SHARAD FIBRES & YARN PROCESSORS LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Annual General Meeting of the members of Sharad Fibres & Yarn Processors Ltd will be held on 30th day of September, 2010 at 10.00 A. M. at the Registered Office of the Company at 202, Venkatesh Chambers, Prescot 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, 2010 and the Balance Sheet as at 31st March 2010 that date together with the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Aditya Dalmia, who retires from office by rotation, and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Mr. Narendra Khemka, who retires from office by 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
02/09/2010

For and on behalf of the Board

For Sharad Fibres & Yarn Processors Ltd.

Sd/-
Director

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 to 28/09/2010 TO 30/09/2010 (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.

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 28560652/28560653

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):

1. A. Name : MR. ADITYA DALMIA
   Age : 50 [09.10.1960].

Mr. Aditya Dalmia is Director of the Company and associated with the Company since last 23 years and is looking after overall management and affairs of the Company. He has an experience of over 30 years to his credit.

Other Directorships:

Dalmia Exim Limited.
Dalmia Dye-Chem Industries Limited.
S. Dalmia Intermediates Private Limited.
D. P. Impex Private Limited.

Committee Memberships: Nil
Shareholding in the Company: 77450.

2. A. Name : MR. NARENDRA KHEMKA
   Age : 58 [15/12/1952].

Mr. Narendra Khemka is Director of the Company and associated with the Company since last 8 years and is looking after overall management and affairs of the Company. He has an experience of over 35 years to his credit.

Other Directorships: Nil
Committee Memberships: Nil
Shareholding in the Company : Nil.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors hereby present their Annual Report together with the Audited accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS:

PARTICULARS	**Year ended 31.03.2010 Rs. In Lacs**	Year ended 31.03.2009 Rs. In Lacs
Total Income	**3.39**	26.03
Net Loss during the year	**118.06**	112.34
Add : Loss brought forward	**5835.93**	5723.59
Loss carried forward	**5953.99**	5835.93

PERFORMANCE:

The Company continued to suffer losses. However with new cost cutting measures, losses have come down drastically. In view of acute scarcity of working capital fund the company continued to suffer losses and this year also the manufacturing activities remained closed.

The net loss during the year of Rs. 118.06 Lacs includes 111.66 lacs on account of depreciation which absorbed the net income of Rs. 3.39 lacs. The net loss during the previous year was Rs. 112.34 lacs.

The company did not provide interest during the year.

STATUS OF REFERENCE BEFORE BIFR:

The BIFR in its hearing on 01/08/2005 has declared the Company as Sick Industrial Company under section 3(1)(o) of the Sick Industrial Companies (Special) Provision Act, 1985. The company has submitted comprehensive proposal for rehabilation. However the Central Bank of India has requested BIFR for abatement of SICA proceedings, which has been protested by the company.

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 has 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.

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 received order dated 30.01.2006 wherein the demand is reduced to Rs. 226,940/- and the department has filed case before High Court against the order of ITAT.

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. 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.

10. 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/- + interest thereon Rs. 2,99,41,821/- . The same is being defended by the Company.

DIVIDEND:

Due to losses, your Board regrets its inability to recommend any dividend for the year ended 31/03/2010.

FIXED DEPOSITS:

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

BOARD OF DIRECTORS :

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. Adity Dalmia and Mr. Narendra Khemka, Directors of the Company retire by rotation and being eligible, offer themselves 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, 2010.

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, 2011 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 (I) (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.

DEMATARALISATION OF SHARES:

The Company is in process of signing Demat Agreement with NSDL and CDSL.

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
02/09/2010

For and on behalf of the Board

For Sharad Fibres & Yarn Processors Ltd.

Sd/- Sd/-

Director

ANNEXURE "A" TO THE DIRECTORS' REPORT 2009 - 2010

ANNEXURE to Director's Report for the year ended 31st March, 2010 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.

