

**SHARAD FIBRES AND YARN PROCESSORS LIMITED**

**BOARD OF DIRECTORS:**

MR. RAVI DALMIA  
MR. ADITYA DALMIA  
MR. NARENDRA KHEMKA  
MR. UNNIKRISHNAN MANGARY

**AUDITORS**

M/S. VINOD S. MEHTA & CO., Chartered Accountants.

**REGISTERED OFFICE:**

220, UNIQUE INDUSTRIAL ESTATE,  
OFF. VEER SAVARKAR MARG,  
PRABHADEVI,  
MUMBAI - 400025  
Tel : 022 - 43226969  
Website: [www.sharadfibres.com](http://www.sharadfibres.com)

**REGISTRARS & SHARE TRANSFER AGENTS:**

**M/S. BIGSHARE SERVICES PRIVATE LIMITED.**  
E-2/3, ANSA INDUSTRIAL ESTATE, SAKI VIHAR ROAD,  
SAKI NAKA, ANDHERI (EAST),  
MUMBAI - 400 072.  
TEL. NO. 022 2847 0652/ 4043 0200  
EMAIL ID - INFO@BIGSHAREONLINE.COM

**ANNUAL GENERAL MEETING:**

FRIDAY, SEPTEMBER 30, 2011 AT 3.00 P.M.

**SHARAD FIBRES AND YARN PROCESSORS LIMITED**  
220, Unique Industrial Estate, Off. Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.  
Tel : 022 - 43226969 Website: [www.sharadfibres.com](http://www.sharadfibres.com)

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**NOTICE TO THE MEMBERS**

**NOTICE** is hereby given that the Annual General Meeting of the members of **SHARAD FIBRES AND YARN PROCESSORS LIMITED** will be held at the Registered Office of the Company at 220, Unique Industrial Estate, Off. Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025 on September 30, 2011 at 10 a.m. to transact, with or without modification(s) the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2011 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. Unnikrishnan Mangary, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint M/s. Vinod S. Mehta & Co., Chartered Accountants having **FRN NO. 111524W** as 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 authorise the Board to fix their remuneration.

By Order of the Board

**For Sharad Fibres And Yarn Processors Limited**

**Aditya Dalmia**  
Director

**Regd. Office**  
220, Unique Industrial Estate,  
Off. Veer Savarkar Marg,  
Prabhadevi,  
Mumbai - 400025

Date: September 5, 2011

**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 28/09/2011 to 30/09/2011 (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. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
5. The shares of the Company are listed on Mumbai, Ahemdabad Jaipur and Chennai Stock Exchanges.
- 6a. In view of Circular issued by the SEBI for appointing common agency for both the modes of transfers i.e. physical as well as Demat, the company has already appointed **M/s..BIGSHARE SERVICES PRIVATE LIMITED** as Registrar & Transfer Agent for both the modes of transfer i.e. physical as well as Demat. Members are therefore requested to send their grievances to them for early disposal at the address given below.
- 6b. Members holding Shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below.

**M/S .BIGSHARE SERVICES PRIVATE LIMITED.**

(Unit Sharad Fibres And Yarn Processors Limited)

E-2/3, Ansa Industrial Estate, Saki Vihar Road,  
Saki Naka, Andheri (East),  
Mumbai - 400 072.  
Tel. No. 022 2847 0652/ 4043 0200  
Email id - info@bigshareonline.com

7. 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.
8. Members/Proxies holding their Shares in physical mode are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.
9. In all correspondence with the company, members are requested to quote their Folio No.

**LISTING REQUIREMENTS:**

As required under Clause 49 (IV) (G) (i) of the Listing Agreement, given below are the details of the Director(s) who are seeking appointment/re-appointment/re-appointment as Managing or Wholetime directors (Resolution at Item Nos. 2):

A. Name : Mr. Unnikrishnan Mangary  
Age : 46 Yrs (15/07/1965)

Mr. Unnikrishnan Nair is Director of the Company and associated with the Company since last 10 years and is looking after overall marketing activities of the Company. He has an experience of over 21 years to his credit.

Other Directorships : Nil

Committee Memberships: Nil

Shareholding in the Company : Nil.

No. of shares held in the company : Nil

Relationship with other directors : None

## DIRECTORS' REPORT

TO,  
THE SHAREHOLDERS

Your Directors have great pleasure in presenting their 24th Annual Report together with the Audited accounts for the year ended March 31, 2011.

Particulars	Year ended 31.03.2011 Rs. In Lacs	Year ended 31.03.2010 Rs. In Lacs
Other Income	1079.75	3.38
Profit / Loss before depreciation	532.18	229.72
Depreciation	68.34	111.66
Net Profit before tax	463.84	[-] 118.06
Net Profit after tax	463.84	[-] 118.06
Balance Brought Forward	[-] 5954.00	[-] 5835.94
Balance Carried Forward	[-] 5490.16	[-] 5954.00

### OPERATIONS:

Your Company has performed well during the year as compared to previous year by achieving a Total Income of Rs. 1079.75 lacs as against Rs. 3.38 lacs during the previous year. The profitability was also impressive at Rs. 463.84 lacs as against net Loss of Rs. 118.06 during the previous year.

### DIVIDEND:

Due to accumulated losses, your board has decided not to recommend any dividend during the year under review.

### 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. 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.

#### **FIXED DEPOSITS:**

Your Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 from the public and the rules made there under.

#### **BOARD OF DIRECTORS:**

As per the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company Mr. Mr. Unnikrishnan Mangary retire by rotation and being eligible offer themselves for reappointment.

## **CORPORATE GOVERNANCE:**

Your Company fully subscribes to the standards set out by the Securities And Exchange Board of India's Corporate Governance practices and has ensured compliance of the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. A separate report on Corporate Governance together with Auditors' Certificate on its compliance are included in this Annual Report as per **Annexure "A"**.

