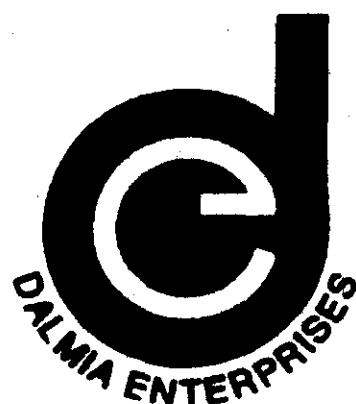


# **SHARAD FIBRES & YARN PROCESSORS LIMITED**



CERTIFIED TRUE COPY

FOR SHARAD FIBRES & YARN PROCESSORS LTD.

*[Signature]*  
AUTHORISED SIGNATORY

**13th  
Annual Report  
1999-2000**



# SHARAD FIBRES & YARN PROCESSORS LIMITED

## BOARD OF DIRECTORS

|                      |   |                                       |
|----------------------|---|---------------------------------------|
| <b>Ravi Dalmia</b>   | : | <b>Chairman Cum Managing Director</b> |
| <b>Aditya Dalmia</b> | : | <b>Director</b>                       |
| <b>Vinay Singh</b>   | : | <b>Director</b>                       |

## REGISTERED OFFICE:

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

## FACTORY:

Unit I & II  
110/111, Govt. Indl. Estate,  
Masat, Silvassa - 396 230  
Dadra & Nagar Haveli (U.T.)

218/1/1, Dadra Village,  
Dadra & Nagar Haveli,  
Silvassa, U.T. - 396230.

## AUDITORS:

Vinod S. Mehta & Co.  
Chartered Accountants  
114- A, Jolly Bhavan No. 1.,  
10, Marine Lines  
Mumbai - 400 020.

## BANKERS :

Central Bank of India  
Corporate Finance Branch  
Mumbai - 400023.

## SHARE TRANSFER AGENTS

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

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## NOTICE

NOTICE is hereby given that the 13<sup>th</sup> Annual General Meeting of the Members of M/s. Sharad Fibres & Yarn Processors Limited will be held on Wednesday the 27<sup>th</sup> December, 2000 at 10.00 A.M. at the Registered Office of the Company at 202, Venkatesh Chambers, Prescott Road, Fort, Mumbai – 400 001 to transact the following business:

1. To receive consider and adopt the audited Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2000 and the Audited Balance Sheet as on that date together with the Report of the Director and Auditors thereon.
2. To appoint a Director in place of Mr. Aditya Dalmia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS :**

4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:  
"RESOLVED THAT the erosion of Net worth of the company as at the financial year ended 31<sup>st</sup> March 2000, be and is hereby considered in accordance with the provision of section 15(1) of the Sick Industrial Companies (SP) Act, 1985."

**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. 4 annexed hereto.
4. The Register of Members and share transfer register were remained closed from 25.9.2000 to 30.9.2000 (both days inclusive)
5. Members are requested to intimate any changes in their address to the Share Transfer Agent of the Company at Registered Office of the Company at 202, Venkatesh Chambers, Prescott Road, Fort, Mumbai – 400 001 or Share Transfer Agents, M/s. Bigshare Services Pvt. Ltd., E/2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai - 400 072.
6. 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 Annual Report to the Meeting.

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

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

Date : 27th November, 2000

**Aditya Dalmia**  
Director

**SHARAD FIBRES & YARN PROCESSORS LIMITED****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NO.4.**

- The accumulated losses incurred by the company upto the Financial Year ended 31<sup>st</sup> March 2000 have resulted in erosion of total net worth. The provision of Section 15(1) of the Sick Industrial Companies (SP) Act, 1985 are therefore, applicable to the company and in pursuance thereof the said special resolution as set out vide Item No. 4 of the Notice has been proposed to consider such erosion.

The Report of Board of Directors of the company as to such erosion and the causes of erosion is annexed hereto and steps have been taken or are being taken to improve the performance of the company are also set out therein, in terms of Section 15(1) of the Act.

