

*Certified true copy*  
FOR SHARAD FIBRES & YARN  
PROCESSORS LIMITED

*[Signature]*  
DIRECTOR

# SHARAD FIBRES & YARN PROCESSORS LIMITED



**16TH  
ANNUAL REPORT  
2002- 2003**



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### BOARD OF DIRECTORS

<b>Ravi Dalmia</b>	:	Chairman Cum Managing Director
<b>Aditya Dalmia</b>	:	Director
<b>UnniKrishnan Nair</b>	:	Director
<b>Narandra Khemka</b>	:	Director(w.e.f. 1.10.2002)
<b>Rajendra Agarwal</b>	:	Director(w.e.f.14.3.2003)

### REGISTERED OFFICE

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

### FACTORY

Unit I & II  
110/111 Govt. Indst. Estate,  
Masat, Silvassa -396230.  
Dadra & 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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### NOTICE TO THE MEMBERS

NOTICE is hereby given that the 16<sup>th</sup> Annual General Meeting of the members of Sharad Fibres & Yarn Processors Ltd will be held on Tuesday, the 30<sup>th</sup> day of September, 2003 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 :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2003 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Unnikrishnan Nair, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modification(s), the following resolution ..

#### 4. AS AN ORDINARY RESOLUTION :

"RESOLVED THAT Mr. Narendra H. Khemka who was appointed as an additional Director of the company by the Board of Directors on 1<sup>st</sup> October, 2002 and who holds office till the conclusion of this Annual General meeting under section 260 of the Companies Act, 1956, and 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 re-appointed as Director of the Company, liable to retire by rotation."

#### 5. AS AN ORDINARY RESOLUTION :

"RESOLVED THAT Mr. Rajendra Agarwal who was appointed as an additional Director of the company by the Board of Directors on 14<sup>th</sup> March, 2003 and who holds office till the conclusion of this Annual General meeting under section 260 of the Companies Act, 1956, and 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 re-appointed as Director of the Company, liable to retire by rotation."

#### 6. AS ORDINARY RESOLUTION :

"RESOLVED that in accordance with the provisions of sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to re-appointment of Mr. Ravi Dalmia be and is hereby re-appointed as Chairman cum Managing Director of the Company for a period of 5 years with effect from 1.10.2003 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Mr. Ravi Dalmia a draft whereof is placed before this meeting which agreements is hereby specifically sanctioned with liberty to the Board of director (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said agreement, subject to the same not exceeding the limits specified in schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Mr. Ravi Dalmia. RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### 7. AS ORDINARY RESOLUTION :

"RESOLVED that in accordance with the provisions of sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded for payment of remuneration and perquisites to Mr. Aditya Dalmia as per rules of the Company with effect from 1.10.2003 on the terms and conditions including remuneration as are set out in the agreement entered into between the Company and Mr. Aditya Dalmia a draft whereof is placed before this meeting which agreements is hereby specifically sanctioned with liberty to the Board of director (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said agreement, subject to the same not exceeding the limits specified in schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Aditya Dalmia.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

### 8. AS ORDINARY RESOLUTION :

"RESOLVED that in accordance with the provisions of sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded for payment of remuneration AND perquisites to Mr. Unnikrishnan Nair, Director of the Company with effect from 1.10.2003 on the terms and conditions including remuneration as are set out in the agreement entered into between the Company and Mr. Unnikrishnan Nair a draft whereof is placed before this meeting which agreements is hereby specifically sanctioned with liberty to the Board of director (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said agreement, subject to the same not exceeding the limits specified in schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Unnikrishnan Nair.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

### 9. 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 Stock Exchange Authorities and subject to conditions as were prescribed/ made applicable in granting such Listing approvals, the 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 Ahmedabad, Jaipur and Madras and that the Board of Directors of the Company be and is hereby authorized to take all necessary steps, do all acts, deeds, matters and things including executions of any documents for this purpose and attend to all statutory compliance to get the Equity Shares delisted from the said Stock Exchanges".