## **DIRECTORS RESPONSIBILITY STATEMENT:**

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
- ii. 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, 2011 and of the profit of the company for that year.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

## **CODE OF CONDUCT:**

The company is committed to conduct its business in accordance with the applicable laws, rules and regulations and highest standards of business ethics. In recognition thereof, the Board of directors has implemented a Code of Conduct for adherence by the Directors and Senior Management Personnel of the Company. This will help in dealing with ethical issues and also foster a culture of accountability and integrity.

## **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 March 31, 2012 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.

#### **AUDIT COMMITTEE:**

In accordance with the provisions of the Companies Act, 1956 and Listing Agreement the Company has constituted an Audit Committee. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

#### **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.

#### **DEMATERIALISATION 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.

#### **LISTING:**

Shares of the company are listed at the Stock Exchanges at Mumbai, Kolkata, Ahmedabad, and Delhi. The company has not paid the listing fees for Kolkata, Ahmedabad, and Delhi Stock Exchanges.

Trading in Shares of the Company is suspended on Bombay Stock Exchange.



**SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION:**

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

**ACKNOWLEDGMENT:**

The Directors wish to convey their appreciation to the Company's shareholders, customers, suppliers, bankers and distributors 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.

By Order of the Board

**For Sharad Fibres And Yarn Processors Limited**

**Director**

**Director**

**Regd. Office**

220, Unique Industrial Estate,  
Off. Veer Savarkar Marg,  
Prabhadevi,  
Mumbai - 400025

Date: September 5, 2011

## ANNEXURE "A" TO THE DIRECTORS' REPORT 2010 - 2011

ANNEXURE to Director's Report for the year ended 31<sup>st</sup> March, 2011 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. -- N.A.  
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

By Order of the Board

**For Sharad Fibres And Yarn Processors Limited**

**Aditya Dalmia**  
Director

**Regd. Office**  
220, Unique Industrial Estate,  
Off. Veer Savarkar Marg,  
Prabhadevi,  
Mumbai - 400 025.

Date: September 5, 2011

## **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 has carried forward losses incurred in past due to sluggish market. The Losses incurred mainly by administrative expenses 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 and the results of the same has started coming in.

### **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 but has done only trading activities.

The Company has achieved a net profit of Rs. 463.84 Lacs as against net losses of Rs. 118306 Lacs during the previous year.

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

The relationship with the staff with all levels remained cordial during the year.

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

[SFYPL] SHARAD FIBRES & YARN PROCESSORS LIMITED ("the Company") is committed to adhere to the corporate governance code as prescribed by the SEBI and Stock Exchange and has accordingly implemented various aspects of the code.

To implement the Corporate Governance practice [SFYPL has a well defined policy consisting of the following:

- Ensure that the Quality and frequency of Financial and Managerial Information's, which the Management shares with the Board, fully placed before the Board Members in control of the Company's affairs.
- Ensure that the Board exercises its Fiduciary responsibilities towards Shareowners and Creditors, thereby ensuring high accountability.
- Ensure that the extent to which the information is disclosed to present and potential investors is maximized.
- Ensure that the decision-making is transparent and documentary evidence is traceable through the minutes of the meetings of the Board/Committees thereof.
- Ensure that the Board, the Management, the Employees and all the other stakeholders are fully committed to maximizing long-term value to the shareowners and to the Company.
- Ensure that the core values of the Company are protected.
- Ensure that the Company positions itself from time to time to be at par with any other world-class Company in operating practices.

### 2. BOARD OF DIRECTORS:

As per the listing Agreement the board should have an optimum combination of both Executive and Non-Executive Directors. The total number of directors is 4 [Four].

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	6	Y	2	0	-
Aditya Dalmia	ED	6	Y	4	0	-
U.K.Nair	NE& ID	6	Y	1	0	-
Narendra Khemka	NE&ID	6	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, 2011, the Board met 6 (SIX) times.

#### **INFORMATION SUPPLIED TO BOARD:**

Among others, this includes:

- Review of annual operating plans of business, capital budgets and updates.
- Quarterly results of the company and its operating units
- Minutes of meeting of audit committee and other committees.
- Information on recruitment and remuneration of senior officers just below the board level.
- General notices of interests.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.
- Any materially significant effluent or pollution problem.
- Any material default in financial obligations to and by the company. Any issue which involves possible public or product liability claims of a substantial nature.
- Details of any joint venture of collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant development in the human resource and industrial relations fronts.
- Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.
- Foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The Board is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda of board meeting or are placed during the course of the meeting.

As mandated by the revised Clause 49, the independent Directors on the board of the Company.

- Apart from receiving Director's Sitting Fees, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates that may affect independence of the director.
- Are not related to promoters or persons occupying management positions at the board level or at one level below the board.
- Have not been an executive of the company in the immediately preceding three financial years.
- Are not partners of the firm or executives of the company or were not partners of the firm or executives of the company during the preceding three years of Statutory audit firm or the internal audit firm that is associated with the Company and Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, services providers or customers or lessors or lessees of the company, which may affect independence of the Director.
- Are not substantial Shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

The Board is routinely presented with all information under the above heads whenever applicable and materially significant.

### **3. COMMITTEES OF BOARD:**

To focus effectively on the issues and ensure expedient resolution of the diverse matters, the Board has constituted a set of Committees of independent Directors with specific terms of reference / scope. The committee operates as empowered agents of the board. The inputs and details required for the decision is provided by the operating managers. The Minutes of the Meeting of the all Committees of the board are placed before the board for discussions / noting.

Details of the committee of the board and other related information are as follows:

#### **3.1 AUDIT COMMITTEE:**

The Company has a qualified and independent Audit Committee comprising of three Directors. The broad terms of reference of the Audit Committee are in consonance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All the members have financial and accounting knowledge.

