

**SHARAD FIBRES AND YARN  
PROCESSORS LIMITED**

**ANNUAL REPORT**

**FOR THE FINANCIAL YEAR 2011-12**

**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:**

SATURDAY, SEPTEMBER 29, 2012 AT 10:00A.M.

**CERTIFIED TRUE COPY**  
FOR SHARAD FIBRES & YARN  
PROCESSORS LIMITED

  
**DIRECTOR**

**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 29, 2012 at 10:00 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, 2012 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Narendra Khemka, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint 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

sd/-

Ravi Dalmia  
Director

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

Date: 30 May, 2012.

**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 26/09/2012 to 29/09/2012 (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):

1. Name	: MR. NARENDRA KHEMKA
Age	: 60 [15/12/1952].

Mr. Narendra Khemka is Director of the Company and associated with the Company since last 10 years and is looking after overall management and affairs of the Company. He has an experience of over 37 years to his credit.

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

## DIRECTORS' REPORT

TO,  
THE SHAREHOLDERS

Your Directors have great pleasure in presenting their 25th Annual Report together with the Audited accounts for the year ended March 31, 2012.

Particulars	Year ended 31.03.2012 Rs. In Lacs	Year ended 31.03.2011 Rs. In Lacs
Income from Operations	1040.08	1079.75
Profit / Loss before depreciation	779.36	532.18
Depreciation	16.48	68.34
Net Profit before tax	762.88	463.84
Net Profit after tax	762.88	463.84
Balance Brought Forward	[-] 5490.16	[-] 5954.00
Balance Carried Forward	[-] 4727.27	[-] 5490.16

### OPERATIONS:

During the year your Company has achieved a Total Income of Rs.1040.08 lacs as against Rs.1079.75 lacs during the previous year. The profitability was impressive at Rs.762.88 lacs as against Profit of Rs. 463.84 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. In Respect of Appeal Filed by central Excise Department, Mumbai before the Supreme Court amounting to Rs 17604797/-. The Central Excise Department has filed further complaint in this regard before the court of Honorable Chief Judicial Magistrate, Silvassa , case is being Protested suitably.
2. An appeal filled 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 361537/- and Rs 100000/- and interest thereon. However The Excise Department has filled appeal before the CEGAT. The above case is settled now.
3. 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 30.01.2011 wherein the demand is reduced to Rs. 226,940/- and the department has filed case before High Court against the order of ITAT.( not pending )

The above case is settled now in favor of the company.

4. 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.( not pending)

The above case is settled now in favor of the company.

5. 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. Narendra Khemka retires by rotation and being eligible has offered himself 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, 2012 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 have 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, 2013 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 not applicable to the company as the company is not engaged in manufacturing activities.

#### **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.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The Plant of the company is presently shut and the company is presently engaged in Recycling of Plastic Waste. 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 has carried out Recycling of Plastic waste.

The Company has achieved a net profit of Rs.762.88 Lacs as against profit of Rs.463.84Lacs 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:

SHARAD FIBRES & YARN PROCESSORS LIMITED [SFYPL] ("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	ED	8	Y	2	0	-
Aditya Dalmia	ED	8	Y	4	0	-
U.K.Nair	NE & ID	8	Y	1	0	-
Narendra Khemka	NE & ID	8	Y	0	0	-

NE & ID stands for Non Executive and Independent Director, ED : Executive Director.

During the Year ended March 31, 2012, the Board met 8 (EIGHT) 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:

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.

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, 2012.

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/Cs	--	--	--
4.	Others	1	1	Nil
	Total	4	4	Nil

There were no shares pending for transfer as on 31<sup>st</sup> March 2012.

#### 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 insider 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. Ravi 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. Ravi 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
2009	Registered Office.	30.09.2009	10.00 A.M
2010	Registered Office.	30.09.2010	10.00 A.M
2011	Registered Office.	30.09.2011	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.
- (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 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.
- (vii) Certificate from Mr. Ravi Dalmia, Director in terms of clause 49 (V) of the Listing Agreement with the Stock Exchange for the financial year ended 31<sup>st</sup> March 2012 was placed before the board of directors of the company in its meeting held on 13/08/2012.