I. CONSERVATION OF ENERGY:

a) Measures taken : During the year all possible measure were taken to ensure optimum conservation of electricity and fuel at the plant of the Company.
b) Improvements: Plans for further improvement are being implemented.
c) 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.

II. 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 effort to improve the quality of Texturised yarn.

No substantially expenditure was incurred on Research and Development.

III. TECHNOLOGY ABSORPTION, ADOPTION, ADOTPION & INNOVATION:

a) Efforts in brief made towards technology absorption , Adoption and innovation.

Benefit derived as a result of above efforts -- N.A.

b) Particulars of Technology imported during the last 5 years -- NIL

IV. FOREIGN EXCHANGE EARNINGS & OUTGO: Nil

Registered Office :
202, Venkatesh Chambers,
Prescot Road, Fort,
Mumbai – 400 001
02/09/2010

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

Sd/- Sd/-
Director

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. The Loss incurred mainly by heavy interest cost and depreciation. 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 rehabilitation Scheme 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 unauthorised use or disposition. Further all transaction entered into by the company are fully authorised, recorded and reported correctly.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During the year under review, the Company did not carry out any manufacturing.

The Company has suffered a net loss after depreciation has been Rs. 118.06 Lacs as against Rs. 112.34 Lacs during the previous year.

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.

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 2 [TWO] Non-Executive Directors. Total number of independent Directors are 2 [TWO].

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	7	Y	2	0	-
Aditya Dalmia	ED	7	Y	4	0	-
U.K.Nair	NE& ID	7	Y	1	0	-
Narendra Khemka	NE&ID	7	Y	0	0	-

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

During the Year ended March 31, 2010, the Board met 7 (SEVEN) times.

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 4 [FOUR] 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	4
Mr. Narendra Khemka	MEMBER	4
Mr. Aditya Dalmia	MEMBER	4

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.

Due to losses incurred by the Company the Company has not paid any remuneration to directors during the year under review.

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:

Name of the Members	Status	No. of Meetings Attended
Mr. Unnikrishnan Nair	CHAIRMAN	4
Mr. Narendra Khemka	MEMBER	4
Mr. Aditya Dalmia	MEMBER	4

Mr. Aditya Dalmia, Director is the Compliance Officer.

DETAILS OF INVESTORS COMPLAINTS RECEIVED DURING THE YEAR:

Sr. No.	Nature of Complaints	Received	Disposed	Pending
1.	Non receipt of Annual Report.	3	3	NIL
2.	Non receipt of Share Cert. After Transfer	1	1	NIL
	T O T A L	4	4	NIL

4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2007	Registered Office.	29.09.2007	10.00 A.M
2008	Registered Office.	30.09.2008	10.00 A.M
2009	Registered Office.	30.09.2009	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:

1. 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.

2.The Stock exchange has suspended the shares of the company from trading on stock exchanges due to non compliance of provisions of the Listing Agreement. However company is in process of complying the Provisions of the Listing Agreement.

6. .MEANS OF COMMUNICATION

1. Quarterly results are finalised and sent to the Stock Exchange as required

2 . 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 : Annual General meeting.
DAY & DATE : September 30, 2010.
TIME : 10.00 A. M.
VENUE : Registered Office.

7.2. FINANCIAL CALENDAR:

* Financial reporting for the quarter ended June 30, 2010 : End of July, 2010.
* Financial reporting for the quarter ended Sept.30, 2010 : End of Oct., 2010.
* Financial reporting for the quarter ended Dec. 31, 2010 : End of Jan., 2011.
* Financial reporting for the Year ended March 31, 2011 : End of April,2011.