The Committee acts as a link between the Management, the Statutory Auditors and the Board of Directors of the Company. The Committee focus its attention on monitoring the financial reporting system within the company, considering quarterly & Annual Financial Results of the company and submitting its observations to the Board of Directors before its adoption by the Board, review of the internal audit report & internal control system, audit methodology and process, major accounting policies and practice, compliance with accounting standards. Committee also reviews the legal compliance reporting system.

Representative of the statutory auditors is always invited to attend these meetings.

The Audit Committee has the following powers:

- To investigate into any matter referred to it by the Board and for that purpose to have full access to the information contained in the records of the Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To recommend the appointment and removal of external auditor, fixation of audit fee and also approval for payment of any other services.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any areas of concern.

There were 4 [ FOUR ] meetings of the Committee during the year.

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

<b>Name of the Members</b>	<b>Status</b>	<b>No. of Meetings Attended</b>
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.

The Company is in process of appointing a full time Company Secretary to act as Secretary to the Committee. However the Company is availing services of whole time Company Secretary.

### 3.2. SHAREHOLDERS GRIEVANCE COMMITTEE:

The Company has constituted a Shareholders Grievance Committee at board level to strengthen the investor relations and to inter-alia look into issues relating to shareholders grievances pertaining to transfer of shares, non receipt of declared dividends, non receipt of annual report, issues concerning dematerialization etc.

The Shareholders Grievance Committee met 4. [Four] times during the year ended March 31, 2011.

The composition of the Shareholders Grievance 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 Off	Pending
1.	Non receipt of Annual Report	2	2	Nil
2.	Non Receipt of Share Certificates after transfer	1	1	Nil
3.	Non Receipt of Demat Rejected S/C's	--	--	--
4.	Others	1	1	Nil
	<b>Total</b>	<b>4</b>	<b>4</b>	<b>Nil</b>

There were no shares pending for transfer as on 31<sup>st</sup> March 2011.

#### Shareholding of Non Executive Directors

The shareholding in the Company by the Non Executive Directors in their own name is NIL

#### CODE OF CONDUCT

The Company has adopted a Code of Conduct for the Directors and senior management of the Company. The members of the Board and senior management of the Company have submitted their affirmation on compliance with the code for the effective period. The Declaration by the Chairman and Managing Director to that effect forms part of this Report.



## **MANAGEMENT DISCUSSIONS & ANALYSIS**

Management discussion and analysis report is given in a separate section forming part of the Directors' Report in this annual report.

## **STEPS FOR PREVENTION OF INSIDE TRADING**

In compliance of the SEBI (Prevention of inside Trading) Regulations as amended in 2002, the Company has issued comprehensive guidelines advising and cautioning management staff and other relevant business associates on the procedure to be followed while dealing in equity shares of the Company and disclosure requirements in this regard. Company believes that "The Code of Internal Procedure and Conduct" and 'The Code of Corporate Disclosures Policies' framed by it in this regard will help in ensuring compliance of the amended SEBI regulations.

## **DISCLOSURES:**

The necessary disclosures regarding the transactions entered into with the related parties are given in the notes to the accounts. There were no transactions of the material value with related parties viz., Promoters, Directors, or the Management or Relatives having any potential conflict with the interest of the company.

## **NON-COMPLIANCES:**

There were no instances of non compliance on any matter related to the capital market during the last three years. No penalties or strictures were imposed on the company by any Stock Exchange or SEBI or any other statutory authority on any matter related to capital market during last three years.

## **Details of compliance with mandatory requirement and adoption of non mandatory requirement.**

The Company has complied with all mandatory requirement of Clause 49 of the Listing Agreement with the Stock Exchange and has implemented the following non mandatory requirements:

### **1. AUDIT QUALIFICATION:**

It is always the companies endeavor to present unqualified financial statements. The remarks of the auditors given in their Audit Report are Self Explanatory and have been adequately dealt in the Notes to Accounts..

### **2. TRAINING OF BOARD MEMBERS:**

Directors are fully briefed about all business related matters risks assessment market conditions of the product manufactured by the company, competition and new initiative proposed by the company.

**CEO / CFO CERTIFICATION:**

As required under Clause 49 of the Listing Agreement a Certificate duly signed by Mr. Aditya Dalmia, Director has been obtained. The certificate is annexed to this report.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:**

The Company has obtained a certificate from Auditors of the company regarding compliance with the provisions relating to the corporate governance laid down in clause 49 of the listing agreement with the Stock Exchanges. This certificate is annexed to the report.

**DECLARATION:**

I, Mr. Aditya Dalmia, Director of Sharad Fibres & Yarn Processors Limited hereby affirm and declare, to the best of my knowledge and belief, and on behalf of the Board of Directors of the Company and senior management personnel, that:

The Board of Directors has laid down a code of conduct for all Board members and senior management of the Company [the code of conduct];

The code of conduct has been complied with;

**4. GENERAL BODY MEETINGS:**

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2008	Registered Office.	30.09.2008	10.00 A.M
2009	Registered Office.	30.09.2009	10.00 A.M
2010	Registered Office.	30.09.2010	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 at last Annual General Meeting nor is proposed for ensuing Annual General Meeting.