## 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 29, 2012.  
TIME : 10.00 A. M.  
VENUE : Registered Office.

### 7.2. FINANCIAL CALENDAR:

* Financial reporting for the quarter ended June 30, 2012	: Mid of Aug., 2012
* Financial reporting for the quarter ended Sept.30, 2012	: Mid of Nov., 2012
* Financial reporting for the quarter ended Dec. 31, 2012	: Mid of Feb., 2013
* Financial reporting for the year ended March 31, 2012	: Mid of May, 2013
* Annual General Meeting for the year ended March 31, 2013	: Mid of Sep., 2013

7.3. DATE OF BOOK CLOSURE: 26/09/2012 TO 29/09/2012 [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, 2012:

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 31,2012:

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/-  
**RAVI DALMIA**  
**DIRECTOR**

Mumbai.  
Date: 30 May, 2012.

**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 2012.

**FOR SHARAD FIBRES & YARN PROCESSORS LIMITED**

Sd/-  
**RAVI DALMIA**  
**DIRECTOR**

Mumbai.  
Date: 30 May, 2012.

**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, 2012 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/-  
**RAVI DALMIA**  
**DIRECTOR**

Mumbai.  
Date: May 30, 2012.



**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, 2012, 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  
Date: May 30, 2012.

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

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1. We have audited the attached Balance Sheet of **SHARAD FIBRES & YARN PROCESSORS LIMITED** as at 31<sup>st</sup> March 2012 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 misstatements. 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.

- e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2012 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, 2012 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, 2012; 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

**Place: MUMBAI**

**Date: 30.5.2012**

sd/-

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

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.
  - (c) During the year, Asrec (India) Ltd. assignee of Central bank of India has been disposed off unit at 218/1/1, Dadra Nagar Haveli against recovery of their loan.
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 Of the Companies Act, 1956
  - (a) The company has taken loans from eight parties. The maximum balance aggregates to Rs. 3,52,25,126/- (Rs. 1,27,73,886/-) The closing balance in respect of the same is Rs. 2,98,90,113/-.( Rs.1,14,61,223/-). The company has given loans to two such parties. The maximum balance amounts to Rs. 1,52,66,653/- (Rs.11,75,758/-) and the closing balance is Rs. 59,12,525/- ( Rs.11,35,556/-).
  - (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 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 2012 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 Court.  |
| 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.         |

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

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

**PLACE: MUMBAI**

**sd/-**

**DATED: 30.05.2012**

**PARAG MEHTA  
PARTNER  
MEMBERSHIP NO 36867**

**SHARAD FIBRE & YARNS PROCESSORS LIMITED**  
Balance Sheet as at 31st March, 2012

Particulars	Note No.	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholder's Fund</b>			
(a) Share Capital	3	65,064,000	65,064,000
(b) Reserves & surplus	4	(546,908,319)	(546,908,319)
<b>Non-current Liabilities</b>			
(a) Long Term Borrowings	5	549,110,839	549,110,839
(b) Other Long term Liabilities	-	-	-
(c) Long term Provisions	-	-	-
(d) Deffered Tax Liabilities (net)	-	-	-
<b>Current Liabilities</b>			
(a) Short Term Borrowings	6	1,893,826	1,893,826
(b) Other Current Liabilities	7	387,691	387,691
(c) Short-Term Provisions	-	-	-
(d) Trade Payables	8	640,779	640,779
<b>Total</b>		<b>52,706,132</b>	<b>70,188,816</b>
<b>II. ASSETS</b>			
<b>Non-current Assets</b>			
(a) Fixed Assets	9	21,503,820	21,503,820
(I) Tangible Assets		-	-
(II) Intangible Assets		-	-
(III) Capital Work in progress		-	-
(IV) Intangible Assets under Developments		-	-
(b) Non-Current Investments	-	-	-
(c) Long Term Loans & advances	10	10,389,039	10,389,039
(d) Other non-current Assets	-	-	-
(e) Deferred Tax Assets	-	-	-
<b>Current Assets</b>			
(a) Current investments	-	-	-
(b) Inventories	11	-	-
(c) Trade Receivables	12	34,615,715	34,615,715
(d) Cash and Cash equivalents	13	671,123	671,123
(e) Short-term Loans and Advances	14	3,009,119	3,009,119
(f) Other current Assets	-	-	-
<b>Total</b>		<b>52,706,132</b>	<b>70,188,816</b>