The report required to be sent to Board of Industrial and Financial Reconstruction (BIFR) as required under Section 15(1) of the Act read with Regulation 36 of the Board of Industrial and Financial Reconstruction Regulations, 1987 is being forwarded.

None of the Directors shall be deemed to be concerned or interested in the aforesaid resolution.

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

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

Report Junction.com

Date : 27th November, 2000

Aditya Dalmia  
Director

**ANNUAL REPORT 1999-2000****DIRECTORS' REPORT TO THE MEMBERS**

The directors present their 13<sup>th</sup> Annual Report and the Audited statement of accounts for the year ended March 31<sup>st</sup>, 2000.

**FINANCIAL RESULTS**

|                                      | Rs. in lacs |           |
|--------------------------------------|-------------|-----------|
|                                      | 1999-2000   | 1998-1999 |
| Gross Sales and Other Income         | 3454.57     | 3818.67   |
| Profit/ (Loss) before Interest & Tax | (631.08)    | 158.92    |
| Interest                             | 394.37      | 216.49    |
| Depreciation                         | 112.92      | 64.92     |
| Profit/ (Loss) before Tax            | (1138.37)   | (122.49)  |
| Provision for Tax                    | 0.00        | 0.00      |
| Profit/ (Loss) after Tax             | (1138.37)   | (122.49)  |
| Add: Transfer, W/back of Provisions  | 0.00        | 49.75     |
| Balance B/fd from previous year      | 178.79      | 251.53    |
| Balance C/fd                         | (959.58)    | 178.79    |

**OPERATIONS:**

During the year under review, the turnover has reduced as compared to that for the previous year. The Company's sales during the year was lower at Rs. 3447.28 lacs as against Rs. 3814.84 lacs during the previous year. As a result the profitability of the company was badly affected and the company incurred huge losses. The company has incurred a net loss of Rs. 1138.37 lacs as against a net loss of Rs. 122.49 lacs in the previous year. The loss for the year includes loss of Rs. 7,96,728/- on transfer of intra units sale of assets. The dismal performance of the company can be attributed mainly to the overall recession in the textile industry and the reasons interalia includes:

**Recession in Textile Industry:** There has been worldwide recession for last two years and the textile industry in India has also been reeling under recession owing to cheaper imported materials following the devaluation of South-East Asian currencies. The situation was further aggravated due to political instability in the country. However after the installation of the new government at the centre, the market has started picking up. The demand for texturised yarn has increased recently and the texturing units are in a position to get remunerative rates.

**Cut-throat competition from unscrupulous manufactures indulging in excise evasion:** This has resulted in either erratic working or closure of many texturing units which did not indulge in such unethical and unfair practices.

**Falling prices of Polyester Yarn resulting into loss in value of inventory holding of the Company:** There has been regular fall in the prices of polyester yarn with the result that the value of stocks held earlier has depleted in value.

**High power cost:** The power rates have increased by about 20% in the past and the consequently additional power cost could not be recouped from the sales in depressed market.

**Slow recovery of receivables:** Owing to the heavy recession in the textile industry, many of the units to which the company



## SHARAD FIBRES & YARN PROCESSORS LIMITED

has extended credit have turned sick resulting in non/slow recovery and consequently severe liquidity crunch. In the previous year the company have accounted for receipt of Delay Payment charges of Rs. 248.07 lacs from various parties. During the year, in view of non-recovery of principal payments same have been reverted back.

To overcome the above mentioned difficulties and to improve the financial health of the Company, the company proposes to implement measures for rehabilitation as under:

Consolidation of manufacturing facilities in one single unit;

Going in for more value added products;

Identification of surplus/ low productive assets and disposal thereof;

Undertaking certain cost-cutting measures like reducing power cost, decrease in administrative overhead and realization of manpower cost at factories and office;

To try for any party interested in running the plant on Job work basis;

Stress on faster recovery of amount receivable;

Restructuring and rephasing of bank's and institution's liabilities with certain reliefs and concessions.

