annexure "A" to this report.

## **PARTICULARS OF EMPLOYEES :**

The information required u/s 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended and forming part of the Directors' Report is not applicable to the Company as the Company do not have any employee whose salary exceeds the limits as specified in the said section.



## **SHARAD FIBRES & YARN PROCESSORS LIMITED**

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### **DEMATERIALISATION OF SHARES:**

The Company has applied to NSDL and CDSL for Dematerialisation of shares of the Company . However the said NSDL & CDSL have denied the permission for the same. The Company is pursuing the matter.

### **ENVIRONMENT PROTECTION:**

The Company has taken all the necessary steps for safety and environmental control and protection at its plants.

### **INSURANCE:**

All the Properties of the Company are adequately covered by Insurance.

### **ACKNOWLEDGMENT:**

The Directors wish to convey their appreciation to the Company's shareholders, customers, suppliers, bankers, distributors and all the collaborators for the support they have given to the Company and the confidence, which they have reposed in its management and the employees for the commitment and dedication shown by them.

Registered Office :  
202, Venkatesh Chambers,  
Prescot Road, Fort,  
Mumbai – 400 001

For and on behalf of the Board  
For Sharad Fibres & Yarn Processors Ltd

Date : 31.8.2004

Ravi Dalmia  
Chairman cum Managing Director



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## ANNEXURE "A" TO THE DIRECTORS' REPORT 2003 - 2004

ANNEXURE to Director's Report for the year ended 31<sup>st</sup> March, 2004 Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo.

Information in accordance with the section 217 (1) (e) of the companies Act, 1956. The Companies (disclosure of particulars in the report of Board of Directors) Rules , 1988.

### (A) CONSERVATION OF ENERGY:

- Measures taken : During the year all possible measure were taken to ensure optimum conservation of electricity and fuel at the plant of the Company.
- Improvements: Plans for further improvement are being implemented.
- Impact of a) & b) our energy cost per unit of consumption in respect of Air-conditioning is comparatively lower than other Industries operating in Silvassa.
- Total energy consumption per unit of production :

### FORM - A

#### I) Power and fuel consumption in respect of :

	Year Ended 31.3.2004	Year Ended 31.3.2003
a) ELECTRICITY		
Purchase Units (in lacs)	33.38	31.15
Total amount (Rs.Lacs)	89.49	85.61
Rate per Unit (Rs.)	2.68	2.74
b) Own Generation through D.G.set :		
Total Diesel Consumption (Ltrs)	Nil	1,04,000
Total Cost of Diesel (Rs. In Lacs)	Nil	17.19
Rate per Litre (Rs.)	Nil	16.53
Consumption per unit of production		
Texturised /Twisted Yarn in Kgs.	1000026	7,58,508
Electricity Units per Kgs.	3.34	4.10

### FORM - B

#### I. RESEARCH AND DEVELOPMENT :

No substantial activities are carried out on Research and Development, as the production process itself is automatic. However the Company is continuously making an improvement in the quality of Texturised yarn.

No substantially expenditure was incurred on Research and Development.

#### II. TECHNOLOGY ABSORPTION, ADOPTION, ADOTPION & INNOVATION:

- Efforts in brief made towards technology absorption ,  
Adoption and innovation. — NIL
- Benefit derived as a result of above efforts — NIL
- Particulars of Technology imported during the last 5 years — NIL

#### III. FOREIGN EXCHANGE EARNINGS & OUTGO: — NIL

Registered Office :  
202, Venkatesh Chambers,  
Prescot Road, Fort,  
Mumbai - 400 001  
Date : 31.8.2004

For and on behalf of the Board  
For Sharad Fibres & Yarn Processors Ltd

Ravi Dalmia  
Chairman cum Managing Director



## **SHARAD FIBRES & YARN PROCESSORS LIMITED**

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### **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:**

To the Members of  
**Sharad Fibres & Yarn Processors Limited**

1. We have examined the compliance of conditions of Corporate Governance by SHARAD FIBRES & YARN PROCESSORS LTD, for the Period on 1st April, 2003 to 31st March, 2004, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 above mentioned Listing Agreement for the Period 1st April, 2003 to 31st March, 2004,
4. We state in respects of investor Grievances received during the period 1st April, 2003 to 31st March, 2004 No investor grievances are pending against the company for a period exceeding one month as per the record maintained by the company and which are presented to the shareholders/investors Grievances Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with the management has conducted the affairs of the Company.

**For Vinod S. Mehta & Co.**  
Chartered Accountants

**[PARAG MEHTA]**  
Partner  
Membership No. 36867

Mumbai  
31.8.2004

**MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE AND DEVELOPMENTS :**

The Company is mainly engaged in job work of Texturising of yarn. Therefore the market share of the company is not significant.

**OVERALL REVIEW :**

The Company is making continuous losses due to sluggish market. Due to scarcity of working capital fund, the Company is mainly engaged in job work. To minimize the losses the company is making its best effort to implement the cost reduction measures, to the extent feasible. Several cost cutting measures have already been undertaken by the Company.

**RISK AND CONCERNS :**

The Company's future development depends on the outcome of the order to be passed by the Board for Industrial and Financial Reconstruction.

**INTERNAL CONTROL SYSTEM AND ITS ADEQUACY :**

The Company is following a proper and adequate system of internal controls in respect of all its activities including safeguarding and protecting its assets against loss from unauthorized use or disposition. Further all transaction entered into by the company are fully authorized, recorded and reported correctly.

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :**

During the year under review, the plant operated at full capacity and the total production of yarn was 10.00 lacs Kgs including job work as against 7.58 lacs Kgs in the previous year. The Gross Turnover for the year was Rs. 209.30 Lacs as against Rs. 271.27 Lacs over the previous year. The other income was Rs. 30.89 Lacs as against Rs. 23.70 Lacs in the previous year.

The Operations of the Company has resulted in a net loss after depreciation has been Rs. 1049.15 Lacs as against net losses of Rs. 891.80 Lacs.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:**

The relationship with the workers/ employees with all levels remained cordial during the year.

**CORPORATE GOVERNANCE DISCLOSURE :**

In Compliance with Clause 49 of the Listing Agreement with Stock Exchange, the Company submits the report on the matters mentioned in the said Clause and practice as followed by the Company.

**1. Company's Philosophy on Code of Governance**

Philosophy of Sharad Fibres & Yarn Processors Limited (SFYPL) on corporate governance envisages the attainment of the highest levels of the transparency, accountability and equity in all facets of its operations and all transactions with its stakeholders, including the shareholders, employees the government and the lenders.

SFYPL is committed to achieving the highest standards of Corporate Governance.

SFYPL believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### 2. BOARD OF DIRECTORS:

As per the listing Agreement the board should have an optimum combination of both Executive and Non-Executive Directors.

The Board of Your company has 2 [Two] Executive Directors and 3 [Three] Non-Executive Directors. Total number of independent Directors are 3 [Three].

The details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting, number of other Directorships and other Committee Memberships are given below:

Name	Category of membership	Attendance Particulars		No. of other Directors and all Committee Membership / Chairmanships		
		Board Meeting	Last AGM	Other Directorships	Committee Membership	Committee Chairmanship
Ravi Dalmia	CMD	6	Y	1	0	0
Aditya Dalmia	ED	6	Y	1	0	0
Unnikrishnan Nair	NED & ID	6	Y	2	3	3
Rajendra Agarwal	NED & ID	3	N	0	3	0
Narendra Khemka	NED & ID	3	Y	0	3	0

NED & ID stands for Non Executive Director and Independent Director, ED : Executive Director, CMD : Chairman cum Managing Director.

During the Year ended March 31, 2004, the Board met 6 times on the following dates, namely 30.4.03, 31.7.03, 30.9.03, 31.10.03, 31.12.03, 31.01.04.

