

SHARAD FIBRES & YARN **PROCESSORS LIMITED**

31st ANNUAL REPORT 2017-18

SHARAD FIBRES & YARN PROCESSORS LIMITED

BOARD OF DIRECTORS

MR. RAVI AMARCHANDDALMIA	MANAGING DIRECTOR
MR. UNNI KRISHNAN NAIR	DIRECTOR
MR. SURENDRABAHADUR SINGH	DIRECTOR
MS. JYOTI CHANDERLALNANKANI	DIRECTOR

KEY MANAGERIAL PERSONNEL

MR. ADITYA DALMIA	CHIEF FINANCIAL OFFICER
MRS. MADHUMATI RAJOL	COMPANY SECRETARY

REGISTERED OFFICE

220, Unique Industrial Estate,
Off. Veer Savarkar Marg, Prabhadevi,
Mumbai – 400 025.
Tel : 022 – 43226969
Website: www.sharadfibres.com
Email id : accounts@sharadfibres.com

AUDITORS

M/s. Darshil Doshi & Co., Chartered Accountants

SECRETARIAL AUDITORS

M/s. GMJ & Associates, Company Secretaries

REGISTRAR & SHARE TRANSFER AGENT

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

26th June, 2018 at 10:00 a.m. at the registered office of the Company

Shareholders are requested to bring their Copies of the Annual Report to the Meeting.

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BOARD'S REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS:

To,
The Shareholders,

Your Directors have pleasure in presenting the Thirty First (31st) Annual Report, together with the Audited Financial Statements of the Company for the financial year ended March 31, 2018. The consolidated performance of the Company and its subsidiary has been referred to wherever required.

1. RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS:

(Amount in Rs.)

Particulars	Standalone		Consolidated	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Revenue from Operations	4,38,06,368	4,77,28,032	4,38,06,368	4,77,28,032
Other Income	33,119	2,86,343	1,96,088	4,78,152
Total Income	4,38,39,487	4,80,14,375	4,40,02,456	4,82,06,184
Total Expenses	4,21,52,638	4,67,72,850	4,22,73,661	4,67,90,225
Profit / (Loss) before tax	16,86,849	12,41,525	17,28,795	14,15,959
Tax Expense:				
Current tax expense for current Year	--	--	--	--
Deferred tax	--	--	--	--
Tax expense for Earlier Years	--	--	40,500	--
Profit / (Loss) after tax	16,86,849	12,41,525	16,88,295	14,15,959
Earning per Equity Share				
Basic	0.39	0.28	0.39	0.32
Diluted	0.39	0.28	0.39	0.32

2. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE:

Revenues- Standalone

Your Company earned a Total Income of Rs. 4,38,39,487/- as against Rs. 4,77,28,032/- in the previous Year. The total expenditure incurred during the Year under review was Rs. 4,21,52,638/- as against Rs. 4,67,72,850 /- in the previous Year. The Net Profit after tax was Rs. 16,86,849/- as against Rs. 12,41,525/- in the previous Year.

Revenues- Consolidated

Your Company earned a Total Income of Rs. 4,40,02,456/- as against Rs. 4,82,06,184/- in the previous Year. The total expenditure incurred during the Year under review was Rs. 4,22,73,661/- as against Rs. 4,67,90,225/- in the previous Year. The Net Profit after tax was Rs. 16,88,295/- as against Rs. 14,15,959/- in the previous Year.

3. WITHDRAWAL OF SCHEME OF AMALGAMATION:

The Board of Directors at their Meeting held on 23rd September, 2017, at its sole discretion has withdrawn the Scheme of Amalgamation between BST Exports Private Limited (the First Transferor Company), Dalmia Exim Limited (the Second Transferor Company) and Sharad Fibres and Yarn Processors Limited (the Company) and their respective shareholders filed with the Hon'ble Tribunal.

4. OUTLOOK:

The priority of the Company for the current Year will be to consolidate its position in terms of Sales & Profitability by adopting various means of improving sales. Your Company is undertaking active efforts towards accelerating the growth speed and is optimistic about better performance in the future.

5. DIVIDEND:

In view of carry forward losses, the Board does not propose any dividend for the Year ended March 31, 2018.

6. TRANSFER TO RESERVES:

No amount is proposed to be transferred to Reserves out of the profits earned during the Financial Year 2017-2018.

7. DEPOSITS:

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

8. SHARE CAPITAL OF THE COMPANY:

The Paid up Equity Share Capital, as at 31st March, 2018 was Rs. 4,36,64,000/- divided into 43,66,400 Equity shares, having face value of Rs. 10/- each fully paid up. During the Year under review, the Company has not issued any shares with differential voting rights nor granted any stock options or sweat equity.

9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The details of loans, advances and/or guarantee provided by the Company and investments as per section 186 of the Companies Act, 2013, which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34 (3) read with Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI Listing Regulations) are provided in the Notes of the standalone Financial statements.

10. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

a) DIRECTORS

i) Composition:

The Board of Directors includes the Executive, Non-Executive and Independent Directors so as to ensure proper governance and management. The Board consists of Four (4) Directors comprising of One (1) Executive Director, Two (2) Non-Executive Independent Directors and One (1) Non-Executive Woman Director as on March 31, 2018.

ii) Re-appointments:

Based on evaluations and recommendations of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and the Listing Regulations, the Board recommends re-appointment of Mr. Unni Krishnan Nair and Mr. Surendra Bahadur Singh as Independent Directors for another term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024, for the approval of Members.