## **5. DISCLOSURES:**

- (i) 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. However the related party transactions are disclosed in Note No. 21, 22 and 23 of Schedule '17' to the accounts.
- (ii) No funds have been raised through issue of equity or debt in the form of public or rights or preferential issues during the year under review.
- (iii) A brief resume, nature of expertise in specific functional areas, names of companies in which the person already hold directorship and membership of committees of the Board and his shareholding in the company forms part of the notice of the Annual General Meeting, annexed to this Annual Report for the directors seeking appointment/reappointment.
- (iv) The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authority on all matters relating to capital markets during the last three years. No penalties or strictures were imposed on the company by any Stock Exchange or SEBI or any other statutory authority on any matter related to capital market during last three years.
- (v) Though there is no formal Whistle Blower Policy, the company takes cognizance of complainants made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employees of the company have been denied access to the Audit Committee of the Board of Directors of the company.
- (vi) The financial statements of the company are qualified and company is moving towards a regime of unqualified financial statements.
- (vii) The company has a periodic review and reporting to the Board of Directors of the company of risk assessment by senior executives with a view to minimize risk.
- (viii) Certificate from Mr. Aditya Dalmia, Director in terms of clause 49 (V) of the listing agreements with the stock exchanges for the financial year ended 31<sup>st</sup> March 2011 was placed before the board of directors of the company in its meeting held on 05/09/ 2011.

## **6. MEANS OF COMMUNICATION**

- (i) Quarterly results are submitted to the stock exchanges where the shares of the company are listed.
- (ii) All items required to be covered in the Management Discussion and Analysis has been included in the Annexure to the Directors' Report.
- (iii) No formal presentations were made to the institutional investors and analysts during the year under review.
- (iv) The Company has its own website i.e. [www.sharadfibres.com](http://www.sharadfibres.com) and all the vital information relating to the Company and its products are displayed on the web site.

## 7. GENERAL SHAREHOLDERS INFORMATION:

7.1. ANNUAL GENERAL MEETING : Annual General meeting.  
DAY & DATE : September 30, 2011.  
TIME : 10.00 A. M.  
VENUE : Registered Office.

### 7.2. FINANCIAL CALENDAR:

* Financial reporting for the quarter ended June 30, 2011	: End of July, 2011
* Financial reporting for the quarter ended Sept.30, 2011	: End of Oct., 2011
* Financial reporting for the quarter ended Dec. 31, 2011	: End of Jan., 2012
* Financial reporting for the year ended March 31, 2012	: End of Apr., 2012
* Annual General Meeting for the year ended March 31, 2012	: End of Sep. 2012

7.3. DATE OF BOOK CLOSURE: 28/09/2011 TO 30/09/2011 [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

220, Unique Industrial Estate,  
Off. Veer Savarkar Marg, Prabhadevi,  
Mumbai - 400 025.  
Tel : 022 - 43226969  
Website: [www.sharadfibres.com](http://www.sharadfibres.com)

#### 7.9. LISTING:

Bombay 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, 2011:

<b>Category</b>	<b>No. Of shares held</b>	<b>% of shareholding</b>
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 31,2011:

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 OUTSTANDING GDRs/ ADRs/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS:

The Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments.

7.15. PLANT LOCATION:

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

7.16. 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. The reasons for non-compliance of some of the conditions of corporate governance have been mentioned in the respective heads of the corporate governance.

7.17. CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MENAGEMENT:

The board of directors has laid down the Code of Conduct for all the board members and members of senior management of the company. Certificate from the Managing Director affirming compliance of the said code by all the board members and members of senior management of the company to whom the code is applicable is annexed separately to this report.

For and on Behalf of the Board

**FOR SHARAD FIBRES & YARN PROCESSORS LIMITED**

Sd/-

**ADITYA DALMIA**  
**DIRECTOR**

Mumbai.  
05/09/2011.

**ANNEXURE TO CORPORATE GOVERNANCE REPORT**

**Declaration regarding affirmation of Code of Conduct**

In terms of the requirements of the amended clause 49 I (D) (ii) of the listing agreement, this is to confirm that all the members of the Board and the senior managerial personnel have affirmed compliance with the code of conduct for the year ended 31<sup>st</sup> March 2011.

**FOR SHARAD FIBRES & YARN PROCESSORS LIMITED**

**Sd/-  
ADITYA DALMIA  
DIRECTOR**

Mumbai.  
05/09/2011.

**CERTIFICATION**  
**BY CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER**

The Board of Directors  
**SHARAD FIBRES & YARN PROCESSORS LIMITED**  
220, Unique Industrial Estate,  
Off. Veer Savarkar Marg, Prabhadevi,  
Mumbai - 400 025.

I, the undersigned, in my capacity as Chief Executive Officer of **SHARAD FIBRES & YARN PROCESSORS LIMITED** ("the Company"), to the best of my knowledge and belief certify that:

- a. I have reviewed the financial statements and the cash flow statement of the company for the year ended March 31, 2011 and that to the best of my knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - (ii) these statements present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
  
- b. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
  
- c. I accept the responsibility for establishing and maintaining internal controls and I have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps taken or propose to take to rectify these deficiencies.
  
- d. I have indicated, based on my most recent evaluation, wherever applicable, to the Auditors and the Audit committee
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**FOR SHARAD FIBRES & YARN PROCESSORS LIMITED**

**Sd/-**  
**ADITYA DALMIA**  
**DIRECTOR**

Mumbai.  
05/09/2011.



**AUDITORS' REPORT ON CORPORATE 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 LIMITED**, for the year ended on March 31, 2011, 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**  
**FRN NO. 111524W**

Sd/-  
Parag Mehta  
Partner

Mumbai  
05/09/2011.

# 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 31<sup>st</sup> March 2011 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;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



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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 31<sup>st</sup> March, 2011 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, 2011 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 31<sup>st</sup> March, 2011; 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.