### 3. COMMITTEES OF DIRECTORS:

Non-executive Directors provide guidance to operating management on policy matters as well as in monitoring the actions of operating management. This involvement is formalized through constitution of designated committees of the board. The Committees are intended to provide regular exchange of information and ideas between the non-executive Directors and the operating management.

To conform to the requirements of clause 49 of the Listing Agreement with the Stock Exchange and Companies Act, 1956, the Board has constituted the required Committees.

#### 3.1 AUDIT COMMITTEE:

The Company has a qualified and independent Audit Committee comprising of 3 Non-Executive Director. The broad terms of reference of the Audit Committee are in consonance with the provisions of Clause 49 of the Listing Agreement.

There were 3 [three] meetings of the Committee during the year.



The names of member of committee and their attendance are as follows:

Name of the Members	Status	No. of Meetings Attended
Mr. Unnikrishnan Nair	CHAIRMAN	3
Mr. Narendra Khemka	MEMBER	3
Mr. Rajendra Agarwal	MEMBER	1

The Manager – Accounts and Statutory auditors of the Company are invitees to Audit Committee meetings

### 3.2. REMUNERATION & REMUNERATION COMMITTEE :

The Company has set up a Remuneration Committee as required under the provisions of the Companies Act, 1956 and all matters relating to review and approval of compensation payable to the Executive and Non Executive Directors are considered by the Remuneration Committee and necessary recommendations are made by the Committee to the Board for the approval within the overall limits approved by the Members and as per Schedule XIII to the Companies Act, 1956.

The Company pays remuneration to its Managing Director and its Directors by way of Salary, perquisites and allowances. Salary is paid within the range as approved by the Shareholders and as per Schedule XIII to the Companies Act, 1956. The Board approves all the revisions in salary, allowances and perquisites subject to the overall ceiling prescribed by Section 198 and 309 of the Companies Act, 1956.

Given below are the details of remuneration paid to Directors during the financial year 2003-04:

Director	Sitting Fees	Salary & allowances	Perquisites
Mr. Ravi Dalmia	Nil	90000	122148
Mr. Aditya Dalmia	Nil	90000	233231
Mr. Unnikrishnan Nair	Nil	114000	Nil
Mr. Rajendra Agarwal	Nil	Nil	Nil
Mr. Narendra Khemka	Nil	Nil	Nil

### 3.3. SHAREHOLDERS' COMMITTEE:

The Company has constituted a Shareholders' Grievance Committee to specifically look into Investors' complaints, if any, and to redress the same expeditiously. The Committee redresses complaints of investors like transfer of shares, non-receipt of balance sheet etc.

The composition of the Shareholders' Grievances Committee and details of the meetings attended by the Directors are given below:

Names of Members	Category	No. Of Meetings attended during the year 2003-2004
Mr. Unnikrishnan Nair	CHAIRMAN	2
Mr. Rajendra Agarwal	MEMBER	1
Mr. Narendra Khemka	MEMBER	2

Mr. Pradeep Salian, Secretarial Officer is the Compliance Officer.



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### DETAILS OF INVESTORS COMPLAINTS RECEIVED DURING THE YEAR:

Sr. No.	Nature of Complaints	Received	Disposed	Pending
1.	Non receipt of Annual Report.	1	1	NIL
2.	Non receipt of Share Cert. After Transfer	Nil	Nil	NIL
	<b>T O T A L</b>	<b>1</b>	<b>1</b>	<b>NIL</b>

### 4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2001	202, Venkatesh Chambers, Prescot Road, Fort, Mumbai – 400 001.	29.09.2001	10.00 A.M.
2002	Same as above	30.09.2002	10.00 A.M
2003	Same as above	30.09.2003	10.00 A.M

All the matters as set out in the respective notices were passed by the Shareholders. No special resolution was required to be put through postal ballot last year.

### 5. DISCLOSURES :

- During the year, the Company did not enter into any materially significant related party transactions with its Promoters, Directors or the Management, their Subsidiaries or Relatives etc., that may have a potential conflict with the interests of the Company at large.
- The Stock exchange has suspended the shares of the company from trading on stock exchanges due to non-payment of Listing fees and non compliance of other requirements of the Listing Agreement. However company is in process of payment of Listing Fee and compliance of other requirements of the Listing Agreement.

### 6. MEANS OF COMMUNICATION

- Quarterly results are finalised and sent to the Stock Exchange as required
- All items required to be covered in the Management Discussion and Analysis have been included in the other part of the Report.

### 7. GENERAL SHAREHOLDERS INFORMATION :

- 7.1. ANNUAL GENERAL MEETING : 17th Annual General meeting.  
DAY & DATE : September 30, 2004.  
TIME : 10.00 A. M.  
VENUE : Registered Office.

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## 7.2. FINANCIAL CALENDAR :

- \* Financial reporting for the quarter ended June 30, 2004 : End of July, 2004.
- \* Financial reporting for the quarter ended Sept 30, 2004 : End of Oct., 2004.
- \* Financial reporting for the quarter ended Dec. 31, 2004 : End of Jan., 2005.
- \* Financial reporting for the Year ended March 31, 2005 : End of April, 2005.

## 7.3. DATE OF BOOK CLOSURE : 28/09/2004 TO 30/09/2004 [ Both days inclusive ].

## 7.4. SHARE TRANSFER SYSTEM :

The turnaround time for completion of transfer of shares in physical is generally 15 days, if the documents are clear in all respects. The Board has delegated the responsibility of Share Transfers to the Registrar and Share Transfer Agent.

## 7.5 STOCK PRICE DATA :

The Shares of the Company is not been traded during the last year . Therefore the stock market data could not be obtained.

## 7.6 REGISTRAR & TRANSFER AGENT:

**M/s. BIG SHARE SERVICES PRIVATE LIMITED**  
[ Unit : SHARAD FIBRES & YARN PROCESSORS LIMITED ]  
E/2, Ansa Industrial Estate, Ground Floor,  
Sakhivihar Road, Andheri (East),  
Mumbai - 400 072.  
Tel: 022 28470652/28470653

## 7.7. COMPLIANCE OFFICER :

Mr. Pradeep Salian, Secretarial Officer

## 7.8. ADDRESS FOR CORRESPONDENCE :

SHARAD FIBRES & YARN PROCESSORS LIMITED  
202, Venkatesh Chambers, Prescott Road, Fort,  
Mumbai - 400 001.  
Tel : 022 - 5635 5800

## 7.9. LISTING :

The Stock Exchange, Mumbai - 400 001.  
The Stock Exchange, Chennai.  
The Stock Exchange, Ahmedabad.  
The Stock Exchange, Jaipur.

## 7.10 STOCK CODE OF THE COMPANY :

The Stock Exchange, Mumbai  
Scrip Name : SHARAD FIBRES & YARN PROCESSORS LIMITED  
Scrip Code : 514402.



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### 7.11 DEMATERIALISATION:

The Company has applied for the Dematerialisation of the shares with the NSDL and CDSL but the permission was denied.

### 7.12. SHAREHOLDING PATTERN AS ON MARCH 31, 2004 :

Category	No. Of shares held	% of shareholding
Promoters & Relatives, friends	1597857	39.88
Mutual Fund & UTI	1500	0.04
Banks & Financial Institutions	1096343	27.36
Private Bodies Corporate	64900	1.62
Indian Public	1168300	29.17
NRI/OCBs	77500	1.93
Total	4006400	100.00

### 7.13. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31,2004:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
1-5000	938	397400	9.92
5001-10000	395	304700	7.61
10001-20000	96	152900	3.82
20001-30000	26	67900	1.69
30001-40000	13	47600	1.19
40001-50000	12	56400	1.41
50001& 100000	13	99900	2.48
100001- 999999999	30	2879600	71.88
Total	1523	4006400	100.00

### 7.14. PLANT LOCATIONS :

Survey No. 218/1/1, Dadra Village, Near Dadra Check Post, Dadra & Nagar Haveli, Silvassa [ UT].

Unit I & II : 110/111 Govt. Indst. Estate, Masat, Silvassa -396230. Dadra & Nagar Haveli (U.T.).