7.3. DATE OF BOOK CLOSURE : 28/09/2010 TO 30/09/2010 [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. Aditya Dalmia , Director

7.8. ADDRESS FOR CORRESPONDENCE :

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

7.9. LISTING :
Bombay he Stock Exchange Limited, 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.

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, 2010:

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 31,2010:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
1-5000	932	394400	9.84
5001-10000	395	304700	7.61
10001-20000	96	152900	3.82
20001-30000	27	70900	1.77
30001-40000	13	47600	1.19
40001-50000	12	56400	1.41
50001& 100000	13	99900	2.49
100001-99999999	30	2879600	71.88
Total	1518	4006400	100.00

7.14. PLANT LOCATIONS:

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

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

Sd/-
ADITYA DALMIA
DIRECTOR
Mumbai.
02/09/2010.

AUDITORS' REPORT ON COPORATE GOVERNANCE:

To the Members of
Sharad Fibres & Yarn Processors Limited

We have examined the compliance of conditions of Corporate Governance by SHARAD FIBRES & YARN PROCESSORS LTD, for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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.

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 Listing Agreement.

We further 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 Vinod S. Mehta & Co.
Chartered Accountants

Sd/-
Parag Mehta
Partner

Mumbai
02/09/2010

SHARAD FIBRES & YARN PROCESSORS LIMITED
Regd. Office: 202, Venkatesh Chambers, Prescot 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 Fifteenth Annual General Meeting of the Company to be held on 30/09/2010 at 10.00 M. at 202, Venkatesh Chambers, Prescot Road, Fort, Mumbai – 400 001 and at any adjournment thereof.

Revenue Stamp

Signed this day of 2010 Signature of Shareholder

Regd 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 , Prescot 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 Annual General Meeting of the Company to be held on 30/09/2010 at 202, Venkatesh Chambers, Prescot Road, Mumbai – 400 001.

Name of the Member / proxy _____
Folio No._____ Signature

Vinod S. Mehta & Co.

CHARTERED ACCOUNTANTS

114, JOLLY BHAVAN-1, 10, NEW MARINE LINES, MUMBAI - 400020.
TEL. : 6633 3501 / 02 / 03 / 04 • FAX : 91-22-6633 3506
Email : cavsmehta@gmail.com

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 31st March 2010 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 except AS-28 which states that impairment loss

Vinod S. Mehta & Co.

CHARTERED ACCOUNTANTS

[illegible] JOLLY BHAVAN-1, 10, NEW MARINE LINES, MUMBAI - 400020.
TEL : 6633 3501 / 02 / 03 / 04 • FAX : 91-22-6633 3506
Email : cavsmehta@gmail.com

is required to be recognized as the present values of assets are lower than the carrying amount of such assets but the same is not provided in the books.

e) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

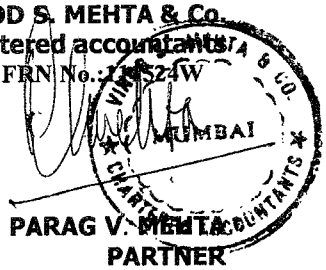
Subject to foregoing above, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and 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 31st March, 2010; and

b) in the case of Profit and Loss Account, of the losses for the year ended on that; and

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
FRN No.: 111524W



PARAG V. MEHTA
PARTNER
MEMBERSHIP NO: 36867

Place: MUMBAI

Date:

Vinod S. Mehta & Co.

CHARTERED ACCOUNTANTS

114, JOLLY BHAVAN-1, 10, NEW MARINE LINES, MUMBAI - 400020.
TEL. : 6633 3501 / 02 / 03 / 04 • FAX : 91-22-6633 3506
Email : cavsmehta@gmail.com

Re: **SHARAD FIBRES & YARN PROCESSORS LIMITED**

Annexure Referred to in paragraph 3 of our report of even date.

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 except the assets which are seized by the Bank 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.

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 notice 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 0f the Companies Act, 1956

   (a) The company has taken loans from three parties. The maximum balance aggregates to Rs. 2,06,65,970/- The closing balance in respect of the same is Rs. 85,25,800/-. The company has given loans to two such party. The maximum balance amounts to Rs.11,66,721/- and the closing balance is 11,66,721/-.

   (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) There is no stipulation as regards the repayment schedule of loans taken from above parties. The loan granted is repayable on demand.