Place: MUMBAI

Date:

5 SEP 2011

For VINOD S. MEHTA & Co.  
Chartered accountants

FRN No.: 111524W



PARAG V. MEHTA  
• PARTNER

MEMBERSHIP NO: 36867

# 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 : cavsmehtha@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 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 three parties. The maximum balance aggregates to Rs. 1,27,73,886/- (RS.2,06,65,970/-) The closing balance in respect of the same is Rs.1,14,61,223/-(Rs.85,25,800/-) The company has given loans to two such party. The maximum balance amounts to Rs.11,75,758/- (Rs.11,66,721/-) and the closing balance is Rs.11,35,556/-(Rs.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 is no stipulation as regards the repayment of loans.
- 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 31<sup>st</sup> March 2011 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, 86,028/- Employees Contribution to PF and Sales Tax of Rs.38,667/- 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

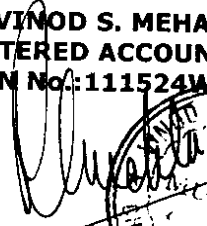

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Email : cavsmehta@gmail.com

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.53.76 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 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.

PLACE: MUMBAI

DATED: 5 SEP 2011

FOR M/S VINOD S. MEHTA & CO.  
CHARTERED ACCOUNTANTS.  
FRN No: 111524W

  
  
PARAG MEHTA  
PARTNER  
MEMBERSHIP NO 36867

**SHARAD FIBRES & YARN PROCESSORS LTD**

**Balance Sheet As on 31st March, 2011**

Particulars	Sch.	As on 31/03/2011		As on 31/03/2010	
		Rs.	Rs.	Rs.	Rs.
<b>Sources of Funds</b>					
Capital	1		65,064,000		65,064,000
Reserve & Surplus	2		2,107,459		2,107,457
Secured Loans	3	537,649,615		590,294,491	
Unsecured Loans	4	11,461,223	549,110,838	11,312,764	601,607,255
Total			<u>616,282,297</u>		<u>668,778,712</u>
<b>Application of Funds</b>					
Fixed Assets	5				
a. Gross Block		170,906,583		170,906,583	
b. Less: Depreciation		149,402,765		142,569,196	
c. Net Block		21,503,818		28,337,387	
d. Capital Work-In-Progress		0	21,503,818	0	28,337,387
<u>Current Assets, Loans &amp; Advances</u>	6				
Inventories		0		26,034	
Sundry Debtors		63,465,327		35,903,072	
Cash & Bank Balances		95,322		923,367	
Loans & Advances		14,634,174		9,947,439	
		78,194,822		46,799,911	
<u>Less : Current Liabilities &amp; Provisions</u>	7				
Current Liabilities		31,797,119		1,058,639	
Provisions		635,000		699,500	
		32,432,119	45,762,703	1,758,139	45,041,772
Profit & Loss A/c			549,015,776		595,399,553
Notes To Accounts	13				
Total			<u>616,282,297</u>		<u>668,778,712</u>

As per our Report of Even Date

For VINOD S. MEHTA & CO

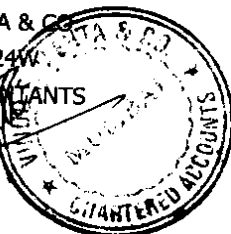
Firm Reg No : 111524W

CHARTERED ACCOUNTANTS

PARAG V. MEHTA\*

PARTNER

Mem. No. 36867



For SHARAD FIBRES & YARN PROCESSORS LTD

*[Signature]*

DIRECTOR

*[Signature]*

DIRECTOR

3 SEP 2011

5 SEP 2011

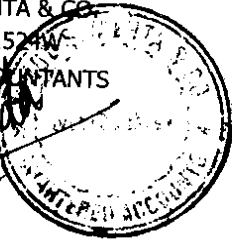
**SHARAD FIBRES & YARN PROCESSORS LTD**  
**Trading, Profit & Loss Account for the year ended 31st March, 2011**

Particulars	Sch.	For the year ended 31/03/2011		For the year ended 31/03/2010	
		Rs.	Rs.	Rs.	Rs.
<b>Income</b>					
Sales	8	55,325,357		314,730	
Other Income	9	52,649,781	107,975,138	23,860	338,590
<b>Expenditure</b>					
Cost of Materials	10	53,774,932		523,573	
Administrative & Other Expenses	11	982,860		237,717	
Loss on Sale of Assets	12	0		216,856	
Depreciation		6,833,569	61,591,361	11,166,478	12,144,624
Net Profit Before Tax			46,383,777		-11,806,034
Add/Less : Profit / Loss of Previous Year			-595,399,553		-583,593,519
			-549,015,776		-595,399,553
Net Profit after tax transferred to Balance Sheet			-549,015,776		-595,399,553

As per our Report of Even Date

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

PARAG V. MEHTA  
 PARTNER  
 Mem. No. 36867



For SHARAD FIBRES & YARN PROCESSORS LTD

*[Signature]*  
 DIRECTOR

*[Signature]*  
 DIRECTOR

Place : MUMBAI

Date : 29 SEP 2011

Place :

Date : 29 SEP 2011



**SHARAD FIBRES & YARN PROCESSORS LTD**

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2011

**Schedule 1 : Share Capital**

Particulars	Rs.	
	31/03/2011	31/03/2010
<u>Authorised Share Capital</u>		
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
	<u>80,000,000</u>	<u>80,000,000</u>
<u>Issued Subscribed and paid up Capital</u>		
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
	<u>65,064,000</u>	<u>65,064,000</u>
<b>Total Share Capital</b>	<u>65,064,000</u>	<u>65,064,000</u>

**Schedule 2 : Reserves & Surplus**

Particulars	Rs.	
	31/03/2011	31/03/2010
CAPITAL RESERVE	2,107,459	2,107,457
	<u>2,107,459</u>	<u>2,107,457</u>

**Schedule 3 : Secured Loans**

Particulars	Rs.	
	31/03/2011	31/03/2010
<u>Secured Loans - From Banks</u>		
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	323,746,747	376,391,623
	<u>537,649,615</u>	<u>590,294,491</u>

