

SHARAD FIBRES & YARN
LIMITED L.D.


AUTHORIZED SIGNATORY.

SHARAD FIBRES & YARN PROCESSORS LIMITED

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>

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11TH
ANNUAL REPORT
1997- 98





SHARAD FIBRES & YARN PROCESSORS LIMITED

BOARD OF DIRECTORS

Ravi Dalmia	:	CHAIRMAN CUM MANAGING DIRECTOR
Anand Arya	:	DIRECTOR
Aditya Dalmia	:	DIRECTOR
Shashi Dalmia	:	DIRECTOR

REGISTERED OFFICE

Rang Mahal, 3rd Floor,
212/216, Samuel Street,
Vadgadi, Mumbai-400 003.

CORPORATE OFFICE

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

FACTORY :

Unit I.

110, Govt. Indst. Est.,
Masat, Silvassa -396230.
Dadra & Nagar Haveli (U.T.).

Unit II.

111, Govt. Indst. Est.,
Masat, Silvassa - 396230.
Darda & Nagar Haveli (U.T.).

Unit III.

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

AUDITORS

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

BANKERS

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

SHARE TRANSFER AGENT

BIGSHARE SERVICES PVT. LTD.

J/12, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka
Andheri (E), Mumbai - 400 072.

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ANNUAL REPORT 1997-98**NOTICE**

NOTICE is hereby given that the 11th Annual General Meeting of the Members of M/s. Sharad Fibres & Yarn Processors Limited will be held on Wednesday the 30th September, 1998 at 10.30 A.M. at the Corporate Office of the Company at 202, Venkatesh Chambers, Prescott Road, Fort, Mumbai -400 001 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the year ended 31st March, 1998 and the audited Balance Sheet as on that date, together with the Report of the Directors and Auditors thereon.
2. To sanction the declaration of dividend on Equity Shares for the year ended 31st March, 1998.
3. To appoint a Director in place of Mr. Aditya Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION :

5. AS AN ORDINARY RESOLUTION :

"RESOLVED THAT Mr. Shashi Dalmia, who was appointed as an Additional Director of the Company by the Board of Directors on 29th July, 1998 and who holds office until the conclusion of this Annual General Meeting under section 260 of the Companies Act, 1956, and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member in writing proposing his candidature for the post of Director be and is hereby appointed as Director of the Company, liable to retire by rotation".

6. AS A SPECIAL RESOLUTION :

"RESOLVED THAT in accordance with the provisions of the Companies Act, 1956 and other Acts, if any, including any amendment thereto, and subject to the consents, permissions, sanctions and approvals, if any, as may be necessary from the Members, Stock Exchange Authorities and subject to conditions as were prescribed/made applicable in granting such Listing approvals, consent of the Company be and is hereby accorded to the Board of Directors of the Company to apply for delisting of Equity Shares of the Company from the Stock Exchanges at Calcutta, Chennai and Jaipur and that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things including execution of any documents for this purpose and attend to all statutory compliance to get the Equity Shares delisted from the above Stock Exchanges".

7. AS A SPECIAL RESOLUTION :-

"RESOLVED THAT the resolutions given in notice dated 31/01/1998 at item no.2, 3, and 4 and passed by the Members at the Extra Ordinary General Meeting held on 27th February, 1998 for increase in Authorised Share Capital from Rs. 500 Lacs to Rs. 800 Lacs, consequent changes made in Capital Clauses of Memorandum and Articles of Association of the Company and issue of 10% Redeemable Convertible Cumulative Preference Shares not exceeding Rs. 300 Lacs on private placement basis, be and are hereby withdrawn and cancelled".

8. AS AN ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the limits laid down in Section 198 and 369 read with Schedule XIII to the Companies Act, 1956 the Company hereby approves of the re-appointment



SHARAD FIBRES & YARN PROCESSORS LIMITED

and terms of remuneration of Mr. Ravi Dalmia, as Chairman cum Managing Director of the Company for a period of 5 [Five] years with effect from 1.10.1998 upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement in such manner as may be agreed to between the Board of Directors of the Company and Mr. Ravi Dalmia."