   (d) There is no overdue amount of loans taken from or granted to parties covered under section 301 of the The Companies Act, 1956 as there in no stipulation as regards the repayment of loans.

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

Vinod S. Mehta & Co.

CHARTERED ACCOUNTANTS

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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 enter 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 were outstanding as on 31st March 2009 for a period of more than six months from the date they became payable, except Rs.3,31,628/- which represents Employers Contribution to Provident Fund of past years and FBT for Asst Year 2008-09 and 2009-10 amounting to Rs.27,268 which has not yet been deposited.

   (b) 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.1998-99	Rs.45,30,496/-	Pending before ITAT.
Income Tax	Asst for A. Y.1997-98	Rs.2,26,940/-	Pending before Court.
Excise Duty		Rs.1,88,899/-	Jt.Comm of Cen.Excise.
Excise Duty		Rs.1,76,04,797/-	Supreme Court.
Income Tax	Asst for A. Y.2004-05	Rs.1,82,83,210/-	Pending before CIT-Appeal

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

Vinod S. Mehta & Co.

CHARTERED ACCOUNTANTS

114, JOLLY BHAVAN-1, 10, NEW MARINE LINES, MUMBAI - 400020.
TEL. : 6633 3501 / 02 / 03 / 04 • FAX : 91-22-6633 3506
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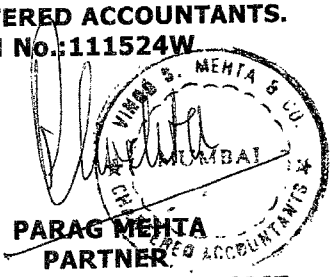
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company defaulted in repayment of dues to banks Rs.59.03 crores.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures 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 vise 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.
FRN No.:111524W



PARAG MEHTA
PARTNER
MEMBERSHIP NO 36867

PLACE: MUMBAI

DATED:

SHARAD FIBRES & YARN PROCESSORS LTD

Balance Sheet As on 31st March, 2010

Particulars	Sch.	As on 31/03/2010		As on 31/03/2009	
		Rs.	Rs.	Rs.	Rs.
Sources of Funds					
Capital	1		65,064,000		65,064,000
Reserve & Surplus	2		2,107,457		2,107,457
Secured Loans	3	590,294,491		590,294,491	
Unsecured Loans	4	11,312,764	601,607,255	22,007,934	612,302,425
Total			668,778,712		679,473,882
Application of Funds					
Fixed Assets	5				
a. Gross Block		170,906,583		171,981,806	
b. Less: Depreciation		142,569,196		131,951,750	
c. Net Block		28,337,387		40,030,056	
d. Capital Work-In-Progress		0	28,337,387	0	40,030,056
Current Assets , Loans & Advances	6				
Inventories		26,034		0	
Sundry Debtors		35,903,072		47,354,736	
Cash & Bank Balances		923,367		118,264	
Loans & Advances		9,947,439		10,359,110	
		46,799,911		57,832,110	
Less : Current Liabilities & Provisions	7				
Current Liabilities		1,058,639		1,317,329	
Provisions		699,500		664,500	
		1,758,139	45,041,772	1,981,829	55,850,281
Profit & Loss A/c			595,399,553		583,593,546
Notes To Accounts	14				
Total			668,778,712		679,473,882