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

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

Ravi Dalmia

Chairman cum Managing Director

Date : 31<sup>st</sup> July, 2003



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### 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 25/09/2003 to 30/09/2003 (both days inclusive).
3. Members desirous of seeking any information concerning the Accounts of the Company are requested to address their queries in writing to the Company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.
4. The Company has listed its shares on The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad, The Stock Exchange, Jaipur and the Stock Exchange, Chennai.
5. The Company is in process of signing of Demat Agreement with NSDL and CDSL.
6. Members are requested to notify immediately any change in their address to the Share Transfer Agent of the Company at the address given below:

M/s. BIG SHARE SERVICES PRIVATE LIMITED  
 [Unit : SHARAD FIBRES & YARN PROCESSORS LIMITED ]  
 E/2, Ansa Industrial Estate, Ground Floor,  
 Sakhivihar Road, Andheri (East),  
 Mumbai - 400 072.  
**Tel: 022 28560652/28560653**

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. The relevant explanatory Statement pursuant to Section 173[2] of the Companies Act, 1956 in respect of the special business is enclosed herewith.

### LISTING REQUIREMENTS:

As required under Clause 49 [vi] of the Listing Agreement, given below are the details of the Director(s) who retire by rotation and are eligible for re-appointment (Resolution at Item Nos. 2 ) :

A. Name : MR. UNNIKISHNAN NAIR.  
 Age : 38 [16.7.1965].  
 Qualifications : H.S.C

Mr. Unnikrishnan Nair is associated with the Company since last 16 years and is looking after marketing and general affairs of the Company. He has an experience of over 16 years.

Other Directorships : Nil.  
 Committee Memberships :  
 Audit Committee : Sharad Fibres & yarn Processors Ltd.  
 Share Holders Committee : Sharad Fibres & yarn Processors Ltd.  
 Remuneration Committee : Sharad Fibres & yarn Processors Ltd.



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### EXPLANATORY STATEMENT U/S. 173 OF THE COMPANIES ACT, 1956 :

#### ITEM NO. 4.

Mr. Narendra Khemka was appointed as an Additional director of the Company with effect from 1<sup>st</sup> October, 2002 . Under the provisions of section 260 of the Companies Act, 1956 and Article 51 of the Articles of Association of the Company Mr. Narendra Khemka 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. Narendra Khemka. Mr. Narendra Khemka has got wide experience in various field and the Company will be benefited from him. The Board of Directors propose the Resolution for approval of members.

The other Directorship of Mr. Narendra Khemka is NIL.

Except Mr. Narendra Khemka, none of the Directors of the Company are interested in this resolution.

#### ITEM NO. 5.

Mr. Rajendra Agarwal was appointed as an Additional director of the Company with effect from 14<sup>th</sup> March, 2003 Under the provisions of section 260 of the Companies Act, 1956 and Article 51 of the Articles of Association of the Company, Mr. Rajendra Agarwal 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. Rajendra Agarwal. Mr. Rajendra Agarwal has got wide experience in the field of marketing and the Company will be benefited from him. The Board of Directors propose the Resolution for approval of members.

The other Directorship of Mr. Rajendra Agarwal is NIL.

Except Mr. Rajendra Agarwal, none of the Directors of the Company are interested in this resolution.

#### ITEM NO. 6.

The present terms of office of Mr. Ravi Dalmia as Chairman cum Managing Director will be expiring on 30<sup>th</sup> September, 2003. Subject to approval of Shareholders , the Board of Directors, at their meeting held on 31<sup>st</sup> July, 2003 re-appointed Mr. Ravi Dalmia for a further period of 5 years from the expiry of his term .

The Broad particulars of remuneration payable to and the terms and conditions of appointment of Shri Ravi Dalmia during the tenure of their respective re-appointment is given below :

#### Remuneration :

- a) Salary in the scale of Rs. 7,500/- to Rs. 15, 000/- per month with such increment as may be decided by the Board.
- b) Perquisites : In addition to the Salary , the Chairman cum Managing Director shall be entitled to the following perquisites:

#### CATEGORY A :

The perquisites : In addition to the salary, the Chairman cum Managing Director shall be entitled to the following perquisites :





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- i) Housing : Re-imbursement of expenses in respect of Maintenance bill furnishings repairs incurred by the Chairman cum Managing Director.
- ii) Leave Travel Concession : For the Chairman cum Managing Director and his family, once in a year
- iii) Medical /Hospitalisation expenses for self and family not exceeding Rs.15,000/- per Annum.
- iv) Personal Accident Insurance premium as per rules of the Company.

### CATEGORY: B

- i) Gratuity : As per the rules of the Company and shall not exceed half a month's salary for each completed year of service.
- ii) Encashment of Leave : Encashment of Leave at the end of the tenure of the appointment will not be included in the computation of perquisites.