**As per our Report of even date**

**For Vinod S. Mehta & Co.**  
Chartered Accountants  
Firm No. 111524W

Sd/-

**Parag V. Mehta**  
Partner  
M.No. : 36867

**Mumbai**  
Date : 30.05.2012

**For and on behalf of the Board**

Sd/-

**Aditya Dalmia**  
Director

**Mumbai**  
Date : 30.05.2012

Sd/-

**Ravi Dalmia**  
Director

**SHARAD FIBRE & YARNS PROCESSORS LIMITED**  
Statement of Profit and Loss for the year ended on 31st March, 2012

Particulars	Note No.	Year Ended 31.03.2012	Period Ended 31.03.2011
I. Revenue from Operations	18	25,771,096	55,325,357
II. Other Income	19	76,288,539	52,649,781
<b>III. Total Revenue (I+II)</b>		<b>102,059,635</b>	<b>107,975,138</b>
IV. Expenses :			
Cost of Material consumed	20	53,774,932	53,774,932
Change in Inventories of finished goods, Work-in-progress and Stock in trade	-	-	-
Employee Benefits expenses	21	768,925	540,025
Finance Cost	22	-	-
Depreciation and Amortization expense	10	6,833,569	6,833,569
Administrative and Other Expenses	23	442,835	442,835
<b>Total Expenses</b>		<b>61,591,361</b>	<b>61,591,361</b>
V. Profit before exceptional and extraordinary item and Tax		76,288,539	46,383,777
VI. Exceptional Item		-	-
VII. Profit before extraordinary items and Tax		76,288,539	46,383,777
VIII. Extraordinary Items		-	-
<b>IX. Profit Before Tax</b>		<b>76,288,539</b>	<b>46,383,777</b>
X. Tax Expenses			
1) Current Tax		-	-
2) Deferred Tax		-	-
<b>XI. Profit (Loss) for the period from continuing operations</b>		<b>76,288,539</b>	<b>46,383,777</b>
<b>XII. Profit / Loss for the Previous Year</b>		<b>(595,399,553)</b>	<b>(595,399,553)</b>
<b>XIII. Profit (Loss) for the period</b>		<b>(427,227,237)</b>	<b>(549,015,776)</b>
XIV. Earning per Equity Share			
(1) Basic		11.42	11.42
(2) diluted		11.42	11.42

*As per our Report of even date*

*For and on behalf of the Board*

**For Vinod S. Mehta & Co.**  
Chartered Accountants  
Firm No. 111524W

Sd/-

**Parag V. Mehta**  
Partner

**Mumbai**  
Date : 30.05.2012

Sd/-

**Aditya Dalmia**  
Director

**Mumbai**  
Date : 30.05.2012

Sd/-

**Ravi Dalmia**  
Director



**Sharad Fibres & Yarn Processors Limited**  
**Notes to the Financial Statements**

Particulars	31.03.2012	31.03.2011
<b>Note No. 3</b> <b>Share Capital</b>		
a) Authorized Share Capital 5,000,000 number of Equity Shares (Previous Year 5,000,000) of Rs. 10 each.	50,000,000	50,000,000
b) Issued, Subscribed & Paid up		
4,006,400 (Previous Year 4,006,400) Equity Shares of Rs. 10 each (Previous Year Rs. 10 each) fully subscribed and paid up.	40,064,000	40,064,000
NIL 5 % Preference Shares series A of Rs. 10 Each (Previous Year 2,500,000 5 %Preference Shares)	-	25,000,000
<b>Total</b>	<b>40,064,000</b>	<b>65,064,000</b>