As per our Report of Even Date

For VINOD S. MEHTA & CO.
Firm Reg No : 111524W
CHARTERED ACCOUNTANTS

For SHARAD FIBRES & YARN PROCESSORS LTD

PARAG V. MEHTA
PARTNER
Mem. No. 36867

DIRECTOR

DIRECTOR

SHARAD FIBRES & YARN PROCESSORS LTD

Trading, Profit & Loss Account for the year ended 31st March, 2010

Particulars	Sch.	For the year ended 31/03/2010		For the year ended 31/03/2009	
		Rs.	Rs.	Rs.	Rs.
Income					
Sales	8	314,730		655,200	
Income from Operating Activities	9	0		1,926,004	
Other Income	10	23,860	338,590	22,288	2,603,492
Expenditure					
Cost of Materials	11	523,573		1,288,335	
Administrative & Other Expenses	12	237,717		1,712,605	
Loss on Sale of Assets	13	216,856		0	
Depreciation		11,166,478	12,144,624	10,826,491	13,827,431
Net Profit Before Tax			-11,806,034		-11,223,939
Less : Provision for Fringe Benefit Tax			0		-11,000
			-11,806,034		-11,234,939
Add/Less : Profit / Loss of Previous Year			-583,593,519		-572,358,578
			-595,399,553		-583,593,517
SHORT PROVISION FOR FBT (A.Y. 2007-08)			0		-29
Net Profit after tax transferred to Balance Sheet			-595,399,553		-583,593,546

As per our Report of Even Date

For VINOD S. MEHTA & CO.
Firm Reg No : 111524W
CHARTERED ACCOUNTANTS

For SHARAD FIBRES & YARN PROCESSORS LTD

PARAG V. MEHTA
PARTNER
Mem. No. 36867

DIRECTOR

DIRECTOR

Place : MUMBAI
Date :

Place : MUMBAI
Date :

SHARAD FIBRES & YARN PROCESSORS LTD

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2010

Schedule 1 : Share Capital **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
Authorised Share Capital		
3000000 PREFERENCE SHARES OF RS. 10/- EACH	**30,000,000**	**30,000,000**
5000000 EQUITY SHARES OF RS. 10/- EACH	**50,000,000**	**50,000,000**
	80,000,000	**80,000,000**
Issued Subscribed and paid up Capital		
2500000 5% PREFERENCE SHARES OF RS. 10/- EACH	25,000,000	25,000,000
4006400 EQUITY SHARES OF RS. 10/- EACH	40,064,000	40,064,000
	65,064,000	65,064,000
Total Share Capital	65,064,000	65,064,000

Schedule 2 : Reserves & Surplus **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
CAPITAL RESERVE	2,107,457	2,107,457
	2,107,457	2,107,457

Schedule 3 : Secured Loans **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
Secured Loans - From Banks		
CENTRAL BANK OF INDIA - DPG LOAN ACCOUNT	27,828,518	27,828,518
CENTRAL BANK OF INDIA - TERM LOAN	186,074,350	186,074,350
WORKING CAPITAL LOANS FROM BANKS	376,391,623	376,391,623
	590,294,491	590,294,491

Schedule 4 : Unsecured Loans **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
Unsecured Loans - From Others	11,312,764	22,007,934
	11,312,764	22,007,934

