

Chandru Kumar
FOR SHARAD FIBRES & YARN
PROCESSORS LIMITED
[Signature]
DIRECTOR

SHARAD FIBRES & YARN PROCESSORS LIMITED



**17TH
ANNUAL REPORT
2003- 2004**



SHARAD FIBRES & YARN PROCESSORS LIMITED

BOARD OF DIRECTORS

Ravi Dalmia	:	Chairman Cum Managing Director
Aditya Dalmia	:	Director
UnniKrishnan Nair	:	Director
Narandra Khemka	:	Director
Rajendra Agarwal	:	Director

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.,
Chartered Accountants
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.

E/2, 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 17th Annual General Meeting of the members of Sharad Fibres & Yarn Processors Ltd will be held on Thursday, the 30th day of September, 2004 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, 2004 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 a Director in place of Mr. Aditya Dalmia, who retires from rotation, and being eligible offers himself for re-appointment.
4. 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.

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 : 31.8.2004



SHARAD FIBRES & YARN PROCESSORS LIMITED

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 28/09/2004 to 30/09/2004 (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. The Company has been regular in payment of listing Fee to the Stock Exchange, Mumbai.
5. 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 28470652/28470653
6. 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.

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 & 3) :

A. Name : Mr. Narendra Khemka .
Age : 53 Years
Date of Birth : 15.12.1951
Qualifications : S.S.C

Mr. Narendra Khemka is associated with the Company since last 20 years and is looking after Banking and general administration work of the Company and other group company. He has an experience of over 20 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.

B. Name : MR. Aditya Dalmia
Age : 44 Years
Date of Birth : 09.10.1960
Qualifications : Diploma in Textile Engg.

Mr. Aditya Dalmia is associated with the Company since last 17 years and is looking after marketing and general affairs of the Company. He has an experience of over 17 years.

Other Directorships : M/s. Dalmia Exim Ltd
Committee Memberships : Nil



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DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their 17th Annual Report together with the Audited accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS :

PARTICULARS	Year ended 31.03.2004 Rs. In Lacs	Year ended 31.03.2003 Rs. In Lacs
Total Income	240.19	294.97
Net Profit / (Loss) during the year	(1049.15)	(891.61)
Add / Less : Profit / (Loss) brought forward	(3064.42)	(2172.62)
Profit / (Loss) carried forward	(4113.57)	(3064.42)

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 increased to 1000 MT as against 758.5 MT in the previous year, whereby sales including job charges amounted to Rs.209.30 Lacs as against Rs.271.27 Lacs in the previous year. During the year company incurred net loss of Rs. 1049.15 lacs which includes a provision for bad and doubtful debts of Rs. 145.06 lacs as against a loss of Rs. 891.621 lacs in the previous year.

STATUS OF REFERENCE BEFORE BIFR.

The BIFR had hearing of the Company's case on 5th April, 2002 and no further hearing has been held thereafter. The inquiry to examine the sickness status of the Company is still under process. The Company would submit comprehensive proposal for rehabilitation on receipt of directives in this regard. Inspite of delay in declaring the company sick and implementing measures for rehabilitation, your Board is hopeful that on grant of need based relief and restructuring of loans the company would make a viable running. The Company is contemplating to settle and repay the dues 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. An Appeal filed by the Central Excise Department before the CEGAT against demand of Rs.1,76,04,797/- and same was decided in favour of the Company by the Honourable CEGAT. However the Department has filed case in the Supreme Court. The same is being defended suitably by the Company. The Central Excise Department have filed further complaint in this regard before the Honourable Chief Judicial Magistrate at Silvassa, are being protested by the Company.
2. An appeal which was pending before the Commissioner Central Excise (Appeal) against demand of duty of Rs.3,61,537/- (already paid) plus Rs.16,32,382/- (already paid) and impose penalty Rs.3,61,537/- and Rs. 1,00,000/- and interest thereon, was heard and order has been passed in favour of the Company. However the department has filed an appeal before the CEGAT and the same is being defended by the company.



SHARAD FIBRES & YARN PROCESSORS LIMITED

3. The Company has preferred an appeal before the Commissioner of Central Excise (Appeal), Vapi against the confirmation of demand by the Jt. Commissioner Central Excise & Customs for demand of Rs. 4,26,923/- & Rs. 2,38,991/- and also imposed Penalty of Rs. 6,65, 484/- with interest thereon.
4. The Company has preferred an appeal before the Commissioner of Central Excise (Appeal), Vapi against the confirmation of demand by the Jt. Commissioner Central Excise & Customs for demand of Rs. 6,20,181/- (Rs. 22,944/- + Rs.1,89,024/- + Rs. 50,932/- + Rs.3,57,281/-) & and also imposed Penalty of Rs. 7,20,181/- (Rs. 2,62,900/- + Rs.50,000/- + Rs. 3,57,281/- + Rs.50,000/-) with interest thereon.
5. In respect of demand raised by the Income Tax Officer for A.Y 1997-98 Rs.72,23,446/- . The Company has preferred and appeal against the said order. The officer has also levied penalty of Rs.49,61,749/- and the company has preferred an appeal against the said order.
6. In respect of demand raised by Income Tax Officer for A.Y 1998-99 Rs.45,30,496/-. The Company has preferred an appeal against the said order.
7. M/s. Loknath Packaging Pvt.Ltd. has filed claim for amount of Rs.3,35,100/- with interest 29% before Silvassa court, the same is stayed by the court till the outcome of the decision by the honourable BIFR.
8. M/s. Silvassa Cement Products Pvt.Ltd has filed claim for an amount of Rs.98,170/- with interest @24% before Silvassa court. the same is stayed by the court till the outcome of the decision by the honourable BIFR.
9. In respect of claim filed by Mr. Gopal Ram Hanuman Prasad for Rs. 4,86,182/- with interest @24% before Silvassa court is stayed by the court till the outcome of the decision by the honourable BIFR.
10. In respect claim filed by Mr. Sureshchandra Ram Sakha against the company in Labour court at Silvassa for a claim of Rs. 3,80,706/-. The same is being defended by the company.
11. The GIICL has filed a civil suit against the Company for recovery of Loan of Rs. 1,47,39,160/- with interest granted to one of its group concerns viz. Dalmia Dye- Chem Industries Ltd in whose favour the company has given Corporate Guarantee. However the case is suitably defended by the Company.
12. 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/- with further interest . The same is being defended by the Company.
13. M/s. Modipon Ltd has filed a case before the Silvassa Court against the company for recovery of Rs.5,53,825/- with interest @18% p.a. However the same is suitably defended by the Company.

DIVIDEND :

Due to losses, your Board regrets their inability to recommend any dividend for the year ended 31/03/2004.

FIXED DEPOSITS:

The Company has not accepted any Deposits during the year under review.



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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 and Mr. Aditya Dalmia, Directors of the Company retire by rotation and being eligible, offer himself for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT:

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. 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, 2004.
3. 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.
4. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

The Company has taken proactive steps to ensure that the conditions of Corporate Governance stipulated in Clause 49 of the Agreement for Listing with the Stock Exchange are complied with. A separate report on Corporate Governance together with Auditors' Certificate on its compliance are included in this Annual Report.

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 31st March, 2005 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.

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

The information pursuant to section 217 (l) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are given in Annexure "A" to this report.

PARTICULARS OF EMPLOYEES :

The information required u/s 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended and forming part of the Directors' Report is not applicable to the Company as the Company do not have any employee whose salary exceeds the limits as specified in the said section.



SHARAD FIBRES & YARN PROCESSORS LIMITED

DEMATERIALISATION OF SHARES:

The Company has applied to NSDL and CDSL for Dematerialisation of shares of the Company . However the said NSDL & CDSL have denied the permission for the same. The Company is pursuing the matter.

ENVIRONMENT PROTECTION:

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

INSURANCE:

All the Properties of the Company are adequately covered by Insurance.

ACKNOWLEDGMENT:

The Directors wish to convey their appreciation to the Company's shareholders, customers, suppliers, bankers, distributors and all the collaborators for the support they have given to the Company and the confidence, which they have reposed in its management and the employees for the commitment and dedication shown by them.

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 : 31.8.2004

Ravi Dalmia
Chairman cum Managing Director



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ANNEXURE "A" TO THE DIRECTORS' REPORT 2003 - 2004

ANNEXURE to Director's Report for the year ended 31st March, 2004 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

1) Power and fuel consumption in respect of :

	Year Ended 31.3.2004	Year Ended 31.3.2003
a) ELECTRICITY		
Purchase Units (in lacs)	33.38	31.15
Total amount (Rs.Lacs)	89.49	85.61
Rate per Unit (Rs.)	2.68	2.74
b) Own Generation through D.G.set :		
Total Diesel Consumption (Ltrs)	Nil	1,04,000
Total Cost of Diesel (Rs. In Lacs)	Nil	17.19
Rate per Litre (Rs.)	Nil	16.53
Consumption per unit of production		
Texturised /Twisted Yarn in Kgs.	1000026	7,58,508
Electricity Units per Kgs.	3.34	4.10

FORM - B

I. 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.

II. TECHNOLOGY ABSORPTION, ADOPTION, ADOTPION & INNOVATION:

- Efforts in brief made towards technology absorption ,
Adoption and innovation. — NIL
- Benefit derived as a result of above efforts — NIL
- Particulars of Technology imported during the last 5 years — NIL

III. FOREIGN EXCHANGE EARNINGS & OUTGO: — NIL

Registered Office :
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Mumbai - 400 001
Date : 31.8.2004

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

Ravi Dalmia
Chairman cum Managing Director



SHARAD FIBRES & YARN PROCESSORS LIMITED

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:

To the Members of
Sharad Fibres & Yarn Processors Limited

1. We have examined the compliance of conditions of Corporate Governance by SHARAD FIBRES & YARN PROCESSORS LTD, for the Period on 1st April, 2003 to 31st March, 2004, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).
2. 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.
3. 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 above mentioned Listing Agreement for the Period 1st April, 2003 to 31st March, 2004,
4. We state in respects of investor Grievances received during the period 1st April, 2003 to 31st March, 2004 No investor grievances are pending against the company for a period exceeding one month as per the record maintained by the company and which are presented to the shareholders/investors Grievances Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with the management has conducted the affairs of the Company.

For Vinod S. Mehta & Co.
Chartered Accountants

[PARAG MEHTA]
Partner
Membership No. 36867

Mumbai
31.8.2004