Registered Office :
Rang Mahal, 3rd Floor,
212/216, Samuel Street, Vadgadi,
Mumbai - 400 003.

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

Aditya Dalmia
Director

Dated : 08.08.1998

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies duly stamped and executed, must reach the Registered Office of the Company not less than 48 hours before the time of the Annual General Meeting.
3. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the item No. 5 to 8 are annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 18.9.1998 to 30.9.1998 (both days inclusive).
5. Members are requested to intimate any changes in their address to the Company's Share Transfer Agents :

BIGSHARE SERVICES PVT. LTD.
J/12, ANSA INDUSTRIAL ESTATE,
SAKI VIHAR ROAD, SAKI NAKA,
ANDHERI (E), MUMBAI - 400072.
Tel No. 8523541/8524914.

6. All documents referred to in the Notice and Explanatory Statement 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.
7. As a measure of the economy, Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copy of the Annual Report to the Meeting.
8. The Dividend, if approved, will subject to the provisions of Section 206A of the Companies Act, 1956, be paid on or after 1st October, 1998 to those shareholders whose names appears in the Register of Members of the Company as on 30th September, 1998.
9. Members are requested to send their latest address and bank particulars either to the Company or to the Company's Share Transfer Agent to facilitate payment of Dividend (subject to its approval in the A.G.M.).
10. As required under the Provisions of the Companies Act, 1956, the unpaid dividend for the financial year 1994-95 remaining unpaid is due to be transferred to the Central Government's Revenue Account on or before 11th November, 1998. Members are requested to encash their dividend warrants after 11th November, 1998 from the office of the Registrar of Companies, Maharashtra, Mumbai situated at Hakoba Compound, 2nd Floor, Dataram Lad Marg, Lower Parel (East), Mumbai - 400 013.

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ANNEXURE TO THE NOTICE : EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.
ITEM NO 5 :

Mr. Shashi Dalmia was appointed as an Additional Director of the Company by the Board of Directors with effect from 29th July, 1998. Under the provisions of section 260 of the Companies Act, 1956 and the Article 51 of the Articles of Association of the Company, Mr. Shashi Dalmia holds office of Directorship upto the conclusion of the ensuing Annual General Meeting. The Company has received a notice together with the deposit of Rs. 500/- under section 257 of the Companies Act, 1956 from a member signifying his intention to propose the candidature of Mr. Shashi Dalmia as Director of the Company. Mr. Shashi Dalmia is a B.Chem and is having wide experience in textile field.

Hence the Board of Directors recommend the resolution as set out in the notice for your approval.

Mr. Shashi Dalmia may be deemed to be interested in the Resolution, Mr. Ravi Dalmia and Mr. Aditya Dalmia being related to Mr. Shashi Dalmia may be deemed to be Concerned or interested in the Resolution.

ITEM NO 6 :

The Equity Shares of the Company are at present listed with the Stock Exchanges at Calcutta, Chennai, Jaipur and Mumbai. The Equity Shares of the Company on Calcutta, Chennai and Jaipur Stock Exchanges are not traded in a material way and is negligible in quantum. The number of Shareholders in these regions are also not significant. The Board of Directors of the Company therefore propose that the Equity Shares of the Company should be delisted from Calcutta, Chennai, and Jaipur Stock Exchange. The listing of the Shares will however continue with Mumbai Stock Exchange which is a regional Stock Exchange and the said exchange is expanding its BOLT terminals, hence will provide considerable liquidity to the members and investors for sale and purchase of Equity Shares of the Company. As the listing of the Equity Shares were made in terms of prospectus dated 15th April, 1994 it is considered necessary to obtain the approval of the members of the Company and accordingly resolution at Item No. 6 is set out in the notice for your approval.

The Board of Directors therefore recommend the approval by the members of the special resolution at Item No. 6 of the accompanying notice.