SHARAD FIBRES & YARN PROCESSORS LTD

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2010

Schedule 5 : Fixed Assets **Rs.**

Particulars	Rate of Depn.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Op. as on 01/04/2009	Additions	Deduction	Cost as on 31/03/2010	Op. as on 01/04/2009	for the year	Deductions	Cl. as on 31/03/2010	As on 31/03/2010	As on 31/03/2009
LAND	0.00	2312032	0	0	2312032	0	0	0	0	2312032	2312032
BUILDING	3.34	27781197	0	0	27781197	10814514	927891	0	11742405	16038792	16966683
FURNITURE AND FIXTURE	6.23	1240823	0	0	1240823	1162038	58169	0	1220207	20616	78785
PLANT AND MACHINERY	7.42	124280415	0	0	124280415	110096303	9221607	0	119317910	4962505	14184112
MOTOR CAR	9.50	2204684	0	1075223	1129461	530987	128578	549032	110533	1018928	1673697
ELECTRICAL INSTALLATION	7.42	6484501	0	0	6484501	5167699	481150	0	5648849	835652	1316802
TUBEWELL	3.34	62742	0	0	62742	23828	2095	0	25923	36819	38914
WEIGHING SCALE	7.42	162127	0	0	162127	159765	2362	0	162127	0	2362
AIR C0NDITIONER	4.75	6872013	0	0	6872013	3454622	326420	0	3781042	3090971	3417391
TYPE WRITER	4.75	7200	0	0	7200	5595	342	0	5937	1263	1605
FAX MACHINE	4.75	65000	0	0	65000	47648	3088	0	50736	14264	17352
COMPUTER	16.21	28500	0	0	28500	26950	1550	0	28500	0	1550
JEEP	9.50	291445	0	0	291445	291445	0	0	291445	0	0
OFFICE EQUIPMENT	7.42	27398	0	0	27398	24649	2033	0	26682	716	2749
BOX STRAPPING MACHINE	7.42	150846	0	0	150846	134824	11193	0	146017	4829	16022
FIRE FIGHTING EQUIPMENT	100.00	10883	0	0	10883	10883	0	0	10883	0	0
Total		171981806	0	1075223	170906583	131951750	11166478	549032	142569196	28337387	40030056
Previous year Total		170852345	1129461	0	171981806	121125259	10826491	0	131951750	40030056	49727086

SHARAD FIBRES & YARN PROCESSORS LTD

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2010

Schedule 6 : Current Assets, Loans & Advances **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
Current Assets		
Inventories		
FINISHED GOODS	26,034	0
	26,034	0
Cash & Bank Balances		
Cash balance on hand	34,567	31,187
	34,567	31,187
Bank Balance with Scheduled Banks		
- On Current Accounts	837,175	35,452
- On Deposit Account	51,625	51,625
	888,800	87,077
	923,367	118,264
Sundry Debtors		
Unsecured considered doubtful		
O/S for more than six months	64,980,464	76,432,128
	64,980,464	76,432,128
Total Current Assets	36,852,472	47,473,000
Loans & Advances		
Unsecured Considered Good		
Deposits	1,779,930	1,776,930
Other Loans and Advances	5,700,321	6,152,407
Payments of Taxes	2,467,188	2,429,773
	9,947,439	10,359,110

Schedule 7 : Current Liabilities & Provisions **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
Current Liabilities		
Sundry Creditors - Others	601,684	844,332
Other Liabilities	456,955	472,997
	1,058,639	1,317,329
Provisions		
Provision for Taxation	699,500	664,500
	699,500	664,500
	1,758,139	1,981,829

SHARAD FIBRES & YARN PROCESSORS LTD

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2010

Schedule 8 : Sales **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
SALES	314,730	655,200
	314,730	655,200

Schedule 9 : Income from Operating Activities **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
JOB CHARGES RECEIVED	0	1,926,004
	0	1,926,004

Schedule 10 : Other Income **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
INTEREST RECEIVED	23,860	22,288
	23,860	22,288

Schedule 11 : Cost of Materials **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
Cost of Goods Sold		
TRADING GOODS		
Purchases	251,940	411,768
Closing Stock - lying with us	26,034	0
	225,906	411,768
Manufacturing Expenses		
FREIGHT AND FORWARDING	0	33,110
GRATUITY	0	217,163
LABOUR CHARGES	135,000	93,600
PACKING EXPENSES	0	6,439
POWER AND FUEL CHARGES	162,667	526,255
	297,667	876,567
Total Cost of Materials	523,573	1,288,335

SHARAD FIBRES & YARN PROCESSORS LTD

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2010

Schedule 12 : Administrative & Other Expenditure **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
Payments to Employees		
SALARY AND BONUS	0	982,463
	0	982,463
Administrative Expenses		
ADMINISTRATION CHARGES	189	0
AUDIT FEES	13,787	33,090
BANK CHARGES	0	5,024
CONVEYANCE EXPENSES	0	10,405
GENERAL EXPENSES	0	22,799
LEGAL AND PROFESSIONAL FEES	5,515	79,540
MOTOR VEHICLE EXPENSES	10,157	22,299
POSTAGE AND STAMPS	0	300
PRINTING AND STATIONARY	0	2,828
RATE DIFFERENCE	3,669	20,919
RATES AND TAXES	4,250	58,468
REPAIR AND MAINTENANCE	0	176,192
SECURITY CHARGES	200,150	266,400
STAFF WELFARE	0	21,460
TELEPHONE EXPENSES	0	10,418
	237,717	730,142
	237,717	1,712,605