### CATEGORY: C

- i) Car : Provision of car for use on Company's business is not to considered as perquisites. The Company will provide driver along with the car to the Chairman cum Managing Director.
- ii) Telephone : Telephone at residence of Chairman cum Managing Director not to be treated as perquisites. However personal long distance calls to be billed by the Company.
- iii) Entertainment : The Chairman cum Managing Director shall be entitled to reimbursement of entertainment expenses incurred by him for the purpose of the business of the Company and approved by the board.
- iv) Club Membership : The Chairman cum Managing Director shall be entitled to Club fees maximum membership of two clubs.
- v) In the event of no profit or inadequacy of profit, the Company shall pay the aforesaid remuneration by way of salary and perquisites as minimum remuneration to the Managing Director.

The Remuneration Committee has recommended and approved the above remuneration.

Mr. Ravi Dalmia may be deemed to be interested in the resolution as the same is related to his own appointment. Mr. Aditya Dalmia is interested in the resolution being related to Mr. Ravi Dalmia.

The Board of Directors recommend the resolution.

### ITEM NO. 7.

Mr. Aditya Dalmia a Whole time Director of the company is providing his whole time in managing affairs of the Company. The Board of Directors at their meeting held on July 31, 2003 has recommended the following remuneration for Mr. Aditya Dalmia subject to the permission of the Shareholders and in compliance of the provisions of the Companies Act, 1956 w.e.f. October 1, 2003.

#### Remuneration :

1. Salary in the scale of Rs. 7,500/- to Rs. 15,000/- per month with such increment as may be decided by the Board.
2. Perquisites : In addition to the Salary, the Chairman cum Managing Director shall be entitled to the following perquisites:

#### CATEGORY A :

The perquisites : In addition to the salary, Mr. Aditya Dalmia shall be entitled to the following perquisites:

**Housing :** Re-imbursement of expenses in respect of Maintenance bill furnishings repairs incurred by the Whole time Director.

**Leave Travel Concession :** For the Whole time Director and his family, once in a year.



## SHARAD FIBRES & YARN PROCESSORS LIMITED

Medical /Hospitalisation expenses for self and family not exceeding Rs. 15,000/- per Annum.

Personal Accident Insurance premium as per rules of the Company.

### CATEGORY: B

**Gratuity :** As per the rules of the Company and shall not exceed half a month's salary for each completed year of service.

**Encashment of Leave :** Encashment of Leave at the end of the tenure of the appointment will not be included in the computation of perquisites.

### CATEGORY: C

**Car :** Provision of car for use on Company's business is not to be considered as perquisites. The Company will provide driver along with the car.

**Telephone :** Telephone at residence not to be treated as perquisites, however personal long distance calls to be billed by the Company.

**Entertainment :** The Whole time Director shall be entitled to reimbursement of entertainment expenses incurred by him for the purpose of the business of the Company and approved by the board.

**Club Membership :** The Whole time Director shall be entitled to Club fees maximum membership of two clubs.

In the event of no profit or inadequacy of profit, the Company shall pay the aforesaid remuneration by way of salary and perquisites as minimum remuneration to the Whole time Director.

The Remuneration Committee has recommended and approved the above remuneration.

Mr. Aditya Dalmia may be deemed to be interested in the resolution as the same is related to his own appointment. Mr. Ravi Dalmia may be interested in the resolution being related to Mr. Aditya Dalmia.

The Board of Directors recommend the resolution.

### ITEM NO. 8.

Mr. Unnikrishnan Nair is working as independent Non Executive Director of the company.

The Board of Directors at their meeting held on July 31, 2003 has recommended the following remuneration for Mr. Unnikrishnan Nair subject to the permission of the Shareholders and in compliance of the provisions of the Companies Act, 1956 w.e.f. October 1, 2003.

#### Remuneration :

1. Salary in the scale of Rs. 9,500/- to Rs. 15,000/- per month with such increment as may be decided by the Board.
2. Perquisites : In addition to the Salary, Mr. Unnikrishnan Nair shall be entitled to the following perquisites:

### CATEGORY A :

**The perquisites :** In addition to the salary, the Mr. Unnikrishnan Nair shall be entitled to the following perquisites :

- i) Medical /Hospitalisation expenses for self and family not exceeding Rs.15,000/- per Annum.
- j) Personal Accident Insurance premium as per rules of the Company.

### CATEGORY: B

- i) **Gratuity :** As per the rules of the Company and shall not exceed half a month's salary for each completed year of service.





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- ii) Encashment of Leave : Encashment of Leave at the end of the tenure of the appointment will not be included in the computation of perquisites.

### CATEGORY: C

#### Telephone :

- i) Telephone at residence of Mr. Unnikrishnan Nair not to be treated as perquisites. However personal long distance calls to be billed by the Company.
- ii) In the event of no profit or inadequacy of profit, the Company shall pay the aforesaid remuneration by way of salary and perquisites as minimum remuneration to Mr. Unnikrishnan Nair.

Mr. Unnikrishnan Nair may be deemed to be interested in the resolution as the same is related to his own appointment.

The Board of Directors recommend the resolution.

### ITEM NO. 9:

The Equity Shares of the Company are at present listed with the Stock Exchanges at Mumbai, Ahmedabad, Jaipur and Chennai. The trading in the Equity Shares of the Company on Ahmedabad, Jaipur and Madras Stock Exchanges is minuscule 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 Ahmedabad, Jaipur and Chennai Stock Exchanges. The listing of the shares will however continue with Mumbai Stock Exchange which is regional Stock Exchange. With the expansion of BOLT terminals Mumbai Stock Exchange now provides nationwide trading terminals and thereby considerable liquidity to the members and investors for sale and purchase of the Equity Shares of the Company in all regions.

As per the new SEBI [ DELISTING OF SECURITIES ] GUIDELINES, 2003, it is necessary that approval of the shareholders of the Company be obtained by passing a Special Resolution at a General meeting for voluntary delisting of shares.

None of the Directors of the Company is/are interested in the resolution.

The Board of Directors therefore recommend the resolution.

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

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

Ravi Dalmia  
Chairman cum Managing Director

Date : 31<sup>st</sup> July, 2003



## SHARAD FIBRES & YARN PROCESSORS LIMITED

### DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors hereby present their 16<sup>th</sup> Annual Report together with the Audited accounts for the year ended 31st March, 2003.

### FINANCIAL RESULTS :

PARTICULARS	Year ended 31.03.2003 <u>Rs. In Lacs</u>	Year ended 31.03.2002 <u>Rs. In Lacs</u>
Total Income	294.97	911.13
Net Loss	(891.61)	(691.34)
Prior Period Adjustments	(0.18)	(0.90)
Add / Less : (Loss / Profit brought forward	(2172.62)	(1480.37)
Balance carried forward	(3064.42)	(2172.62)

### PERFORMANCE:

The Company continued to suffer huge losses incurred on account of high interest cost inspite of taking various cost cutting measures during the year under review. In view of acute scarcity of working capital fund the company continued manufacturing activities by undertaking jobwork assignments instead of own production. During the year production of Texturised yarn including jobwork reduced to 758.5 MT as against 2704.8 MT in the previous year, whereby sales including job charges reduced to Rs.271.27 Lacs as against Rs.860.19 Lacs in the previous year. During the year company incurred net loss of Rs.891.80 lacs as against Rs.692.25 lacs in the previous year.

### STATUS OF REFERENCE BEFORE BIFR.

The BIFR had hearing of the company's case on 5<sup>th</sup> April, 2002 . The inquiry to examine the sickness status of the Company is under process. The company would submit comprehensive proposal for rehabilitation on receipt of directives in this regard. Insipite of delay in declaring the company sick and implementing measures for rehabilitation , your Board is hopeful on grant of need based relief and restructuring of loans the company would make a viable running. The Company is taking suitable steps for satisfaction of Central bank of India , who have issued notice under Securitisation & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

### STATUS OF PENDING LEGAL CASES :

The following legal cases are pending against the Company and the same are being defended by the company :

1. Appeal filed by the Central Excise Department before the CEGAT against demand of Rs.1,76,04, 797/- . The Central Excise Department have filed further complaint in this regard before the Honourable Chief Judicial Magistrate at Silvassa, are being protested by the Company.
2. An appeal is pending before the Commissioner Central Excise (Appeal) against demand of duty of Rs.3,61,537/- (already paid) plus Rs.16,32,382/- (already paid) and impose penalty Rs.3,61,537/- and Rs. 1,00,000/- and interest thereon, the case in being defended by the company.
3. 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.
4. M/s. fluid Separation Technology has filed case against the company for claim of Rs. 1,16,500/- with interest 21% before Ahmedabad court, the same is stayed by the court till the outcome of the decision by the honourable BIFR.