### 7.15. COMPLIANCE :

A certificate has been obtained from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance and is attached to this report.

For and on Behalf of the Board  
FOR SHARAD FIBRES & YARN PROCESSORS LIMITED

Ravi Dalmia  
CHAIRMAN & MANAGING DIRECTOR

Mumbai.  
31.8. 2004.





## REPORT OF THE AUDITOR'S TO THE MEMBERS OF SHARAD FIBRES & YARN PROCESSORS LIMITED

1. We have audited the attached Balance Sheet of **SHARAD FIBRES & YARN PROCESSORS LIMITED** as at 31<sup>st</sup> March 2004 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material miss-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement of the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained 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 such books;
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account;
  - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2004 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2004; and
  - b) in the case of Profit and Loss Account, of the loss for the year ended on that;
  - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **VINOD S. MEHTA & Co.**  
Chartered accountants

Date : 31/08/2004  
Place : MUMBAI

**PARAG V. MEHTA**  
PARTNER  
MEMBERSHIP NO: 36867



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE OF SHARAD FIBRES & YARN PROCESSORS LTD

- 1)
  - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) During the year, the company has not disposed of any of its fixed assets.
- 2)
  - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies were noticed on such physical verification.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (a) The company has taken loans from twelve parties. The maximum balance aggregates to Rs. 31, 94, 765/-. The closing balance a recent of the same is Rs. Nil. The company has given loans to eight such parties, The maximum balance amounts to Rs. 43,49,793/- and the closing balance is Rs. Nil. Further the company is maintaining current account with two such parties,. However it is not possible to give maximum balance due to many transactions, the closing balance of such parties amounts to Rs. 2,09,62,229/-
  - (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firm or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company. However no interest is charged/paid on such loans.
  - (c) The loans taken from above parties are fully repaid during the year. The loan granted is repayable on demand.
  - (d) There are no loans outstanding in case of loans taken by the company. In respect of loans given by the company, it is repayable on demand and therefore the question of overdue amounts does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.



5. (a) Based on the audit procedure applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposit from the public within the meaning of Section 58A of the companies Act, 1956.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records u/s. 209(1)(d) of the Companies Act, 1956.
9. (a) According to the records of the company, for the year under consideration, the company is generally regular in depositing undisputed statutory dues with appropriate authority including provident fund, investor education protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise-duty, cess and other material statutory dues applicable to it, except Rs. 3,31,628/- which represents Employers Contribution to Provident Fund of past years which has not yet been deposited.
- (b) According to the information and explanations gives to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding, as at 31st March 2004 for a period of more than six months from the date they became payable.
- (c) According to the records of the company and explanation given to us, there are no dues of sale tax, income tax, customs tax / Wealth-tax, excise duty / cess which have not been deposited on account of any dispute except following demand.

Income Tax	Asst for A.Y. 1997-98	Rs. 72,23,446/-	Pending before ITAT.
Income Tax	Asst for A.Y. 1998-99	Rs. 45,30,496/-	Pending before ITAT.
Income Tax	Penalty for A.Y. 1997-98	Rs. 49,61,749/-	Pending before CIT(A).
Excise duty		Rs. 26,71,760/-	Jt. Comm of Cen.Excise
Excise Duty		Rs. 1,76,04,797/-	Supreme Court.

10. In our opinion the accumulated losses of the company are more than fifty percent of its net worth, The company has incurred cash losses during the financial year covered under audit and the immediately preceding financial year.



## SHARAD FIBRES & YARN PROCESSORS LIMITED

11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company defaulted in repayment of dues to banks Rs. 49.50 crores including interest for which the case is pending before BIFR, New Delhi.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
14. The company is not dealing in or trading in shares, securities, debentures and other investment. Therefore, the provision of clause 4(xii) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.
15. The company has given guarantee for loans taken by others from bank or financial institutions which is prejudicial to the interest of the company.
16. The company has not obtained any terms loans during the year.
17. On the basis of our examination of the Balance Sheet of the company, in our opinion, there are no funds raised on short-term basis, which have been used for long-term investment and vice versa.
18. The company has not made any preferential allotment of shares of parties and companies covered in the register maintained under section 301 of the Act.
19. The company has not issued any debentures.
20. The company has not raised any money by public issues during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR M/S VINOD S. MEHAT & CO.  
CHARTERED ACCOUNTANTS.  
MEMBERSHIP NO 06857

PLACE : MUMBAI  
DATED : 31/08/2004

PARAG V. MEHTA  
PARTNER  
MEMBERSHIP NO: 36867

# ANNUAL REPORT 2003-2004



## BALANCE SHEET AS AT 31.03.2004

PARTICULARS	SCHEDULE	AS ON 31.03.2004 (RUPEES)	AS AT 31.03.2003 (RUPEES)
<b>I SOURCES OF FUNDS :</b>			
<b>1 SHAREHOLDERS FUNDS :</b>			
a) CAPITAL	'A'	65,064,000	65,064,000
b) RESERVES & SURPLUS	'B'	2,107,457	2,107,457
		<u>67,171,457</u>	<u>67,171,457</u>
<b>2 LOAN FUNDS :</b>			
a) SECURED LOANS	'C'	495,641,674	415,100,516
b) UNSECURED LOANS	'D'	20,962,229	21,870,663
		<u>516,603,903</u>	<u>436,971,179</u>
<b>TOTAL (A+B+C+D)</b>		<u>583,775,360</u>	<u>504,142,636</u>
<b>II APPLICATION OF FUNDS :</b>			
<b>1 FIXED ASSETS :</b>	'E'		
a) GROSS BLOCK		170,198,857	169,076,884
Less : DEPRECIATION		<u>76,403,010</u>	<u>65,338,062</u>
NETT BLOCK	(1)	<u>93,795,847</u>	<u>103,738,822</u>
<b>2 INVESTMENTS</b>	'F'	803,563	17,100
	(2)	<u>803,563</u>	<u>17,100</u>
<b>3 CURRENT ASSETS, LOANS &amp; ADVANCES 'G'</b>			
a) INVENTORIES		788,424	564,779
b) SUNDRY DEBTORS		75,318,412	93,383,669
c) CASH & BANK BALANCES		551,577	631,253
d) LOANS, ADVANCES & DEPOSITS		<u>8,843,436</u>	<u>9,306,056</u>
		<u>85,501,849</u>	<u>103,885,757</u>
Less : <u>CURRENT LIABILITIES</u>			
<u>&amp; PROVISIONS</u>	'H'	7,702,768	10,434,061
NET CURRENT ASSETS	(3)	<u>77,799,081</u>	<u>93,451,696</u>
<b>III MISCELLANEOUS EXPENDITURE</b>	'I'	19,843	493,194
(To the extent not written off or adjusted)	(4)		
<b>IV Profit &amp; Loss Account</b>	(5)	411,357,026	306,441,824
<b>TOTAL (1+2+3+4+5)</b>		<u>583,775,360</u>	<u>504,142,636</u>

READ WITH PROFIT AND LOSS ACCOUNT  
AND SCHEDULES AS PER OUR REPORT  
OF EVEN DATE

For M/s VINOD S. MEHTA & CO.  
CHARTERED ACCOUNTANTS

PARAG V. MEHTA  
PARTNER  
Mem.No. 36867  
PLACE : Mumbai  
DATED : 31<sup>st</sup> August, 2004

For SHARAD FIBRES & YARN PROCESSORS LIMITED

RAVI DALMIA                      ADITYA DALMIA  
Chairman cum                      Director  
Managing Director  
PLACE : Mumbai  
DATED : 31<sup>st</sup> August, 2004



# SHARAD FIBRES & YARN PROCESSORS LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

PARTICULARS	SCHEDULE	AS AT 31.03.2004 RUPEES	AS AT 31.03.2003 RUPEES
<b><u>INCOME :-</u></b>			
Sales	'J'	20,929,591	27,126,918
Other Income	'K'	3,089,253	2,369,920
Increase/(Decrease) in stock	'L'	-	(4,414,837)
<b>TOTAL</b>		<b>24,018,844</b>	<b>25,082,001</b>
<b><u>EXPENDITURES :-</u></b>			
Raw Materials Consumed	'M'	-	11,864,679
Purchases		5,544,024	-
Excise Duty paid	-	-	589,997
Manufacturing Expenses	'N'	13,141,465	19,291,806
Administration & Selling Expenses	'O'	4,332,874	3,510,530
Interest & Financial Charges	'P'	79,871,388	67,151,234
Preliminary Expenses W/off		473,351	473,351
Loss on Sale of Fixed Assets		-	219,051
<b>TOTAL</b>		<b>103,363,102</b>	<b>103,100,648</b>
PROFIT BEFORE DEPRECIATION & TAX		(79,344,258)	(78,018,647)
Depreciation		11,064,948	11,143,208
PROFIT BEFORE TAX		(90,409,206)	(89,161,855)
Provision for Taxation		-	-
PROFIT AFTER TAX		(90,409,206)	(89,161,855)
ADD (LESS) : Prior period adjustments		-	18,204
ADD (LESS) : Provision for Doubtful Debts		14,505,996	-
NET PROFIT /(LOSS) FOR THE YEAR		(104,915,202)	(89,180,059)
Balance brought forward from Profit & Loss A/c		(306,441,824)	(217,261,765)
PROFIT AVAILABLE FOR APPROPRIATION		(411,357,026)	(306,441,824)
<b><u>APPROPRIATION</u></b>			
Profit & Loss Account Balance			
Transferred to Balance Sheet		(411,357,026)	(306,441,824)
<b>TOTAL</b>		<b>(411,357,026)</b>	<b>(306,441,824)</b>
Earning Per Share		(26.19)	(22.26)

AS PER OUR REPORT OF EVEN DATE

For M/s VINOD S. MEHTA & CO.  
CHARTERED ACCOUNTANTS

PARAG V. MEHTA  
PARTNER  
Mem.No. 36867

PLACE : Mumbai

DATED : 31<sup>st</sup> August, 2004

For SHARAD FIBRES & YARN PROCESSORS LIMITED

RAVI DALMIA                      ADITYA DALMIA  
Chairman cum                      Director  
Managing Director

PLACE : Mumbai

DATED : 31<sup>st</sup> August, 2004

# ANNUAL REPORT 2003-2004



**SCHEDULES TO THE ACCOUNTS:- SCHEDULES A TO Q FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004.**

	AS AT 31.03.2004 (Rupees)	AS AT 31.03.2003 (Rupees)
<b><u>SCHEDULE - 'A' SHARE CAPITAL</u></b>		
<b><u>AUTHORISED</u></b>		
50,00,000 (50,00,000) Equity shares of Rs.10/-(Rs.10/-) each	50,000,000	50,000,000
30,00,000 (30,00,000) Preference shares of Rs.10/-(Rs.10/-) each	30,000,000	30,000,000
<b>TOTAL</b>	<b>80,000,000</b>	<b>80,000,000</b>
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP :</u></b>		
4250300 (4250300) Equity shares of Rs.10/- (Rs.10/-) each	40,064,000	42,503,000
Less : Forefiture of 243900(Nil) Equity shares of Rs.10/- (Rs Nil) each	-	2,439,000
4006400 (4250300) Equity shares of Rs.10/- (Rs.10/-) each	40,064,000	40,064,000
<b><u>Add :- Preference Shares</u></b>		
2500000 (2500000) 5% Preference Shares of Rs.10/- (Rs.10/-) each	25,000,000	25,000,000
<b>TOTAL</b>	<b>65,064,000</b>	<b>65,064,000</b>
<b><u>SCHEDULE - 'B' RESERVE AND SURPLUS</u></b>		
<b><u>CAPITAL RESERVE</u></b>		
Opening Balance	2,107,457	799,457
Add: Forefiture of shares	-	1,308,000
<b>TOTAL</b>	<b>2,107,457</b>	<b>2,107,457</b>
<b><u>SCHEDULE - 'C' SECURED LOANS.</u></b>		
<b><u>LOANS &amp; BORROWING FROM BANK</u></b>		
<b><u>A. TERM LOANS.</u></b>		
1) Term Loan	156,034,805	130,844,796
2) Central Bank Of India - D.P.G.Loan Account	23,335,926	19,568,612
3) H.D.F.C.( Car loan )	639,898	-
<b>TOTAL (A)</b>	<b>180,010,729</b>	<b>150,413,408</b>
<b>B. WORKING CAPITAL LOANS FROM BANKS (B)</b>	<b>315,630,945</b>	<b>264,687,108</b>
<b>TOTAL (A+B)</b>	<b>495,641,674</b>	<b>415,100,516</b>
<b><u>SCHEDULE - 'D' UNSECURED LOANS.</u></b>		
1) From Others	-	1,001,500
2) From Share Holders	20,962,229	20,869,163
3) Interest Accured on Loans	-	-
<b>TOTAL</b>	<b>20,962,229</b>	<b>21,870,663</b>



**SCHEDULE - 'E' FIXED ASSETS.**

SL NO	ITEM	RATE	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As on 01/04/2003 Rupees	Additions Rupees	Deductions Rupees	As On 31/03/2004 Rupees	As On 01/04/2003 Rupees	Additions Rupees	Deductions Rupees	As On 31/03/2004 Rupees	As On 31/03/2004 Rupees	As On 31/03/2003 Rupees
1	LAND	-	2312032	-	-	2312032	-	-	-	-	2312032	2312032
2	BUILDING	3.34	27781197	-	-	27781197	5247168	927891	-	6175059	21606138	22534029
3	FURNITURE & FIXTURES	6.23	1240823	-	-	1240823	698220	77303	-	775523	465300	542603
4	PLANT & MACHINERY	7.42	123640927	-	-	123640927	55136291	9174157	-	64310448	59330479	68504636
5	MOTOR CAR	9.50	0	1,075,223	-	1075223	0	17024	-	17024	1058199	0
6	ELECTRICAL INSTALLATION	7.42	6484501	-	-	6484501	2317660	481150	-	2798810	3685691	4166841
7	TUBE WELL	3.34	62742	-	-	62742	11258	2095	-	13353	49389	51484
8	WEIGHING SCALE	7.42	162127	-	-	162127	110269	12030	-	122299	39828	51858
9	AIR-CONDITIONER	4.75	6839763	18,250	-	6858013	1497417	325105	-	1822522	5035491	5342346
10	TYPEWRITER	4.75	7200	-	-	7200	3543	342	-	3885	3315	3657
11	FAX MACHINE	4.75	65000	-	-	65000	29120	3088	-	32208	32792	35880
12	COMPUTER	16.21	0	28,500	-	28500	0	3850	-	3850	24650	0
13	JEEP	9.50	291445	-	-	291445	196116	27687	-	223803	67642	95329
14	OFFICE EQUIPMENT	7.42	27398	-	-	27398	12451	2033	-	14484	12914	14947
15	BOX STRAPPING MACHINE	7.42	150846	-	-	150846	67666	11193	-	78859	71987	83180
16	FIRE FIGHTING EQUIPEMENT	100.00	10883	-	-	10883	10883	-	-	10883	-	-
T O T A L			169076884	1121973	0	170198857	65338062	11064948	0	76403010	93795847	103738822
PREVIOUS YEAR			169466165	1193150	1582431	169076884	55449763	11143208	1254909	65338062	103738822	114016402