Schedule 13 : Loss on Sale of Assets **Rs.**

Particulars	**31/03/2010**	**31/03/2009**
LOSS ON SALE OF CAR	216,856	0
	216,856	0

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 stock 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 Guaratee from M/s. Dalmia Exim Ltd.

B) Term Loan from Central Bank of India.
   Secured by Equitable mortgage and first charged 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.

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

4. Auditor's Remuneration is provided as under: -

Particulars	**Current Year**	**Previous Year**
Audit Fees	Rs. 13,787/-	Rs. 33,090/-
Professional Fees	Rs. 5,515/-	Rs. 22,060/-

5. Value of Imports calculated of CIF basis:

	Current Year	**Previous Year**
a) Traded Goods	Rs. Nil/-	Rs.Nil/-

6. The company has made provisions for debts doubtful of recovery Rs. 2,90,77,392/- (Rs. 2,90,77,392/-) as the management is not hopeful of recovering the same.

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

8. Loans and advances includes amount due from associated concern where Directors are interested Rs. 11,66,721/- (Rs.7,39,407/-).

9. Additional information pursuant to the provision of paragraph 3, 4C & 4D of part II of Schedule VI of the Companies Act, 1956 is not applicable as there are no purchase and sales.

10. During the year, the company has provided Rs. Nil/-(Rs. Nil /-) in respect of borrowing from Central bank of India. The reasonable quantum and calculation of is taken as certified by the management as the necessary evidence regarding the exact amount isn't in the possession of the management. The company has requested the bank to waive all uncharged / unpaid interest in its proposal for compromise arrangement. The request is pending before the bank for concurrence . The losses during the year are understated to the extent of unprovided interest as borrowings from the bank.

11. On 8.4.97 while implementing plans for expansion of the manufacturing facilities the company had an MOU with M/s. Raymond Synthetics Ltd. (RSL) interalia providing terms for supply for 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) has failed to fulfill its obligation under the said MOU and reported to have become a sick company under provisions of SIC (SP) ACT. The company is seeking for remedial action against Raymond Synthetics Ltd. (RSL) for losses resulted due to its failure in honoring terms of the MOU.

12. Figures in brackets indicate the figures pertaining to the previous year.

13. Figures are rounded off to the nearest rupee.

14. Figures pertaining to the previous year have been regrouped and rearranged where necessary to make them comparable with figures of the Current Year.

15. 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.

16. Expenditure in foreign currency in respect of traveling amounted to Rs. Nil/- (Rs. Nil /-) and Export Commission of Rs. Nil/-(Rs. Nil/-). FOB Value of Exports is Rs. Nil/- (Rs. Nil /-).

17. Unpaid amount due as on 31.03.2010, to MICRO, Small and Medium enterprise suppliers on account of principal amount together with the interest thereon under the Micro, Small and Medium enterprise Development Act, 2006 could not be ascertained by the company in the absence of information relating to the status of the suppliers and has not disclosed in the Financial Statements.

18. 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.

19. In the opinion of the management AS-17 of segmental reporting is not applicable to the company as the company has only one segment, hence no separate reporting is made.

20. In Compliance with AS-20 Earning per Share issued by the I.C.A.I. the disclosure are as under :

    Earning per share - Rs. -2.95/- (Rs. -2.80)

    Earning per share is calculated on Basis Earning per Share Method i.e. by dividing the net loss for the period attribute4 to equity shareholders by the weighted average number of equity share outstanding during the period.