**Schedule 4 : Unsecured Loans**

Particulars	Rs.	
	31/03/2011	31/03/2010
Unsecured Loans - From Others	11,461,223	11,312,764
	<u>11,461,223</u>	<u>11,312,764</u>

**SHARAD FIBRES & YARN PROCESSORS LTD**

**Schedules Annexed to and forming part of Balance Sheet as on 31/03/2011**

**Schedule 5 : Fixed Assets**

Particulars	Rate of Deprn.	Rs.										
		GROSS BLOCK				DEPRECIATION				NET BLOCK		
		Op. as on 01/04/2010	Additions	Deduction	Cost as on 31/03/2011	Op. as on 01/04/2010	for the year	Deductions	Cl. as on 31/03/2011	As on 31/03/2011	As on 31/03/2010	
...	0.00	2312032	0	0	2312032	0	0	0	0	2312032	2312032	
... AND FIXTURE	3.34	27781197	0	0	27781197	11742405	927891	0	0	2312032	2312032	
... AND MACHINERY	6.23	1240823	0	0	1240823	1220207	17235	0	12670296	15110901	16038792	
... OR CAR	7.42	124280415	0	0	124280415	119317910	4962505	0	1237442	3381	20616	
... TRICAL INSTALLATION	9.50	1129461	0	0	1129461	110533	107298	0	124280415	0	4962505	
... WELL	7.42	6484501	0	0	6484501	5648849	481150	0	217831	911630	1018928	
... GHING SCALE	3.34	62742	0	0	62742	25923	2095	0	6129999	354502	835652	
... CONDITIONER	7.42	162127	0	0	162127	162127	0	0	28018	34724	36819	
... WRITER	4.75	6872013	0	0	6872013	3781042	326420	0	162127	0	0	
... MACHINE	4.75	7200	0	0	7200	5937	342	0	4107462	2764551	3090971	
... PUTER	4.75	65000	0	0	65000	50736	3088	0	6279	921	1263	
... 16.21	16.21	28500	0	0	28500	28500	0	0	53824	11176	14264	
... CE EQUIPMENT	9.50	291445	0	0	291445	291445	0	0	28500	0	0	
... TRAPPING MACHINE	7.42	27398	0	0	27398	26682	716	0	291445	0	0	
... FIGHTING EQUIPMENT	7.42	150846	0	0	150846	146017	4829	0	27398	0	716	
...	100.00	10883	0	0	10883	10883	0	0	150846	0	4829	
...		170906583	0	0	170906583	142569196	6833569	0	10883	0	0	
...		171981806	0	1075223	170906583	131951750	11166478	549032	149402765	21503818	28337387	
...									142569196	28337387	40030056	

**SHARAD FIBRES & YARN PROCESSORS LTD**

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2011

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

Particulars	Rs.	
	31/03/2011	31/03/2010
<b>Current Assets</b>		
<b>Inventories</b>		
FINISHED GOODS	0	26,034
	0	26,034
<b>Cash &amp; Bank Balances</b>		
Cash balance on hand	19,785	34,567
	19,785	34,567
<u>Bank Balance with Scheduled Banks</u>		
- On Current Accounts	23,912	837,175
- On Deposit Account	51,625	51,625
	75,537	888,800
	95,322	923,367
<b>Sundry Debtors</b>		
<u>Unsecured considered doubtful</u> O/S for more than six months	63,465,327	64,980,464
	63,465,327	64,980,464
Total Current Assets	63,560,649	36,852,472
<b>Loans &amp; Advances</b>		
<u>Unsecured Considered Good</u>		
Deposits	1,837,450	1,779,930
Other Loans and Advances	10,366,565	5,700,321
Payments of Taxes	2,430,158	2,467,188
	14,634,174	9,947,439

**Schedule 7 : Current Liabilities & Provisions**

Particulars	Rs.	
	31/03/2011	31/03/2010
<b>Current Liabilities</b>		
Sundry Creditors - Others	303,106	601,684
Other Liabilities	31,494,013	456,955
	31,797,119	1,058,639
<b>Provisions</b>		
Provision for Taxation	635,000	699,500
	635,000	699,500
	32,432,119	1,758,139

**SHARAD FIBRES & YARN PROCESSORS LTD**

**Schedules Annexed to and forming part of Balance Sheet as on 31/03/2011**

**Schedule 8 : Sales**

Particulars	Rs.	
	31/03/2011	31/03/2010
SALES	55,325,357	314,730
	<u>55,325,357</u>	<u>314,730</u>

**Schedule 9 : Other Income**

Particulars	Rs.	
	31/03/2011	31/03/2010
INTEREST RECEIVED	4,905	23,860
BANK INTEREST WRITTEN BACK	52,644,876	0
	<u>52,649,781</u>	<u>23,860</u>

**Schedule 10 : Cost of Materials**

Particulars	Rs.	
	31/03/2011	31/03/2010
<b>Cost of Goods Sold</b>		
TRADING GOODS		
Opening Stock - lying with us	26,034	0
Purchases	47,206,820	251,940
Closing Stock - lying with us	0	26,034
	<u>47,232,854</u>	<u>225,906</u>
 <u>Manufacturing Expenses</u>		
ADDITIVE	64,250	0
FREIGHT AND FORWARDING	1,949	0
LABOUR CHARGES	6,399,775	135,000
POWER AND FUEL CHARGES	76,104	162,667
	<u>6,542,078</u>	<u>297,667</u>
<b>Total Cost of Materials</b>	<u>53,774,932</u>	<u>523,573</u>