# ANNUAL REPORT 2003-2004



		AS AT 31.03.2004 (Rupees)	AS AT 31.03.2003 (Rupees)
<b>SCHEDULE - 'F' INVESTMENTS.</b>			
<b>UNQUOTED (FULLY PAID UP)</b>			
	<b>NOS</b>		
1710 Equity shares of Rs.10/- each of New India Co-Op Bank Ltd.		-	17,100
<b>SHARES</b>			
Ashok Leyand Ltd	500	125,950	-
Mahindra & Mahindra Ltd	200	98,238	-
Saw Pipes Ltd	500	156,742	-
Steel Authority	1500	67,106	-
Tata Iron & Steel	200	88,174	-
Tata Motors	100	54,717	-
Welspun Stah	5000	212,636	-
	<b>TOTAL</b>	<b>803,563</b>	<b>17,100</b>
Market Value Of Shares Of Rs.5,55,785/-(17100)			
<b>'SCHEDULE - 'G' CURRENT ASSETS. LOANS &amp; ADVANCES.</b>			
<b>A. CURRENT ASSETS</b>			
<b>INVENTORIES</b>			
(As per Inventory taken valued and Certified by the Management)			
1) Packing Material		-	134,693
2) Oil & Lubricants		-	9,540
3) Stores & Spares		381,077	420,546
4) Traded Goods		407,347	-
	<b>TOTAL - A</b>	<b>788,424</b>	<b>564,779</b>
<b>B. SUNDRY DEBTORS</b>			
(Unsecured, considered good for which Co. hold no security other than the debtors personal security)			
<b>For Goods</b>			
Bad & Doubtfull debts (Note Provided For)		14,505,996	14,505,996
More than six months		70,329,854	76,489,540
Others		4,988,558	2,388,133
		89,824,408	93,383,669
Less: Provision for Doutful Debts		14,505,996	-
	<b>TOTAL - B</b>	<b>75,318,412</b>	<b>93,383,669</b>
<b>SCHEDULE - 'G'</b>			
<b>C. CASH &amp; BANK BALANCE :</b>			
1) Cash balance on hand		130,466	216,740
2) Cash at Factory		63,920	6,745
<b>Balance with Scheduled bank in Current A/c</b>			
1) Central Bank Of India (R-17788)		8,243	8,243
2) Ichalkarnji Janta Sahkari Bank Ltd		5,014	5,074
3) Dena Bank (Amli Branch)		571	571
4) H.D.F.C. Bank,Dadra		261	58,842
5) United Western Bank Ltd		5,781	317
<b>On Deposit</b>			
1) Dena Bank (Silvassa)		11,225	10,725
2) Central Bank Of India		225,896	223,796
3) Central Bank Of India ( Margin)		100,200	100,200
	<b>TOTAL - C</b>	<b>551,577</b>	<b>631,253</b>



# SHARAD FIBRES & YARN PROCESSORS LIMITED

	AS AT 31.03.2004 (Rupees)	AS AT 31.03.2003 (Rupees)
<b>D. <u>LOANS, ADVANCES &amp; DEPOSITS :</u></b>		
Advances recoverable in cash or in kind for which value to the received in cash	8,843,436	9,306,056
<b>TOTAL - D</b>	<b>8,843,436</b>	<b>9,306,056</b>
<b>TOTAL (A+B+C+D)</b>	<b>85,501,849</b>	<b>103,885,757</b>
<b><u>SCHEDULE - 'H' CURRENT LIABILITIES &amp; PROVISIONS.</u></b>		
<b>A. <u>CURRENT LIABILITIES :</u></b>		
1. For Capital Goods	1,544,796	3,647,231
2. For Goods	2,523,200	3,421,646
3. For Expenses	657,910	703,696
4. Other Liabilities	2,341,862	2,026,488
<b>TOTAL 'A'</b>	<b>7,067,768</b>	<b>9,799,061</b>
<b>B. <u>PROVISIONS</u></b>		
Provision for Income Tax	635,000	635,000
<b>TOTAL 'B'</b>	<b>635,000</b>	<b>635,000</b>
<b>TOTAL 'A' + 'B'</b>	<b>7,702,768</b>	<b>10,434,061</b>
<b><u>SCHEDULE - 'I' MISCELLANEOUS EXPENDITURE .</u></b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	493,194	966,545
Less : Written off during the year	473,351	473,351
<b>TOTAL</b>	<b>19,843</b>	<b>493,194</b>
<b><u>SCHEDULE - 'J' SALES.</u></b>		
Sales of Goods	9,473,229	20,487,611
Job Charges Received	11,456,362	6,424,075
Sales of Scrap	-	215,232
<b>TOTAL</b>	<b>20,929,591</b>	<b>27,126,918</b>
<b><u>SCHEDULE - 'K' OTHER INCOME.</u></b>		
Bank Interest	55,365	22,896
Commission	-	249,340
Insurance Claim	304,853	527,540
Misc. Receipt	17,025	630,000
Rent Received	288,000	320,666
Dividend Received	2,052	-
Profit on Sale of Shares	23,926	-
Sundry Balances Written back (Nett)	2,398,032	619,478
<b>TOTAL</b>	<b>3,089,253</b>	<b>2,369,920</b>
<b><u>SCHEDULE - 'L' INCREASE/DECREASE IN STOCK.</u></b>		
<u>Closing Stocks of</u>		
1. Finished Goods	-	-
2. Work in process	-	-
<b>Less : <u>Opening Stock of</u></b>		
1. Finished Goods	-	1,862,638
2. Work in process	-	2,552,199
<b>TOTAL</b>	<b>-</b>	<b>4,414,837</b>

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	AS AT 31.03.2004 (Rupees)	AS AT 31.03.2005 (Rupees)
<b><u>SCHEDULE - 'M' RAW MATERIALS CONSUMED.</u></b>		
Opening Stock	-	1,771,612
Add : Purchase Local (Net)	-	10,093,067
	-	11,864,679
Less : Closing Stock	-	-
<b>TOTAL</b>	<b>-</b>	<b>11,864,679</b>
<b><u>SCHEDULE - 'N' MANUFACTURING EXPENSES.</u></b>		
<b><u>PACKING MATERIAL CONSUMED :</u></b>		
Opening Stock	134,693	239,908
Add : Purchases	-	1,644,221
	134,693	1,884,129
Less : Closing Stock	-	134,693
<b>(A)</b>	<b>134,693</b>	<b>1,749,436</b>
<b><u>OIL &amp; LUBRICANTS CONSUMED</u></b>		
Opening Stock	9,540	87,795
Add : Purchases	-	1,011,028
	9,540	1,098,823
Less : Closing Stock	-	9,540
<b>(B)</b>	<b>9,540</b>	<b>1,089,283</b>
<b><u>STORES &amp; SPARES</u></b>		
Opening Stock	420,546	658,024
Add : Purchases	448,839	1,728,042
	869,385	2,386,066
Less : Closing Stock	381,077	420,546
<b>(C)</b>	<b>488,308</b>	<b>1,965,520</b>
Power & Fuel Charges & Diesel	8,948,731	10,279,254
Wages & Salaries	1,016,589	1,543,445
Gratuity	159,938	-
Labour Charges	1,662,804	1,649,509
Security Charges	205,728	258,759
Staff Welfare	18,845	116,322
P. F. Administrative Charges	2,749	3,299
Employer's Contribution to P.F.	30,950	34,638
Repairs & Maintenance	114,307	266,558
Transport Charges	7,523	31,471
Rent Paid	134,000	-
Insurance Premium	206,760	304,312
<b>(D)</b>	<b>12,508,924</b>	<b>14,487,567</b>
<b>TOTAL (A+B+C+D)</b>	<b>13,141,465</b>	<b>19,291,806</b>