21. 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 Personal
2	Aditya Dalmia	Key Management Personal
3	Unnikrishnan Nair	Key Management Personal
4	Narendra Khemka	Key Management Personal
5	Shardadevi Dalmia	Relative
6	Sharad Dalmia	Relative
7	Varun Dalmia	Relative
8	Pratik Dalmia	Relative
9	Rashi Dalmia	Relative
10	S.K.Petrofiles Pvt Ltd	Associate

11	Dalmia Exim Ltd.	Associate
12	Dalmia Dyechem Industries Limited	Associate
13	Rashi Enterprise	Associate
14	Dalmia Exim Corporation	Associate
15	Ravi International	Associate
16	S. J. International	Associate
17	Pratik Overseas Corporation	Associate
18	S. Dalmia Intermediate Pvt. Ltd.	Associate

(ii) Transaction during the year with related parties :

Sr.No.	Nature of Transaction	Key Management Personnel	Relative	Associate	Total
A	LOAN TAKEN				
	Balance As on 1st April 2009	Nil	Nil	1,75,89,206/-	1,75,89,206/-
	Loan Taken during the year	Nil	Nil	50,11,417/-	50,11,417/-
	Loan repaid during the year	Nil	Nil	1,40,74,823/-	1,40,74,823/-
	Balance as at 31st March, 2010	Nil	Nil	85,25,800/-	85,25,800/-
B	LOAN GIVEN				
	Balance As on 1st April 2009	NIL	Nil	Nil/-	Nil /-
	Loan Given during the year	Nil	Nil	12,45,221/-	12,45,221/-
	Loan repaid during the year	Nil	Nil	78,500/-	78,500/-
					B
	Balance as at 31st March, 2010	Nil	Nil	11,66,721/-	11,66,721/-
C	Deposit Given				
	Opening Balance	Nil	14,75,000/-	Nil	14,75,000/-
	Closing Balance	Nil	14,75,000/-	Nil	14,75,000/-
D	Salary Paid	Nil	Nil	Nil	Nil
E	Director Remuneration	Nil	Nil	Nil	Nil

		(Nil)	Nil	Nil	(Nil)
F	Purchases	Nil	Nil	Nil	Nil
G	Capital Goods	Nil	Nil	Nil	Nil
H	Sales	Nil	Nil	Nil	Nil

22. Accounts are not authenticated by the whole time Company Secretary, as required by section 215(1) of the Companies Act, 1956, as the company is facing acute financial crunch no whole time company secretary was available for appointment, for due compliances.

23. The manufacturing activities of the company continue to be closed. The accumulated losses of the company have exceeded its net worth. The Company has made reference to the Board for Industrial and Financial Reconstruction (BIFR) and submitted proposal for rehabilitation. However, Central Bank of India has initiated proceedings under SARFESIA, consequently BIFR has passed order for abetment of SICA proceedings. However, the company is exploring possibility of compromise arrangement with the banks. The company has submitted OTS proposal to the Banks which is under consideration. Therefore, the accounts are prepared assuming "Going Concern" concept.

24. The management is of view that as per AS-28, impairment loss is required to be recognized, as the present values of assets are lower than the carrying amount of such assets. Same is not yet provided in the accounts.

25. As informed by the management, Central Bank of India exercising powers u/s 13(4) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has during the year 2007-2008 disposed off collateral security of residential house and office premises owned by guarantors. The bank has reportedly got aggregate sale proceeds of Rs. 196.00 lacs. The bank has not yet given details regarding appropriation of sale proceeds from disposal of guarantor assets. Hence, the company has not made any accounting entry in respect of these transactions.

Signature to Schedule '1' to '14'

For M/S. VINOD S. MEHTA & CO.

Chartered Accountants

For **M/S SHARAD FIBRES & YARN PROCESSORS LTD.**

PARAG V. MEHTA
PARTNER
Membership No.: 36867

Director **Director**

Place: Mumbai
Dated:

Place: Mumbai
Dated: