

SHARAD FIBRES & YARN PROCESSORS LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Annual General Meeting of the members of Sharad Fibres & Yarn Processors Ltd will be held on 30th day of September, 2009 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, 2009 and the Balance Sheet as at 31st March 2005 that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ravi Dalmia, 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.

Registered Office:

202, Venkatesh Chambers,
Prescot Road, Fort,
Mumbai – 400 001
02/09/2009

For and on behalf of the Board

For Sharad Fibres & Yarn Processors Ltd.

Sd/-
Director

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 to 29/09/2009 TO 30/09/2009 (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. 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

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):

1. A. Name	: MR. RAVI DALMIA
Age	: 53 [16.07.1956].

Mr. Ravi Dalmia is associated with the Company since last 22 years and is looking after overall activities of the Company. He has an experience of over 28 years to his credit.

Other Directorships: Nil

1. Dalmia Dye Chem Industries Limited
2. Dalmia Exim Limited

Committee Memberships: Nil

Shareholding in the Company : Nil.

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DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors hereby present their Annual Report together with the Audited accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

PARTICULARS	Year ended 31.03.2009 Rs. In Lacs	Year ended 31.03.2008 Rs. In Lacs
Total Income	26.03	13.73
Net Loss during the year	112.34	109.46
Add : Loss brought forward	5723.59	5614.13
Loss carried forward	5835.93	5723.59

PERFORMANCE:

The Company continued to suffer losses. However with new cost cutting measures, losses have come down drastically. In view of acute scarcity of working capital fund the company continued to suffer losses and this year also the manufacturing activities remained closed.

The net loss during the year of Rs. 112.34 Lacs includes 108.26 lacs on account of depreciation which absorbed the net income of Rs. 26.03 lacs. The net loss during the previous year was Rs. 109.46 lacs.

The company did not provide interest during the year.

STATUS OF REFERENCE BEFORE BIFR:

The BIFR in its hearing on 01/08/2005 has declared the Company as Sick Industrial Company under section 3(1)(o) of the Sick Industrial Companies (Special) Provision Act, 1985. The company has submitted comprehensive proposal for rehabilitation. However the Central Bank of India has requested BIFR for abatement of SICA proceedings, which has been protested by the company.

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 has 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.
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 received order dated 30.01.2006 wherein the demand is reduced to Rs. 226,940/- and the department has filed case before High Court against the order of ITAT.
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/- + interest thereon Rs. 2,99,41,821/- . 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 its inability to recommend any dividend for the year ended 31/03/2009.

FIXED DEPOSITS:

The Company has not accepted any Deposits during 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 the Company, Mr. Ravi Dalmia, Director of the Company retire by rotation and being eligible, offer themselves 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, 2009.
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, 2010 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 (I) (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.

DEMATARALISATION 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.

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.

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02/09/2009

For and on behalf of the Board

For Sharad Fibres & Yarn Processors Ltd.

Sd/-

Director

Sd/-

ANNEXURE “A” TO THE DIRECTORS’ REPORT 2008 - 2009

ANNEXURE to Director’s Report for the year ended 31st March, 2009
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.

I. CONSERVATION OF ENERGY:

- a) Measures taken : During the year all possible measure were taken to ensure optimum conservation of electricity and fuel at the plant of the Company.
- b) Improvements: Plans for further improvement are being implemented.
- c) 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.

II. 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 effort to improve the quality of Texturised yarn.

No substantially expenditure was incurred on Research and Development.

III. TECHNOLOGY ABSORPTION, ADOPTION, ADOTPION & INNOVATION:

- a) Efforts in brief made towards technology absorption ,
Adoption and innovation.

Benefit derived as a result of above efforts -- N.A.

- b) Particulars of Technology imported during the last 5 years -- NIL

IV. FOREIGN EXCHANGE EARNINGS & OUTGO: Nil

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02/09/2009

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

Sd/- Sd/-
Director