## SHARAD FIBRES & YARN PROCESSORS LIMITED

	AS AT 31.03.2004 (Rupees)	AS AT 31.03.2003 (Rupees)
<b><u>SCHEDULE - 'O' ADMINISTRATION &amp; SELLING EXPENSES.</u></b>		
Salary & Bonus	971,919	1,005,408
Motor Vehicle Expenses	23,470	72,869
Travelling Expenses	895,692	501,885
Conveyance Expenses	91,932	107,793
Telephone Charges	332,393	336,215
Postage & Stamps	19,895	31,514
Entertainment Expenses	232,619	112,148
Electricity Charges	175,426	124,438
Repairs & Maintenance	384,242	234,700
Printing & Stationary	25,562	27,037
Advertisement Expenses	14,720	3,000
Auditors Remuneration		
- Audit Fees	30,000	30,000
- Taxation & Other Matters	20,000	20,000
Rates & Taxes	3,550	137,150
Listing Fee	30,000	-
Legal & Professional Fees	178,550	473,262
General Expenses	890,904	273,611
Donation	-	15,500
Filing Fees	12,000	4,000
TOTAL	<u>4,332,874</u>	<u>3,510,530</u>

### **SCHEDULE - 'P' INTEREST & FINANCIAL CHARGES.**

Interest	79,830,693	67,047,313
Bank Charges	40,695	103,921
TOTAL	<u>79,871,388</u>	<u>67,151,234</u>

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## **SCHEDULE - 'Q' NOTES TO ACCOUNTS : ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2004**

### **1. Significant Accounting Policies :**

#### **a) System of Accounting:-**

The accounts of the company are prepared under the historical cost convention using accrual method of accounting. However since it is not possible to ascertain with reasonable accuracy the quantum to be provided in respect of expenditure under any head of account when the amount in any voucher is less than Rs.300/- whether prepaid or outstanding the same is to be continued to be accounted on cash basis.

#### **b) Fixed Assets & Depreciation :-**

- 1) Fixed assets are stated at cost of acquisition.
- 2) Depreciation is provided.

a) On straight line method at the rates prescribed in schedule XIV vide GSR No. 756 (E) dated 16.12.93 of the companies Act.1956.

b) In respect of additions and deletion from the fixed Assets on pro-rata basis with reference to number of completed months.

#### **c) Inventories :-**

i) Raw Materials are valued at cost, stock in process and finished Goods are valued at estimated cost or net realisable value whichever is lower.

ii) Packing Materials, Stores & Spares and Oil & Lubricants are valued at cost.

iii) The inventories have been physically verified, valued and certified by the management.

#### **d) Retirement Benefits :-**

i) Company's contributions of provident fund paid/payable during the year are charged to the Profit & Loss Account.

ii) Compensation payable to employees retired is charged out in full in the year in which such expenditure is incurred.

#### **e) CENVAT :-**

Cenvat benefit is accounted on accrual basis on purchase of material and appropriated against payment of excise duty on clearance of finished goods.

#### **f) Sales :-**

Sales is inclusive of excise duty.

#### **g) Excise Duty :-**

It is accounted on clearance of goods from the factory. This accounting treatment has no impact on profit.

#### **h) Accounting for Foreign Currency :-**

Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing on the date of transaction.



## SHARAD FIBRES & YARN PROCESSORS LIMITED

i) **Miscellaneous Expenses :-**

Preliminary expenditure has been charged over a period of Ten years subsequent to the year in which the same are incurred.

j) **Contingent Liabilities :-**

Contingent Liabilities are disclosed after a careful evaluation of the facts and legal accept of the matter involved.

Contingent Liabilities not provided for: -

- I) Contingent liability in respect of penal dues/damages for delay in payments of statutory dues like PF, Profession tax, Excise Duty, etc. and delayed payment charges on account of overdue payment to creditors, amount is not ascertainable.
- II) In respect of capital expenditure for construction of building premises and purchase of machineries.
- III) In respect of Appeal filed by Central Excise Department, Mumbai before the Supreme Court amounting to Rs.17604797/-. The Central Excise department have filed further complaint in this regard before the court of Honourable Chief Judicial Magistrate, at Silvassa, case is being protested suitably.
- IV) In respect of demand raised by Income Tax Officer for A.Y. 1997-98 Rs.7223446/-. The company has preferred an appeal against the said order. The office has also levied penalty of Rs 49,61,749/- and the company has preferred an appeal against the said order.
- V) In respect of demand raised by Income Tax Officer for A.Y. 1998-99 Rs.4530496/-. The company has preferred an appeal against the said order.
- VI) Outstanding guarantees furnished by banks to Government authority of Rs.10,00,000/-.
- VII) a) M/s Fluid Separation Technology has filed claim for amount of Rs.1,16,500/- with interest @ 21% before Ahmedabad court.  
b) M/s. Loknath Packaging Pvt. Ltd. has filed claim for amount of Rs. 3,35,100/- with interest @ 29% before Silvassa court.  
c) M/s. Silvassa Cement Products Pvt. Ltd. has filed claim for amount of Rs.98,170/- with interest @ 24% before Silvassa court.  
d) Mr. Gopal Ram Hanuman Prasad has filed claim for amount of Rs. 4,86,182/- with interest @ 24% before Silvassa court.  
e) M/s. Hindustan Power Plus have filed a complaint U/S 138 of Negotiable Instrument Act for Rs. 5,00,000/- against the company before XIV Additional Chief Metro Politan Magistrate, Bangalore and also issued Notice through Advocates for total outstanding of Rs. 10,79,040/-.  
f) An appeal is pending before Commissioner Central Excise (Appeal) against Demand of duty of Rs. 3,61,537/- (already paid) plus Rs.16,32,382/- (Already paid) and imposed Penalty Rs. 3,61,537/- and Rs.1,00,000/- and interest thereon.  
g) The company has preferred an appeal before the commission of Central Excise (Appeal), Vapi against the confirmation of demand by the Jt. Commissioner Central Excise & imposed pentaly of Rs. 6,65,484/- with interest thereon.



- h) The company preferred an appeal before the Commission of Central Excise (Appeal), Vapi against the confirmation of demand by the Lt. Commissioner Central Excise & Customs for demand of Rs. 6,20,181/0 (Rs.22,944+Rs.50,932 + Rs. 3,57,281/-) & also imposed Penalty of Rs. 7,20,181/- (Rs. 2,62,900 + Rs. 50,000 + Rs. 2,57,281 + Rs. 50,000/-) with interest thereon.
- i) The GIICL has filed a civil suit against the Company for recovery of Loan of Rs. 1,47,39,160/- with interest granted to one of its group concerns viz. Dalmia Dye-Chem Industries Ltd. in whose favour the company has given corporate guarantee. However the case is suitably defended
- j) M/s. Modipon Ltd has filed a case before the Silvassa Court against the company for recovery of Rs. 5,53,825.- with interest @18% p.a. However the same is suitably defended by the Company
- k) Mr. Sureshchandra Ram Sakha has filed a case against the Company in the Labour Court at Silvassa for a claim of Rs. 3,80,706/-.

In all above cases the company has not accepted liability and also contested by the company. Directors have decided not make provision for the same.

## 2) Nature of security for secured loans :-

### A) Working Capital-Loan from Central Bank of India.

1. By hypothecation of all the present and future stocks of Raw Materials, Stock in process, Finished Goods, Stores & Spares and Book debts of the company.
2. Personal guarantee of Mr.Ravi Dalmia, Mr.Shashi Dalmia, Mr.Aditya Dalmia, Mrs. Anita Dalmia, Mrs. Shardadevi Dalmia, Mrs. Pratibha Dalmia, M/s.Pratik Overseas Corporation, Dalmia Exim Corpn., M/s. Ravi International and Corporate Guarantee from M/s. Dalmia Exim Ltd.

### B) Term Loan from Central Bank of India.

Equitable mortgage and first charges on present and future Fixed Assets situated at 110/111 Govt.Indl. Estate Masat, Silvassa and Sr.No. 218/1/1 at Dadra Village and Hypothecation of Machinery and other assets acquired or to be acquired by the company.

Collateral Securities on office premises situated at 202, Venkatesh Chambers, Prescott Road, Fort, Mumbai - 400 001, and Residential premises situated at 301, Samudra Sethu, Bhulabhai Desai Road, Mumbai - 400 026.