**Notes**  
(1) Following shareholders are holding more than 5% shares (AS on 31.03.2012 as well as 31.03.2011):

**Equity Shares with Voting Rights:**  
A) Central Bank of India - 10,96,343 shares  
B) Dalmia Exim Pvt. Ltd. - 3,40,000 shares  
C) Aditya Dalmia HUF - 2,11,750 shares

Particulars	2011-2012	2010-2011
a) <b>Equity Shares:</b>		
Reconciliation of Number of shares outstanding		
Number of Shares at the Beginning of the reporting period	4,006,400	4,006,400
Add: Issued during the year	-	-
Less: Buyback of shares/ Shares Forfeited during the year	4,006,400	4,006,400
<b>Number of Shares at the End of the reporting period</b>	<b>4,006,400</b>	<b>4,006,400</b>

Particulars	2011-2012	2010-2011
Reconciliation of Number of shares outstanding (In terms of Value)		
Shares at the Beginning of the reporting period	40,064,000	40,064,000
Add: Issued during the year	-	-
Less: Buyback of shares/ Shares Forfeited during the year	40,064,000	40,064,000
<b>Shares at the End of the reporting period</b>	<b>40,064,000</b>	<b>40,064,000</b>

Particulars	2011-2012	2010-2011
b) <b>Preference Shares:</b>		
Reconciliation of Number of shares outstanding		
Number of Shares at the Beginning of the reporting period	2,500,000	2,500,000
Add: Issued during the year	-	-
Less: Redeemed during the year	2,500,000	2,500,000
<b>Number of Shares at the End of the reporting period</b>	<b>2,500,000</b>	<b>2,500,000</b>

Particulars	2011-2012	2010-2011
Reconciliation of shares outstanding (In terms of Value)		
Shares at the Beginning of the reporting period	25,000,000	25,000,000
Add: Issued during the year	25,000,000	-
Less: Redeemed during the year	-	25,000,000
<b>Shares at the End of the reporting period</b>	<b>25,000,000</b>	<b>25,000,000</b>

Particulars	31.03.2012	31.03.2011
<b>Note No. 4</b> <b>Reserve and Surplus</b>		
a) Capital Reserves	2,107,457	2,107,457
b) Capital Redemption Reserve	-	(595,399,553)
c) Profit & Loss A/c.	(472,727,238)	46,383,777
Opening Balance	-	(549,015,776)
Add: Surplus for the year	(470,619,781)	-
<b>Total</b>	<b>(470,619,781)</b>	<b>(546,908,319)</b>

**Note No. 5**  
**Long term Borrowings**

Particulars	31.03.2012	31.03.2011
<b>(A) Secured Borrowings</b>		
a) Term Loans		
- from Banks	443,913,884	537,649,616
- from other parties		
b) Deposits		
c) Loans and advances from related Parties		
d) Other Loans and Advances		
<b>Total (A)</b>	<b>443,913,884</b>	<b>537,649,616</b>
<b>(B) Unsecured Borrowings</b>		
a) Term Loans		
- from Banks		
- from other parties	29,890,113	8,674,259
b) Deposits		2,786,964
c) Loans and advances from related Parties		
d) Other Loans and Advances		
<b>Total (B)</b>	<b>29,890,113</b>	<b>11,461,223</b>
<b>Total (A+B)</b>	<b>473,803,997</b>	<b>549,110,839</b>

**Notes**

(i) Loans as on 31.03.2011 Amounting to Rs. 53,76,49,646/- as shown under the head Term Loans From Bank of Secured borrowings have been guaranteed by directors and their relatives. Also the said loan is secured 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.