None of the Directors of the company is/are interested in the said resolution.

Item NO 7 :

As members are aware that, at the Extra Ordinary General Meeting held on 27th February, 1998 the Company has increased the Authorised Share Capital From Rs. 500 Lacs to Rs. 800 Lacs and consequent changes were made in Capital Clause of Memorandum of Articles of Association of the Company and approval of members was taken for issue of 10% Redeemable Convertible Cumulative Preference Shares not exceeding Rs. 300 Lacs on private placement basis in one or more instalments at such time(s) to such persons/companies/institutions as may be determined by the board.

The Board of Directors have decided earlier to expand the capacity by making some capital expenditure which was to improve the profitability of the Company substantially and to finance the said capital expenditures it was proposed to increase the Authorised Share Capital From Rs. 500 Lacs to Rs. 800 Lacs and issue 10% Redeemable Convertible Cumulative Preference Shares not exceeding Rs. 300 Lacs on private placement basis in one or more instalments at such time(s) to such persons/companies/institutions as may be determined by the board.



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Now as members are aware due to allround depression and thereby effecting demand of Company's products it would not be profitable for the Company to spend at this moment and therefore defer the said plans to a future date. Also the Board of Directors of the Company does not foresee drastic changes in economy and thereby expanding the production capacity in near future. Hence your Board thought it fit and proper to seek your permission cancelling and withdrawing the said resolutions passed by the Members.

The Directors recommnd the passing of this resolution as mentioned in item No.7 of the Notice in the best interest of the Compnay.

None of the Directors of the Company is concerned or interested in the resolutions.

ITEM NO 8 :

Mr. Ravi Dalmia was appointed as Managing Director of the Company for a period of 5 [Five] years w.e.f.1.10.1993 and the terms and conditions of the agreement was approved by the shareholders of the company at their meeting held on 23.10.1993. As the said agreement is expiring on 30.9.1998, the board of directors of the Company have, subject to the approval of the company's members in general meeting, re-appointed Mr. Ravi Dalmia as Chairman cum Managing Director of the Company for a period of 5 [Five] years from 1.10.1998 on the terms and subject to the conditions set out in the draft Agreement referred to in the Resolution.

The material terms, including remuneration, of the said draft Agreement are as follows :-

(A) PERIOD : 5 [five] years from. 1.10.1998.

(B) REMUNERATION :

A Salary of Rs. 5,000/- (inclusive of dearness allowance) per month.

(C) PERQUISITES :

Perquisites shall be payable to him as per the rules of the Company and other applicable Provisions of all the respective Acts and enactments.

Registered Office :
Rang Mahal, 3rd Floor,
212/216, Samuel Street, vadgadi,
Mumbai : 400 003.

Dated : 08.08.1998.

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

Aditya Dalmia
Director

ANNUAL REPORT 1997-98**DIRECTOR'S REPORT****THE MEMBERS,**

Your directors have great pleasure in presenting their 11th Annual Report alongwith the Audited Annual Accounts for the year ended on 31st March, 1998 and report that :-

PERFORMANCE :

A summary of your Company's financial performance is given below:

PARTICULARS

(Figures Rs. in Lakhs)

	<u>1997-98</u>	<u>1996-97</u>
Sale & Other Income	4669.91	4261.98
Profit Before Tax	124.72	121.55
Profit After Tax	121.21	117.55
Add : Balance brought forward from the previous year.	180.07	112.27
Balance available for Appropriation	301.28	229.82
Less : Transferred to General Reserve	3.00	3.00
Proposed Dividend and Dividend Tax	46.75	46.75
Balance Carried to Balance Sheet	251.53	180.07

OPERATIONS :

During the year under review, your Company has achieved a gross income of Rs. 4669.91Lacs as compared to previous year Rs. 4261.98 Lacs registering an increase of 9.57% over the previous year.