The company has entered into an MOU for sale of unit-1 premises situated at Plot No. 110. The company is awaiting approval of the Banks for finalisation of sale deed.

3. Balances of unsecured loans and sundry debtors, creditors, loans and advances and deposits and bank loans taken /paid are subject to confirmation.

4. Auditors Remuneration is provided as under :-

Particulars	Current Year	Previous year
Statutory Audit	27,500	22,500
Tax Audit	7,500	7,500
Other matters	15,000	15,000

5. Value of Imports calculated on CIF basis :-

	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
a) Raw Materials	NIL	Rs. NIL

6. The company has made provision for debts doubtful of recovery to Rs.1,45,05,996/- (Rs.NIL) as the management is not hopeful of recovering the same.

7. Sundry Advances includes Rs.14,75,000/- (Rs.14,75,000/-) paid as deposit to company's, firm in which directors are interested, for taking premises on rent.



## SHARAD FIBRES & YARN PROCESSORS LIMITED

8. Loans and advances includes amount due from Directors of the company Rs. NIL (Rs.60,637/-) and maximum outstanding during the year Rs.16,03900/- (Rs.35,49,082/-).
9. Loans and advances includes amount due from associated concern where Directors are interested Rs.NIL (Rs. NIL)
10. Remuneration and Perquisites to Directors paid/ Provided as under :-

	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
	<u>(Rupees)</u>	<u>(Rupees)</u>
Salaries	2,94,000	2,94,000
Perquisites	3,55,379	3,39,224

11. Additional information pursuant to the provision of paragraph 3, 4C & 4D of part II of schedule VI of the companies Act,1956 is given as per annexure attached.
12. Previous year expenses of Rs. NIL (18,204/-) have been debited in current Year Profit & Loss Account.
13. During the year, Bank interest of Rs.7,99,17,372/- (Rs.6,70,15,245/-) has been provided in the books of account in respect of cash credit, L/c discounting facilities, Term Loan and DPG with Central Bank of India. The reasonableness, quantum and the calculation of the said amount is taken as certified by the management as the necessary evidence regarding the exact amount is not in the possession of the management.
14. On 8.4.97 while expanding the manufacturing facilities the company had an MOU with M/s Raymond Synthetics Ltd (RSL) Interalla having terms for supply of uninterrupted raw material. It was also agreed to suitably revise the job charges on revision in cost of power, labour, oil etc. Raymond Synthetics Ltd (RSL) failed to fulfill its obligation under the said MOU and reported to have become a sick company under SIC(SP) ACT. The company is seeking for remedial action against Raymond Synthetics Ltd (RSL) for losses caused consequent to its failure in honouring terms of the MOU.
15. Figures in brackets indicate the figures pertaining to the previous year.
16. Figures are rounded off to the nearest rupee.
17. Figures pertaining to the previous year have been regrouped and rearranged wherever necessary to make them comparable with figures of the Current Year.
18. No deferred Tax Assets are created in the books of the company as in the opinion of the management, they are not reasonably certain that there will be sufficient future income to recover such Deferred Tax Assets.
19. Expenditure in foreign currency in respect of travelling amounted to Rs. 4,66,275/- (Rs.2,11,300/-) and stores purchased Rs.NIL ( Rs. 3,70,244/-).
20. There are no creditors outstanding of SSI units after the due date.
21. The company had made a reference u/s 15 (1) of the Sick Industrial Companies (Special Provision) Act, 1985 to the Board of Industrial and Financial Reconstruction. The BIFR is yet to pass the order, though the hearing of the case has been held on 05-04-2002.
22. No provision has been made in the books of accounts of the Company on account of retirement benefits of the employees, in accordance with the AS-15 issued by the ICAI, as the same is made on cash basis and shall be provided in the books of the company as and when paid.
23. In the opinion of the management AS-17 of segmental reporting is not applicable to the company hence no segmental accounts is prepared.
24. In Compliance with AS-20 Earning per Share issued by the I .C.A.I. the disclosure are as under:  
Earning per share Rs. -26.19 (-22.26).  
Earning per share is calculated on Basic Earning per Share Method i.e. by dividing the net loss for the period attribute to equity shareholders by the weighted average number of equity share outstanding during the period.





25. As per Accounting Standard-18 issued by the Institute of Chartered Accountants of India, the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

(i) List of related parties with whom transactions have taken place and relationship:

Sr. No.	Name of the Related Party	Relationship
1	Ravi Dalmia	Key Management Personnel
2	Aditya Dalmia	Key Management Personnel
3	Unnikrishnan Nair	Key Management Personnel
4	Rajendra Agarwal	Key Management Personnel
5	Narendra Khemka	Key Management Personnel
6	Anita Dalmia	Relative
7	Varun Dalmia	Relative
8	Pratibha Dalmia	Relative
9	Shashi Dalmia	Relative
10	Pratik Dalmia	Relative
11	Rashi Dalmia	Relative
12	Sharad Dalmia	Relative
13	Dalmia Exim Ltd.	Entities controlled by directors or their relatives
14	Dalmia Dye-chem Industries Limited	Entities controlled by directors or their relatives
15	Rashi Enterprise	Associate
16	Dalmia Exim Corporation	Associate
17	Ravi International	Associate
18	S. J. International	Associate
19	Pratik Overseas Corporation	Associate
20	S. Dalmia Intermediate Pvt. Ltd.	Associate

(ii) Transactions during the year with related parties:

Sr. No	Nature of Transaction	Key Management Personnel	Relative	Entities controlled by directors or their relatives	Associate	Total
A.	<b>Loans Taken</b>					
	Balance as at 1 <sup>st</sup> April 2003	Nil	99040	21771623	NIL	21870663
		(NIL)	(NIL)	(43702539)	(NIL)	(43702539)
	Loan Taken During the year	320884	428497	7680901	4572219	12992501
		(NIL)	(1830049)	(60175622)	(8343377)	(16190948)
	Loan Repaid during the year	320884	517537	8490295	4572219	1390095
		(NIL)	(1731009)	(27948438)	(8343377)	(83022824)
	Balance as at 31 <sup>st</sup> March 2004	NIL	NIL	20962229	NIL	20962229
		(NIL)	(99040)	(21771623)	(NIL)	(21870663)



## SHARAD FIBRES & YARN PROCESSORS LIMITED

Sr. No	Nature of Transaction	Key Management Personnel	Relative	Entities controlled by directors or their relatives	Associate	Total
B.	<b>Loans Given</b>					
	Balance as at 1 <sup>st</sup> April 2003	6063	NIL	NIL	6063	6063
		(NIL)	(NIL)	(NIL)	(2104286)	(2104286)
	Loan Given During the year	NIL	1,00,000	1650260	4509184	6259444
		(113308)	(NIL)	(NIL)	(36983535)	(3811843)
	Loan Repaid during the year	6063	10000	1650260	4509184	6265507
		(107245)	(NIL)	(NIL)	(5802822)	(5910067)
	Balance as at 31 <sup>st</sup> March 2004	NIL	NIL	NIL	NIL	NIL
		(6063)	(NIL)	(NIL)	(NIL)	(6063)

Signature to Schedule "A" to Q

For M/s VINOD S. MEHTA & CO.  
CHARTERED ACCOUNTANTS

PARAG V. MEHTA  
PARTNER  
Mem.No. 36867

PLACE : Mumbai  
DATED : 31.8.2004

For SHARAD FIBRES & YARN PROCESSORS LIMITED

RAVI DALMIA  
Chairman cum  
Managing Director

ADITYA DALMIA  
Director

PLACE : Mumbai  
DATED : 31.8.2004

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## ANNEXURE TO SCHEDULE (Q) NOTES TO ACCOUNTS ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PARAGRAPH 3, 4C, & 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT' 1956