Further, 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.

(ii) Company is in default in repayment of below loans & interest as on 31.03.2011:

Sr. No.	Loan From	Nature	Amount
1	Central Bank of India	Cash Credit	63,540,664.00
2	Central Bank of India	Loan Amount	474,108,952.00

**Note No. 6**

**Short Term Borrowings**

Particulars	31.03.2012	31.03.2011
a) Bank Overdraft (HDFC)	6,500,785	1,893,826
<b>Total</b>	<b>6,500,785</b>	<b>1,893,826</b>

**Note No. 6**

**Other Current Liabilities**

Particulars	31.03.2012	31.03.2011
a) Statutory Remittances	21,514	159,911
b) Advances from Customers	1,000,000	227,780
<b>Total</b>	<b>1,021,514</b>	<b>387,691</b>

**Note No. 7**

**Trade Payables**

Particulars	31.03.2012	31.03.2011
a) Sundry Creditors - As per Annexure	1,935,617	640,779
<b>Total</b>	<b>1,935,617</b>	<b>640,779</b>



Note No. 9 Long Term Loans & Advances		31.03.2012	31.03.2011
<b>Particulars</b>			
<b>(A) UnSecured, consider good</b>			
a) Capital Advances	28,000	1,529,930	-
b) Security Deposits	1,912,525	1,135,556	-
c) Loans & Advances to related Parties	4,000,000	5,000,000	-
d) Loans & Advances To Companies in which director is a director	2,779,581	2,723,553	-
e) Balances with revenue Authorities	-	-	-
<b>Total</b>	<b>8,720,106</b>	<b>10,389,039</b>	

Note No. 10 Inventories		31.03.2012	31.03.2011
<b>Particulars</b>			
a) Closing Stock	5,295,635	-	-
<b>Total</b>	<b>5,295,635</b>		

**Closing Stock Consists of the following items:**

- 1) Pet Fines & Flakes - 39,21,944.00
- 2) Plastic Wastes - 13,74,139.00

Note No. 11 Trade Receivable		31.03.2012	31.03.2011
<b>Particulars</b>			
<b>(B) UnSecured, consider good</b>			
a) For a period exceeding six months	33,485,636	34,615,715	-
b) Others Debts	-	-	-
<b>Total (A)</b>	<b>33,485,636</b>	<b>34,615,715</b>	
<b>(C) Doubtful</b>			
a) For a period exceeding six months	29,077,392	29,077,392	-
b) Others Debts	29,077,392	29,077,392	-
Less: Provision for bad and doubtful debts	-	-	-
<b>Total (A+B)</b>	<b>33,485,636</b>	<b>34,615,715</b>	

Note No. 12 Cash and cash equivalent		31.03.2012	31.03.2011
<b>Particulars</b>			
a) Balance with banks	26,724	(1,297)	-
- Currents Account Balances	-	100,200	-
- Margin Money	359,145	552,441	-
b) Bank Deposits with more than 12 months maturity	43,689	19,779	-
c) Cheques, drafts on hand	-	-	-
d) Cash on hand	-	-	-
<b>Total</b>	<b>429,558</b>	<b>671,123</b>	

Note No. 13 Short Term Loans and Advances		31.03.2012	31.03.2011
<b>Particulars</b>			
<b>(A) Unsecured, consider good</b>			
a) Loans & Advances	-	-	-
b) Staff Advances	24,175	22,447	-
c) Prepaid Expenses	20,876	2,986,672	-
d) Other Receivables	-	-	-
<b>Total (A)</b>	<b>45,051</b>	<b>3,009,119</b>	

**Note No. 14****Revenue from Operations**

	31.03.2012	31.03.2011
<b>Particulars</b>		
Sale of Products	25,771,196.00	55,325,357.00
Sale of Services	-	-
Other Operating Revenues	-	-
Less: Excise Duty	-	-
<b>Total</b>	<b>25,771,196.00</b>	<b>55,325,357.00</b>