The company has proposed to prepare in assistance with consultants and to submit comprehensive proposal for rehabilitation to the bank. In view of erosion in Company's net worth your directors are also taking the suitable steps under Sick Industrial Companies (Special Provision) Act, 1985 for rehabilitation / improvement in Company's financial health.

### SHIFTING OF REGISTERED OFFICE :

The Company has shifted its registered office at 202, Venkatesh Chambers, Prescott Road, Fort, Mumbai - 400 001 during the year.

### FIXED DEPOSITS:

Your Company has not accepted any Fixed Deposits and the provisions of section 58 (A) of the Companies Act, 1956 are not applicable to the Company.

### INSURANCE:

All the properties of the Company including its buildings, plant & Machinery and stocks have been adequately insured.

### DIVIDEND:

Your Directors regret to express their inability to recommend any dividend due to losses for the year under review.

### BOARD OF DIRECTORS:

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

Mr. Anand Arya resigned from the board during the year. Your board records its appreciation for the services rendered by him during the tenure of directorship.

**ANNUAL REPORT 1999-2000****AUDITORS:**

M/S. Vinod S. Mehta & Co., Chartered Accountants, Auditors of the Company retires at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Members are requested to consider their appointment and authorise the Board of Directors to fix their remuneration for the year 2000-2001.

**PARTICULARS OF EMPLOYEES:**

The information required under section 217 (2A) of the Companies Act, 1956 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 Rs.6,00,000/- per Annum or Rs.50,000 per month.

**PARTICULARS REQUIRED UNDER THE LISTING AGREEMENT:**

The Equity Shares of the Company are listed on 1. Mumbai Stock Exchange, Mumbai. 2. Ahmedabad Stock Exchange Ltd, Ahmedabad. 3. Jaipur Stock Exchange, Jaipur, 4. Madras Stock Exchange Ltd, Chennai.

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

Information on conservation of Energy, Technology absorption, foreign exchange earnings and outgo as required under section 217(1) (e) of the Companies Act, 1956 read with the companies (Disclosure of particulars in the Report of Board of Directors ) Rules 1988 is set out in Annexure – A which forms part of this report.

**ACKNOWLEDGEMENTS:**

Your Directors places on record their appreciation and gratitude to the support and assistance extended by the company's Bankers, Shareholders and Customers.

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

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

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

Date: 27th November, 2000

Aditya Dalmia  
Director



# SHARAD FIBRES & YARN PROCESSORS LIMITED

## ANNEXURE "A" TO THE DIRECTORS' REPORT 1999-00

ANNEXURE to Director's Report for the year ended 31<sup>st</sup> March, 2000 Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo.

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

### (A) CONSERVATION OF ENERGY:

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

### FORM - A

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

|  | Year Ended<br>31.3.2000 | Year Ended<br>31.3.1999 |
|--|-------------------------|-------------------------|
| a) ELECTRICITY                         |                         |                         |
| Purchase Units (in lacs)               | 28.27                   | 41.55                   |
| Total amount (Rs.Lacs)                 | 83.28                   | 96.40                   |
| Rate per Unit (Rs.)                    | 2.95                    | 2.32                    |
| b) Own Generation<br>through D.G.set : |                         |                         |
| Total Diesel Consumption (Ltrs)        | 9,24,000                | 3,80,950                |
| Units per litre of Diesel/ Oil         | 3.12                    | 3.12                    |
| Total Cost of Diesel (Rs. In Lacs)     | 107.58                  | 37.15                   |
| Rate per Litre( Rs.)                   | 11.64                   | 9.75                    |
| II) Consumption per unit of production |                         |                         |
| Texturised /Twisted Yarn in kgs.       | 32,68,184.19            | 43,03,507               |
| Electricity Units per Kgs.             | 1.74                    | 1.24                    |

### FORM - B

#### 1. RESEARCH AND DEVELOPMENT :

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