**SHARAD FIBRES & YARN PROCESSORS LTD**

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2011

**Schedule 11 : Administrative & Other Expenditure**

Particulars	Rs.	
	31/03/2011	31/03/2010
<u>Payments to Employees</u>		
SALARY AND WAGES	540,025	0
	<hr/>	<hr/>
	540,025	0
<u>Administrative Expenses</u>		
ADMINISTRATION CHARGES		
AUDIT FEES	0	189
BANK CHARGES	13,787	13,787
GENERAL EXPENSES	700	0
LEGAL AND PROFESSIONAL FEES	16,506	0
MOTOR VEHICLE EXPENSES	114,120	5,515
POSTAGE AND STAMPS	18,266	10,157
RATE DIFFERENCE	750	0
RATES AND TAXES	2,735	3,669
SECURITY CHARGES	9,500	4,250
SUNDRY BALANCE WRITTEN OFF	228,425	200,150
TELEPHONE EXPENSES	37,184	0
	862	0
	<hr/>	<hr/>
	442,835	237,717
	<hr/>	<hr/>
	982,860	237,717
	<hr/>	<hr/>

**Schedule 12 : Loss on Sale of Assets**

Particulars	Rs.	
	31/03/2011	31/03/2010
LOSS ON SALE OF CAR	0	216,856
	<hr/>	<hr/>
	0	216,856
	<hr/>	<hr/>

**SHARAD FIBRES & YARN PROCESSORS LIMITED**

**SCHEDULE '13'**

**NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART  
OF THE BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2011**

**1. SIGNIFICANT ACCOUNTING POLICIES:**

**A) SYSTEM OF ACCOUNTING:**

The accounts of the company are prepared under the historical convention using accrual method of accounting. There has been no change in the method of accounting as compared to preceding previous year.

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:**

- i) Fixed assets are stated at cost of acquisition.
- ii) 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 to and deletions from the Fixed Assets on pro-data basis with reference to number of completed months.

**C) INVENTORIES:**

- i) The closing stock of Finished Goods is valued at Cost.
- ii) Packing Materials and Oil & Lubricants are consumed during the year against the job charges.
- 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 and Loss Account.
- ii) Compensation payable to employees retired is charged out in full in the year in which such expenditure is incurred.

**E) ACCOUNTING FOR FOREIGN CURRENCY:**

- i) Initial Recognition –  
Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

ii) Conversion –

At the year end, monetary items denominated in foreign currencies, other than those covered by forward contracts, are converted into rupee equivalents at the year end exchange rates.

iii) Exchange Differences –

All exchange differences arising on settlement and/or conversion on foreign currency transaction are included in the Profit and Loss Account. Exchange Differences in forward contract is recognized as required by AS-11.

**F) 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 purchases of machineries.
- iii) In respect of Appeal filed by Central Excise Department, Mumbai before the Supreme Court amounting to Rs. 17604997/-. The Central Excise department has filed further complaint in this regard before the court of Honorable 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 received order dated 30.01.2011 wherein the demand is reduced to Rs.2,26,940/- and the department has filed case before High Court against the order of ITAT.
- 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)
  - a) Outstanding guarantees furnished by banks to Government authority of Rs. 10,00,000/-.
  - b) An appeal filed by the Company before the Commissioner of Central Excise (Appeal) the order on the same has been passed by in favour of the Company against demand of Rs.3,61,537/- (already paid) plus Rs.16,32,382/- (already paid) and imposed penalty of Rs.3,61,537/- and Rs.1,00,000/- and interest thereon. However the Excise Department has filed appeal before the CEGAT (case No 103/adj/2001 ADC dated 31.10.2001). The case is being defended by the company.
  - c) The Appeal being case No OIO No. 71/JC/Vapi/Dem/2004 filed by the company before the Commissioner of Central Excise (Appeals), Vapi filed against the order of Jt. Commissioner Central Excise and the Commissioner (Appeals) has passed order reducing the penalty to Rs.10,000/- and demand of Rs.93,163/- subject to verification of certain documents. The case is under settlement.
  - d) The Appeal being case No OIO No. 82/JC/Vapi/Dem/2004 filed by the Company before the Commissioner of Central Excise (Appeals), Vapi filed against the order of Jt. Commissioner Central Excise (Appeals) , Vapi and the Commissioner (Appeals) has passed the order reducing the demand to Rs.22,944 + Rs.14,405 + Rs.5,519/- and penalty Rs.42,868/- . The case is under settlement.

- e) Recrona Synthetics Limited has filed case against the Company before the High Court, Mumbai for a claim of Rs.4,49,38,266/- and interest thereon Rs.2,99,41,821/- and other claims of Rs.32,,87,546/-. However the same is being suitably defended by the company.

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.

#### H) CENVAT

Cenvat benefits is accounted on accrual basis on purchase of material and appropriated against payment of Excise Duty on clearance of finished goods.

#### I) TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent year.

#### J) SEGMENT REPORTING

Segment has been identified in line with the AS – 17, taking into account the organization structure as well as the differing risks and returns. The business segment is disclosed as primary segment.

### 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 Guarantee 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. 218/1/17 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. 13,787/-
Professional Fees	Rs. 5,515/-	Rs. 5,515/-

5. Value of Imports calculated of CIF basis:

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



6. 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. 11,35,556/- (Rs. 11,66,721/-).
9. Additional information pursuant to the provision of paragraph 3, 4C & 4D of part II of Schedule VI of the Companies Act, 1956 is applicable and the copy of stock statement is attached.
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. However the company has written back interest expenses claimed earlier to the extent of Asst Year 2003-04 amounting to Rs.5.26 Crores as the loss thereof would not be allowed to be carried forward.
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 31.03.2011, 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. 11.42/- (Rs.-1.56/-)