**Note No. 15****Other Income**

	31.03.2012	31.03.2011
<b>Particulars</b>		
Interest on Bank Deposits	23,255.46	4,905.00
Net gain/loss on sale of Assets	25,022,929.00	-
Bank Interest W/back	49,947,320.00	52,644,876.00
Sundry Balances Written back	3,244,173.00	-
<b>Total</b>	<b>78,237,677.46</b>	<b>52,649,781.00</b>

Note:

The Company has written back interest expense claimed earlier with respect to Loan from Central Bank of

**Note No. 16****Cost of Material consumed**

	31.03.2012	31.03.2011
<b>Particulars</b>		
Opening Stocks	25,767,094.00	47,206,820.00
Add: Purchases	3,940,387.00	6,542,078.00
Add: Direct Expenses	5,295,635.00	-
Less: Closing Stocks	-	-
<b>Total</b>	<b>24,411,846.00</b>	<b>53,774,932.00</b>

**Other Direct Expenses**

	31.03.2012	31.03.2011
<b>Particulars</b>		
Power & Fuel	293,950.00	76,104.00
Repair and Maintenance	235,792.00	-
Freight & Forwarding	144,580.00	1,949.00
Additive Exp.	122,000.00	64,250.00
Job Work Charges	3,135,175.00	6,399,775.00
Loading & Unloading Exp.	8,890.00	-
<b>Total</b>	<b>3,940,387.00</b>	<b>6,542,078.00</b>

**Note No. 17****Employee Benefits expenses**

	31.03.2012	31.03.2011
<b>Particulars</b>		
Salaries and Wages	762,262.00	540,025.00
Contribution to Provident & Other Funds	-	-
Staff Welfare expenses	6,663.00	-
<b>Total (A+B)</b>	<b>768,925.00</b>	<b>540,025.00</b>

**Note No. 18****Finance Cost**

	31.03.2012	31.03.2011
<b>Particulars</b>		
Interest Expenses	-	-
Other borrowing Costs	-	-
Net gain/loss on foreign currency transactions and translations	-	-
<b>Total (A+B)</b>	<b>-</b>	<b>-</b>

**Note No. 19****Administrative and Other Expenses**

	31.03.2012	31.03.2011
<b>Particulars</b>		
Legal & Professional Fees	26,472.00	114,120.00
Audit Fees	112,360.00	13,787.00
Motor Car Exp.	31,964.00	18,266.00
Repair and Maintenance	49,300.00	-
Security Exp.	269,862.00	228,425.00
Conveyance	12,815.00	-
Packing Exp	12,450.00	-
Telephone Exp.	4,361.00	862.00
Rates and Taxes	98,904.00	9,500.00
Rate Difference	244,727.00	2,735.00
Miscellaneous Expenses	28,077.00	55,140.00
<b>Total (A+B)</b>	<b>891,292.00</b>	<b>442,835.00</b>

**Note No. 20****Payment to Statutory Auditors**

	31.03.2012	31.03.2011
<b>Particulars</b>		
a) Audit Fees	56,180.00	13,787.00
b) Tax audit fees	56,180.00	-
<b>Total</b>	<b>112,360.00</b>	<b>13,787.00</b>

**SHARAD FIBRES & YARN PROCESSORS LIMITED**  
**NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART**  
**OF THE BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2012**

**Note No. 1: CORPORATE INFORMATION:**

The company is engaged in the business of Plastic recycling and trading in yarn.

**Note No. 2: 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.

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.
- iii) 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.

**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) REVENUE RECOGNITION:**

Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the customers. Sales are net of trade discounts and sales tax.

**G) TAXATION:**

(i) Provision for current Tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by the tax rates as applicable.

(ii) 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.

**H) SEGEMENT REPORTING:**

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.

**I) TRADE PAYABLES**

Unpaid amount due as on 31.03.2012, 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.

