

**SHARAD FIBRES AND YARN
PROCESSORS LIMITED**

**ANNUAL REPORT
FOR THE FINANCIAL YEAR 2012-13**

SHARAD FIBRES AND YARN PROCESSORS LIMITED

BOARD OF DIRECTORS:

MR. RAVI DALMIA
MR. ADITYA DALMIA
MR. NARENDRA KHEMKA
MR. UNNIKISHNAN MANGARY
MR. SURENDRA BAHADUR SINGH

AUDITORS:

M/S. VINOD S. MEHTA & CO., Chartered Accountants

REGISTERED OFFICE:

220, UNIQUE INDUSTRIAL ESTATE,
OFF. VEER SAVARKAR MARG,
PRABHADEVI,
MUMBAI - 400025.
Tel : 022 - 43226969
Website: www.sharadfibres.com

REGISTRARS & SHARE TRANSFER AGENTS:

M/S. BIGSHARE SERVICES PRIVATE LIMITED
E-2/3, ANSA INDUSTRIAL ESTATE, SAKI VIHAR ROAD,
SAKI NAKA, ANDHERI (EAST),
MUMBAI - 400 072.
TEL. NO. 022 2847 0652/ 4043 0200
EMAIL ID - info@bigshareonline.com

ANNUAL GENERAL MEETING:

September 30, 2013, at 10:00 a.m.
At the regd off: 220, Unique Industrial Estate,
Off. Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025.

CERTIFIED TRUE COPY

FOR SHARAD FIBRES & YARN
PROCESSORS LIMITED


DIRECTOR

SHARAD FIBRES AND YARN PROCESSORS LIMITED
220, Unique Industrial Estate, Off. Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.
Tel : 022 - 43226969 Website: www.sharadfibres.com

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Annual General Meeting of the Members of **SHARAD FIBRES AND YARN PROCESSORS LIMITED** will be held at the Registered Office of the Company at 220, Unique Industrial Estate, Off. Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025 on September 30, 2013, at 10:00 a.m. to transact, with or without modification(s) the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Profit and Loss Account for the year ended March 31, 2013 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 M/s. Vinod S. Mehta & Co., Chartered Accountants having FRN NO. 111524W as 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 authorise the Board 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. Surendra Bahadur Singh, who was appointed as an Additional Director of the Company w.e.f. 01/03/2013 pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting and being eligible offers himself for appointment, in respect of whom the Company has received a notice in writing from a member under section 257 and other applicable provisions, if any, of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.”

By Order of the Board
For Sharad Fibres and Yarn Processors Limited

Sd/-

Aditya Dalmia
Director

Regd. Office:

220, Unique Industrial Estate,
Off. Veer Savarkar Marg,
Prabhadevi,
Mumbai - 400025

Date: May 30, 2013.

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 26/09/2013 to 30/09/2013 (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. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
5. The shares of the Company are listed on Mumbai, Ahmedabad, Jaipur and Chennai Stock Exchanges.
- 6a. In view of Circular issued by the SEBI for appointing common agency for both the modes of transfers i.e. physical as well as Demat, the company has already appointed M/s. **BIGSHARE SERVICES PRIVATE LIMITED** as Registrar & Transfer Agent for both the modes of transfer i.e. physical as well as Demat. Members are therefore requested to send their grievances to them for early disposal at the address given below.
- 6b. Members holding Shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below.

M/S .BIGSHARE SERVICES PRIVATE LIMITED.
(Unit Sharad Fibres And Yarn Processors Limited)
E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (East),
Mumbai - 400 072.
Tel. No. 022 2847 0652/ 4043 0200.
Email id - info@bigshareonline.com

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. up to the date of the Annual General Meeting.
8. Members/Proxies holding their Shares in physical mode are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.
9. In all correspondence with the company, members are requested to quote their Folio No.
10. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is attached 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 OR Directors to be appointed as regular Director (Resolution at Item Nos. 4):

1. Name : Mr. Narendra Khemka
Age : 61 [15/12/1952]

Mr. Narendra Khemka, has been associated with the Company for the last 11 years and is looking after overall management and affairs of the Company. He has an experience of over 37 years to his credit.

Other Directorships: NIL
Other Committee Memberships: Nil

Shareholding in the Company: Nil.

2. Name : Mr. Surendra Bahadur Singh
Age : 39 [16/12/1974]

Mr Surendra Bahadur Singh has been associated with the company w.e.f 01/03/2013 and is looking after Overall Management and Affairs of the Factory. He has an experience of over 4 years to his credit.

Other Directorships: NIL
Other Committee Memberships: Nil

Shareholding in the Company: Nil.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956.

Item 4:

The Board of Directors have appointed Mr. Surendra Bahadur Singh as an Additional Director on the Board of the Company w.e.f.01/03/2013 pursuant to Section 260 of the Companies Act, 1956. He holds office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received notice from a member under section 257 of the Companies Act 1956 along with required deposit signifying his intention to propose Mr. Surendra Bahadur Singh candidature for the office of Director. Looking at the experience and exposure Mr. Surendra Bahadur Singh has, your Directors propose the resolution for your approval.

Mr. Surendra Bahadur Singh is interested in the Resolution as the resolution is for his own appointment.