EXPANSION PROGRAMME :

Your Company has proposed to setup a Texturising Unit at Dadra Village, Silvassa. The Company has already installed Two Texturising Machines out of proposed Six Machines. The production will commence at the end of September, 1998. The Central Bank of India has sanctioned a Term Loan of Rs.1070.00 lacs for the said Project.

DIVIDEND :

Your Directors are pleased to recommend a tax free dividend of 10 % subject to approval by shareholders of the Company. This will result in a payout of Rs. 46.75 Lacs.

BOARD OF DIRECTORS :

The Board of Directors of the Company regret to inform you the sudden and sad demise of the Erstwhile Chairman Shri Amarchand Dalmia on 3rd August, 1998.

It is the firm resolve of your Board of Directors to pursue the completion of the tasks that he initiated and to realize the ambitions that he chartered for your Company.

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company Mr. Aditya Dalmia, Director of the Company retire by rotation and being eligible, offers themselves for re-appointment.

The Board of Directors have appointed Mr. Shashi Dalmia as Director of the Company liable to retire by rotation. Considering his wide experience in Textile field the Board of Directors recommend his appointment.



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AUDITORS :

M/s. Vinod S. Mehta & Co. , Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Members are requested to consider their appointment and authorise Board of Directors to fix their remuneration for the year 1998-99.

AUDITORS REPORT :

Observations made in the Auditor's Report are self-explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

PROJECTIONS VS. PERFORMANCE :

In terms of clause 43 of the listing agreement, Comparison of Performance vs. Projection made in the Prospectus dated 15th April, 1994 are as follows :

PROFITABILITY :

(RS. IN LACS)

PARTICULARS

	Projected	Actual
Income From Operations	5413.14	4669.91
Profit before tax	309.24	124.69
Profit after tax	206.37	121.22

The Company could not achieve the projected performance due to low realisation and general slow down in the economy.

UTILISATION OF FUNDS :

The Company has utilised the funds for the purposes as was mentioned in the prospectus.

FIXED DEPOSITS :

Your Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956 from public and the rules made thereunder during the year.

PARTICULARS OF EMPLOYEES :

The information required u/s. 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) rules, 1975 are not applicable to the Company, as the company has not employed any employees whose salary exceeds by Rs. 3,00,000/- per annum or by Rs. 25,000/- per month.

PARTICULARS REQUIRED UNDER THE LISTING AGREEMENT :

LISTING :

The Equity Shares of the Company are at present listed with the following Stock Exchanges :

The Ahmedabad Stock Exchange Limited
Kamdhenu Complex, Opp: Sahajanand College,
Ahmedabad - 380 015
Jaipur Stock Exchange Limited
Rajasthan Chamber Bhavan, M.I. Road, Jaipur-302 001.

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Madras Stock Exchange Limited
Exchange Building. 11, Second Line Beach, Chennai-600 001.

The Stock Exchange Mumbai
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai : 400 023.

PAYMENT OF LISTING FEES :

The Company is regular in paying listing fee to all the Stock Exchanges where the Equity shares of the Company are listed.

DELISTING :

The Equity Shares of the Company listed on Calcutta, Chennai and Jaipur Stock Exchanges are not traded in a material way and is negligible in quantum. The number of Shareholders in these regions are also not significant. The Board of Directors of the Company therefore proposes that the Equity Shares of the Company should be delisted from Calcutta, Chennai and Jaipur Stock Exchange. The listing of the shares will however continue with Bombay Stock Exchange and with spread of its BOLT Terminals will provide considerable liquidity to the members and investors for sale and purchase of the Equity Shares of the Company.

PARTICULARS REGARDING CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :

The information pursuant to section 217 (i) (a) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given as per Annexure attached.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation and acknowledgement with gratitude for the support and assistance to the Company's Bankers, Shareholders and Customers.

Your directors place on record their deep sense of appreciation for the devoted services of the executives and staff at all levels of the Company.

Registered Office :
Rang Mahal, 3rd Floor,
212/216, Samuel Street,
Vadgadi, Mumbai : 400 003.

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

Dated : 08.08.1998

Aditya Dalmia
Director.