### PART 'A'

BREAKUP OF OPENING STOCK PURCHASE, CONSUMPTION AND CLOSING STOCK OF RAW MATERIALS

OPENING STOCK		PURCHASE LESS RETURNS		CONSUMPTION		CLOSING STOCK	
QTY(Kgs)	AMOUNT (Rs.)	QTY(Kgs)	AMOUNT (Rs.)	QTY(Kgs)	AMOUNT (Rs.)	QTY(Kgs)	AMOUNT (Rs.)
0.000	0	0.000	0	0.000	0	0.000	0
(27,702.780)	(1,771,612)	(98,561.450)	(10,093,067)	(126,264.230)	(11,864,679)	0.000	0

### PART 'B'

BREAKUP OF OPENING STOCK PRODUCTION, SALES, CLOSING STOCK OF FINISHED GOODS

OPENING STOCK		PRODUCTION		SALES LESS RETURNS & DISCOUNT		CLOSING STOCK	
QTY (Kgs)	AMOUNT (Rs.)	QTY (Kgs)	AMOUNT (Rs.)	QTY (Kgs)	AMOUNT (Rs.)	QTY (Kgs)	AMOUNT (Rs.)
20965.320	0	1000026	Nil	1014171	0	6820	0
(27,965.970)	(1,862,638)	(758,507.987)	(NIL)	(765,508.637)	(27,126,918)	(20,965.320)	0

### PART 'C'

CONSUMPTION OF IMPORTED AND INDIGENIOUS RAWMATERIALS

	PERCENTAG	QTY (Kgs)	VALUE (Rs.)
Imported	0	0.000	0
	0	0.000	0
Indigenous	100.00	0	0
	(100.00) %	(126,264.230)	(11,864,679)

\* Production and Job Charges Received includes 1000026 (586379.831) produced on Job work basis. However Sales includes 1014171(565414.511) made on Job Work basis and Closing Stock of 6820 (20965.320 )lying with Company is of Job parties and note of us.



# SHARAD FIBRES & YARN PROCESSORS LIMITED

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART FOR IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

**I. REGISTRATION DETAILS:**

Registration No. 43970 State Code No. 11  
Balance Sheet Date 31.3.2004

**II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS.THOUSAND)**

Public Issue Nil Rights Issue Nil  
Bonus Issue Nil Private Placement Nil

**III. POSITION OF MOBILISATION AND DEPLOYMENT FUNDS (Rs. in Thousands )**

Total Liabilities 583775 Total Assets 583775

**Sources of Funds:**

Paid up Capital 65064 Reserves & Surplus: 2107  
Secured Loans 495642 Unsecured Loans 20962

**Application of Funds**

Net Fixed Assets 93796 Investments 803  
Net Current Assets 77799 Misc. Expenditure 20  
Debit balance in Profit  
& Loss Account 411357

**IV. PERFORMANCE OF THE COMPANY (AMOUNT RS.IN THOUSANDS)**

Total Income 240189 Total Expenditure 103363  
Profit/(Loss) Before Tax(104915) Profit/(Loss) after Tax (104915)  
Earning Per Share in Rs.(26.19) Dividend Rate Nil

**GENERIC NAMES OF THREE PRODUCTS/SERVICES OF THE COMPANY (AS PER TEMRS)**

ITEM CODE NO.	54023300	54025200
Product Description	Texturised Yarn	Polyester Twisted Yarn

For M/s VINOD S. MEHTA & CO.  
CHARTERED ACCOUNTANTS

For SHARAD FIBRES & YARN PROCESSORS LIMITED

PARAG V. MEHTA  
PARTNER  
Mem.No. 36867

PLACE : Mumbai  
DATED : 31.8.2004

RAVI DALMIA  
Chairman cum  
Managing Director

PLACE : Mumbai  
DATED : 31.8.2004

ADITYA DALMIA  
Director

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## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2004

	Rs. In Lacs (31.3.2004)	Rs. In Lacs (31.3.2003)
<b>A. CASH FLOW FROM OPERATION ACTIVITIES:</b>		
Net Profit Before Tax and extraordinary items	(1049.15)	(891.62)
<b>ADJUSTMENT FOR:</b>		
Depreciation	110.65	111.43
Preliminary Expenses w/off	4.73	4.73
Extra ordinary items – prior year adjustment	—	—
Preliminary expenses incurred during the year	—	—
Operating Profit before working capital changes	(933.77)	(775.46)
<b>ADJUSTMENT FOR:</b>		
(i) Current Assets	183.04	354.59
(ii) Current Liabilities	(27.32)	(59.01)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(778.05)</b>	<b>(479.88)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including WIP (net of Sale)	(11.22)	—
Investments	(7.86)	—
<b>Net Cash Flow from Investments Activities (B)</b>	<b>(19.08)</b>	<b>—</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowing	805.42	669.51
Sale of fixed assets	—	4.23
Unsecured Loans	(9.09)	(235.61)
<b>Net Cash used in investing activities (C)</b>	<b>796.33</b>	<b>425.05</b>
<b>Net increase in cash and cash equivalent (A+B+C)</b>	<b>(0.80)</b>	<b>(54.83)</b>
Cash and Cash equivalent as at (Opening Balance)	6.31	61.14
Cash and Cash equivalent as at (Closing Balance)	5.51	6.31

**As per our report of even date**  
For Vinod S. Mehta & Co.  
Chartered Accountants

**Parag V. Mehta**  
Partner  
Membership No. 36867  
Mumbai  
31.8.2004

**For and on behalf of the Board**  
**Sharad Fibres & Yarn Processors Ltd.**

**Ravi Dalmia**      **Aditya Dalmia**  
Chairman cum      Director  
Managing Director  
Place : Mumbai  
Date : 31/8/2004

## AUDITORS' CERTIFICATE

We have verified the Cash Flow statement of **M/s. SHARAD FIBRES & YARN PROCESSORS LIMITED** for the year ended 31<sup>st</sup> March, 2004 with reference to the Books of accounts maintained by the Company and based on the information and explanations, obtaining of which was necessary, the same is correct.

For Vinod S. Mehta & Co.  
Chartered Accountants

Mumbai  
31.8.2004

**Parag V. Mehta**  
Partner  
Membership No. 36867



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### SHARAD FIBRES & YARN PROCESSORS LIMITED

Regd.Office : 202, Venkatesh Chambers, Prescott Road,  
Fort, Mumbai - 400 001.

#### PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ being member  
of **M/S SHARAD FIBRES & YARN PROCESSORS LIMITED**. hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_  
of in the district \_\_\_\_\_ as my / our proxy to vote for me/us on my/our  
behalf at the Seventeenth Annual General Meeting of the Company to be held on Thursday,  
30<sup>th</sup> September, 2004 at 10.00 A.M. at 2004, Venkatesh Chambers, Prescott Road, Fort,  
Mumbai - 400 001 and at any adjournment thereof.

Re. 1/-  
Revenue  
Stamp

Signed this \_\_\_\_\_ day \_\_\_\_\_ of 2004

Signature of Shareholder

Folio No.

**Note :** This form duly completed should be deposited at the Registered Office of the Company  
Before 48 Hours of the Meeting. A proxy need not be a Member of the Company.

### SHARAD FIBRES & YARN PROCESSORS LIMITED

Regd.Office : 202, Venkatesh Chambers, Prescott Road,  
Fort, Mumbai - 400 001.

#### ATTENDANCE SLIP

(Shareholders attending the Meeting in person or by proxy are requested to complete the  
attendance slip and handover at the entrance of the meeting hall)

I hereby record my presence at the Seventeenth Annual General Meeting of the Company to be held  
on Thursday, 30<sup>th</sup> September, 2004 at 10.00 A.M. at 202, Venkatesh Chambers, Prescott Road, Mumbai -  
400 001.

Name of the Member /proxy \_\_\_\_\_

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

Signature

PLEASE BRING THIS SLIP TO THE MEETING

*If Undelivered Return to :*

**SHARAD FIBRES & YARN PROCESSORS LIMITED**  
202, Venkatesh Chambers,  
Prescot Road, Fort,  
Mumbai - 400 001.