By Order of the Board
For Sharad Fibres and Yarn Processors Limited

Sd/-

Aditya Dalmia
Director

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have great pleasure in presenting the Annual Report together with the Audited accounts for the year ended March 31, 2013.

FINANCIAL RESULTS:	Year ended 31.03.2013 Rs. In Lacs	Year ended 31.03.2012 Rs. In Lacs
Gross Revenue	1035.98	1040.09
Profit (Loss) before tax	35.67	762.88
Tax Expense:		
Current tax expense for current year	0.00	0.00
Deferred tax	0.00	0.00
Tax expense for Earlier years	0.00	0.00
Profit (Loss) for the period	35.67	762.88

OPERATIONS:

During the year, your Company has achieved a Total Income of Rs.1035.98 lacs as against Rs. 1040.09 lacs during the previous year. The profitability was at Rs.35.67 lacs as against Profit of Rs. 762.88 lacs during the previous year. The profit figures are not comparable as the previous year's figures includes extraordinary items.

DIVIDEND:

Due to accumulated losses, your board has decided not to recommend any dividend during the year under review.

STATUS OF PENDING LEGAL CASES:

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

- i) In respect of demand raised by the Central Excise Department amounting to Rs. 1,76,04,797/-, the company preferred an appeal which was won by the company. However, the Central Excise Department, Mumbai has preferred an appeal before the Supreme Court and the case is being protested suitably. The Central Excise department has filed further complaint in this regard before the court of Honorable Chief Judicial Magistrate, at Silvassa.
- ii) In respect of penalty levied by the Assessing Officer for Asst Year. 2004-05, company preferred an appeal before CIT (A) and an order deleting the said penalty was passed in favour of the company by CIT (A). However, the Income Tax Department has appealed against the said CIT (A) order before the Income Tax Appellate Tribunal.

- iii) Recron Synthetics Limited has filed case against the Company before the High Court, Mumbai for a claim of Rs.4,49,38,266/- and interest thereon Rs.2,99,41,821/- and other claims of Rs.32,,87,546/-. However the same is being suitably defended by the company.
- iv) An Appeal Filed by the Company before the commissioner of Central Excise (Appeal) the order on the same has been passed in favour of the Company against demand of Rs. 3,61,537/- (already Paid) plus Rs. 16,32,382/- (already paid) and imposed penalty of Rs. 3,61,537/- and Rs. 1,00,000/- and Interest thereon. However the Excise Department has filed appeal before the CEGAT (case No. 103/adj/2001 ADC dated 31.10.2001). The Case is being defended by the company.

FIXED DEPOSITS:

Your Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 from the public and the rules made there under.

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 retires by rotation and being eligible has offered himself for re-appointment.

The Board has appointed Mr. Surendra Bahadur Singh as an Additional Director on the board of the company w.e.f. 01/03/2013. He will hold office till the conclusion of the forthcoming Annual General Meeting. The company has received a notice from a member proposing his candidature for the office of director.

DIRECTORS RESPONSIBILITY STATEMENT:

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
- ii. 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, 2013 and of the profit of the company for that year.
- iii. 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.
- iv. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

Your Company fully subscribes to the standards set out by the Securities And Exchange Board of India's Corporate Governance practices and has ensured compliance of the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. Separate Report on Corporate Governance together with Auditors' Certificate on its compliance is included in this Annual Report as per Annexure "A".

CODE OF CONDUCT:

The company is committed to conduct its business in accordance with the applicable laws, rules and regulations and highest standards of business ethics. In recognition thereof, the Board of Directors has implemented a Code of Conduct for adherence by the Directors and Senior Management Personnel of the Company. This will help in dealing with ethical issues and also foster a culture of accountability and integrity.

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 March 31, 2014, 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.

AUDIT COMMITTEE:

In accordance with the provisions of the Companies Act, 1956 and Listing Agreement the Company has constituted an Audit Committee. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

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 not applicable to the company as the company is not engaged in manufacturing activities.

Foreign Exchange earnings and outgo Rs. NIL.

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. 4

DEPOSITORY SERVICES:

The Company's Equity Shares have been admitted to the depository mechanism of the National Securities Depository Limited (NSDL) and also the Central Depository Services (India) Limited (CDSL). As a result the investors have an option to hold the shares of the Company in a dematerialized form in either of the two Depositories. The Company has been allotted ISIN No. INE638N01012.

Shareholders therefore are requested to take full benefit of the same and lodge their holdings with Depository Participants [DPs] with whom they have their Demat Accounts for getting their holdings in electronic form.

ENVIRONMENT PROTECTION:

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

LISTING:

Shares of the company are listed at the Stock Exchanges at Mumbai, Kolkata, Ahmedabad, and Delhi. The company has not paid the listing fees for Kolkata, Ahmedabad, and Delhi Stock Exchanges.

SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION:

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

ACKNOWLEDGMENT:

The Directors wish to convey their appreciation to the Company's shareholders, customers, suppliers, bankers and distributors 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.

By Order of the Board
For Sharad Fibres and Yarn Processors Limited

Sd/-
Director

Sd/-
Director

Regd. Office:
220, Unique Industrial Estate,
Off. Veer Savarkar Marg,
Prabhadevi,
Mumbai - 400 025.
Date: May 30, 2013.
Place: Mumbai