Earning per share is calculated on Basis Earning per Share Method i.e. by dividing the net profit for the period attributed 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 1 <sup>st</sup> April 2010	Nil	Nil	85,25,800/-	85,25,800/-
	Loan Taken during the year	Nil	Nil	3,14,17,865/-	3,14,17,865/-
	Loan repaid during the year	Nil	Nil	3,12,69,406/-	3,12,69,406/-
	Balance as at	Nil	Nil	86,74,259/-	86,74,259/-

	31 <sup>st</sup> March, 2011				
B	LOAN GIVEN				
	Balance As on 1 <sup>st</sup> April 2010	NIL	Nil	11,66,721/-	11,66,721 /-
	Loan Given during the year	Nil	Nil	9,037/-	9,037/-
	Loan repaid during the year	Nil	Nil	40,202/-	40,202/-
					B
	Balance as at 31 <sup>st</sup> March, 2011	Nil	Nil	11,35,556/-	11,35,556/-
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	Rs.64250/-	Rs.64250/-
G	Job Work Charges Paid	Nil	Nil	Rs.63,99,775/-	Rs.63,99,775/-
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. Central Bank of India has initiated proceedings under SARFAESI Act, 2002 and taken symbolic possession of the plant assets. The company is exploring possibilities of amicable settlement and accordingly submitted proposal for One Time Settlement along with No Lien Deposit of Rs. 43.00 Lac. The OTS proposal is under consideration by bank. The company is contemplating to resume its manufacturing activities therefore, the accounts are prepared assuming "Going Concern" concept.
24. 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 for aggregate consideration of Rs.

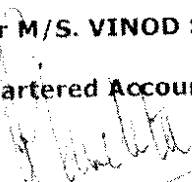
196.00 lac. However, the bank has not yet provided the details regarding appropriation of sale proceeds from disposal of the guarantor assets. Therefore, the company has not made any accounting entries in respect of these transactions.

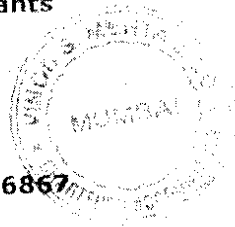
Signature to Schedule '1' to '13'

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

For M/S SHARAD FIBRES & YARN  
PROCESSORS LTD.

Chartered Accountants

  
PARAG V. MEHTA  
PARTNER  
Membership No.: 36867



  
Director

  
Director

Place: Mumbai  
Dated:

Place: Mumbai  
Dated:

**SHARAD FIBRES & YARN PROCESSORS LTD.**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31/03/2011**

Particulars	Amount 31/03/2011	Amount 31/03/2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extra-ordinary items	46383777	(11,806,034.00)
Adjustments for :		
(-/+ ) Income for Non-operating Activities	-52649781	(23,860.00)
(+) Depreciation & Amortization	6833569	11,166,478.00
(-) Profit on sale of Investment	0	
(+) Loss on sale of Fixed Assets	0	216,856.00
<b>Operating Profit before Working Capital Changes</b>	<b>567,565.00</b>	<b>(446,560.00)</b>
Adjustments for :		
(+) Decrease / (-) (Increase) in Trade Receivables	-27562255	11,451,664.00
(+) Decrease in Inventories	26034	(26,034.00)
(-) (Decrease) / + Increase in Trade Payables	30738480	(258,690.00)
<b>Cash generated from Operating Activities</b>	<b>3,202,259.00</b>	<b>11,166,940.00</b>
	<b>3,769,824.00</b>	<b>10,720,380.00</b>
(-) Expenses for Non-operating Activities		
(-) Payment of Tax (Net of Refund)	27469	2,386.00
<b>Cash Flow before Extra Ordinary Items</b>	<b>3,742,355.00</b>	<b>10,717,994.00</b>
(-) Extra Ordinary items		
(-) Taxes Paid		
<b>Net Cash from Operating Activities</b>	<b>3,742,355.00</b>	<b>10,717,994.00</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(+) Sale of Fixed Assets	0	309,333.00
(-) Purchase of Fixed Assets	0	-
(-) Purchase of Investments	0	-
(+) Sale of Investments	0	-
(+) Profit on sale of Investment*	0	-
(+) Deposit	-57520	(3,000.00)
(-) Loans And Advances	-4666244	452,086.00
(+) Dividend	0	-
(+) Interest	52649781	23,860.00
<b>Net Cash Used in Investing Activities</b>	<b>47,926,017.00</b>	<b>782,279.00</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(+) Increase in Long & Short Term Borrowings	-52496417	(10,695,170.00)
<b>Net Cash Used in Financing Activities</b>	<b>(52,496,417.00)</b>	<b>(10,695,170.00)</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(828,045.00)</b>	<b>805,103.00</b>
Opening Balance of Cash & Cash Equivalents	923,367	118,264.00
Closing Balance of Cash & Cash Equivalents	95,322.00	923,367.00

(118,264.00)

As per our Report of Ex. No. 10/11  
For VINOD S. MEHTA & CO.  
CHARTERED ACCOUNTANTS

PARAG V. MEHTA  
PARTNER  
Mem. No. 36867

Director

Place : MUMBAI

Date :

15 SEP 2011

Place :

Date :

**SHARAD FIBRES & YARN PROCESSORS LIMITED**  
Regd. Office: 220, Unique Industrial Estate, Off. Veer Savarkar Marg,  
Prabhadevi, Mumbai - 400 025.

**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 30/09/2011 at 10.00 A. M. at 220, Unique Industrial Estate, Off. Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025 and at any adjournment thereof.

Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

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.

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**SHARAD FIBRES & YARN PROCESSORS LIMITED**  
**Regd. Office :** 220, Unique Industrial Estate, Off. Veer Savarkar Marg, Prabhadevi,  
Mumbai - 400 025.

**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 30/09/2011 at 220, Unique Industrial Estate, Off. Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.

Name of the Member / proxy \_\_\_\_\_  
Folio No. \_\_\_\_\_

Signature