**J) EARNING PER SHARE:**

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.

**Other Notes No. 21:**

- a. 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.

b. **CONTINGENT LIABILITIES:**

Contingent Liabilities are disclosed after a careful evaluation of the facts and legal aspects 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. 17604797/-. 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 High Court.
  - 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) 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.
  - vii) 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.
- c. Central Bank of India had intimated proceedings and has taken symbolic possession of the plant assets. Central Bank of India has assigned the company's debt to Asrec Ltd. And Asrec Ltd. has assigned the debt to BST Exports Pvt. Ltd.
- d. The Company has written back interest expense claimed earlier with respect to Loan from Central Bank of India.
- e. 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
11	Dalmia Exim Ltd.	Associate
12	Dalmia Polypro 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
<b>A</b>	<b>LOAN TAKEN</b>				
	Balance As on 1st April 2011	Nil	Nil	6,996,231.00	6,996,231.00
		(Nil)	(Nil)	(8,525,800.00)	(8,525,800.00)
	Loan Taken during the year	Nil	25,000,000.00	4,504,438.00	29,504,438.00
		(Nil)		(31,417,865.00)	(31,417,865.00)
	Loan repaid during the year	Nil	Nil	5,135,556.00	5,135,556.00
		(Nil)	(Nil)	(31,269,406.00)	(31,269,406.00)
	Balance as at 31st March, 2012	Nil	25,000,000.00	6,365,113.00	6,365,113.00
		(Nil)	(Nil)	(8,674,259.00)	(8,674,259.00)
<b>B</b>	<b>LOAN GIVEN</b>				
	Balance As on 1st April 2011	Nil	Nil	5,000,000.00	5,000,000.00
		(Nil)	(Nil)	(1,166,721.00)	(1,166,721.00)
	Loan Given during the year	Nil	Nil	21,704,051.00	21,704,051.00
		(Nil)	(Nil)	(9,037.00)	(9,037.00)
	Loan repaid during the year	Nil	Nil	20,791,526.00	20,791,526.00
		(Nil)	(Nil)		

				(40,202.00)	(40,202.00)
	Balance as at 31st March, 2012	Nil	Nil	5,912,525.00	5,912,525.00
		(Nil)	(Nil)	(1,135,556.00)	(1,135,556.00)
C	<b>Deposit Given</b>	Nil	1,475,000.00	Nil	1,475,000.00
		(Nil)	(1,475,000.00)	(Nil)	(1,475,000.00)
D	<b>Salary Paid</b>	Nil	Nil	Nil	Nil
		(Nil)	(Nil)	(Nil)	(Nil)
E	<b>Director Remuneration</b>	300,000.00	Nil	Nil	300,000.00
		(Nil)	(Nil)	(Nil)	(Nil)
F	<b>Job Work Charges Paid</b>	Nil	Nil	3,135,175.00	3,135,175.00
		(Nil)	(Nil)	(6,399,775.00)	(6,399,775.00)
G	<b>Sales</b>	Nil	Nil	1,293,051.00	
		(Nil)	(Nil)	(Nil)	
	<b>Purchases</b>	Nil	Nil	Nil	
		(Nil)	(Nil)	(64,250.00)	

**Signature to Schedule '1' to '13'**

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

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

**Chartered Accountants**

**Sd/-  
PARAG V. MEHTA  
PARTNER  
Membership No.: 36867**

**Sd/-  
Director**

**sd/-  
Director**

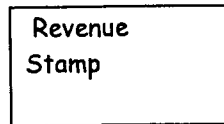
**Place: Mumbai  
Dated: 30.05.2012**

**Place: Mumbai  
Dated: 30.05.2012**

**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 29/09/2012 at 10.00 A. M. at 220, Unique Industrial Estate, Off. Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025 and at any adjournment thereof.



Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012 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 29/09/2012 at 220, Unique Industrial Estate, Off. Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.

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

Signature