The Board of Directors on recommendation of the Nomination and Remuneration Committee has approved the re-appointment of Mr. Ravi Dalmia as Managing Director of the Company for a term of 3 Years commencing from 1st June, 2018 in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule "V" and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended time to time and subject to approval of members at the ensuing Annual General Meeting of the Company.

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Jyoti Nankani, Director of the Company, retires by rotation, and being eligible, has offered herself for reappointment.

iii) Resignations:

Mr. Aditya Dalmia resigned as Director and Chief Financial Officer with effect from July 1, 2017. The Board of Directors has placed on record its warm appreciation for the rich contribution made by Mr. Aditya Dalmia and the leadership provided by him during his tenure as Chief Financial Officer & Director of the Company.

iv) Inductions / Appointments:

During the Year under review, on the recommendation of the Nomination and Remuneration Committee and Audit Committee, Mr. Aditya Dalmia was appointed as the Chief Financial Officer of the Company effective from March 27, 2018.

b) Key Managerial Personnel:

The Company is having the following persons as the Key Managerial Personnel.

Sr. No.	Name of the person	Designation
1.	Mr. Ravi Dalmia	Managing Director
2.	*#Mr. Aditya Dalmia	Chief Financial Officer
3.	Ms. Madhumati Rajol	Company Secretary

* Mr. Aditya Dalmia resigned w.e.f. July 1, 2017.

#Mr. Aditya Dalmia appointed w.e.f. March 27, 2018.

11. INDEPENDENT DIRECTORS:

The Independent Directors hold office for a fixed period of five Years from the date of their appointment at the Annual General Meeting held on September 27, 2014 and are not liable to retire by rotation.

The Company has received necessary declarations from each independent Director under Section 149 (7) of the Companies Act, 2013 that he meets the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

12. SUBSIDIARIES & ASSOCIATE COMPANIES:

During the reporting period, the Company has two subsidiary Company i.e. BST Exports Private Limited (Wholly Owned Subsidiary Company) and Dalmia Exim Limited (Step-down Subsidiary Company) within the meaning of Section 2(87) of the Companies Act, 2013. There has been no change in the number of subsidiaries Company or in the nature of business during the year under review.

Pursuant to provisions of Section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's Associate Company in Form AOC-1 is appended as **Annexure 'A'** and forms part of the Annual Report.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Audited Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, www.sharadfibres.com. Further, as per fourth proviso of the said section, Audited Annual Accounts of each of the subsidiary companies have also been placed on the website of the Company, www.sharadfibres.com. Shareholders interested in obtaining a copy of the Audited Annual Accounts of the subsidiary Company may write to the Company at the Company's registered office.

The Company does not have joint venture or associate companies within the meaning of Section 2(6) of the Companies Act, 2013.

13. DIVESTMENTS (SALE OF SHARES OF SIBSIDARY COMPANIES):

Your Company announced its intention to divest its 100% shareholding held in BST Exports Private Limited i.e. wholly owned subsidiary and Dalmia Exim Limited i.e. Step down Subsidiary of the Company. The decision to divest from this business is in line with our strategy focus on core business.

14. EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this Report as **'Annexure B'** and forms an integral part of this Report.

15. MEETINGS OF THE BOARD OF DIRECTORS:

The Board of Directors of your Company met 7 (Seven) times during the Year on May 30, 2017, July 1, 2017, August 14, 2017, September 23, 2017, December 14, 2017, February 14, 2018 and March 27, 2018 and the gap between two meetings did not exceed the statutory period laid down by the Companies Act, 2013 and the Secretarial Standard-I issued by the Institute of Company Secretaries of India i.e. One hundred twenty days. The necessary quorum was present for all the meetings.

The Attendance of the Directors of the Company at the Board meetings is as under:

Name of Director / Category	Board Meeting dates(2017-2018)							No. of meetings entitled to attend	Attended	Last AGM Attended
	May 30	July 01	Aug 14	Sept 23	Dec 14	Feb 14	March 27			
Mr. Ravi Dalmia (Managing Director)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7	7	Yes
*Mr. Aditya Dalmia (Director&CFO)	Yes	-	-	-	-	-	-	1	1	Yes
Mr. Unnikrishnan Nair (Independent Director)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7	7	Yes
Mr. Surendra Singh (Independent Director)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7	7	Yes
Ms. Jyoti Nankani (Women Director)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7	7	Yes

* Mr. Aditya Dalmia resigned as CFO & Director of the Company w.e.f. 1st July, 2017. He was re appointed as CFO w.e.f. 27th March, 2018.

16. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134 of the Act, with respect to Directors responsibility statement it is hereby confirmed that:

- that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent

- so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - iv. the Directors had prepared the annual accounts on a going concern basis;
 - v. the Directors, had laid down internal Financial controls to be followed by the Company and that such internal Financial controls are adequate and were operating effectively.
 - vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. COMMITTEES OF THE BOARD:

Currently the Board has 3 (three) Committees: the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee. The Composition of various committees and compliances, as per the applicable provisions of the Companies Act, 2013 and the Rules thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are as follows:

17.1 Audit Committee:

The Company has re-constituted the existing Audit Committee on July 1, 2017. The Committee now comprises of three qualified members (i.e. 2 Non-Executive Independent Directors and 1 Executive Director) in accordance with the section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 of the Companies Act, 2013. All the members have financial and accounting knowledge.

The Committee acts as a link between the Management, the Internal Auditors, the Statutory Auditors and the Board of Directors of the Company. The recommendations of the Audit Committee are always welcomed and accepted by the Board and all the major steps impacting the Financials of the Company are undertaken only after the consultation of the Audit Committee.

The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

The Committee met Five (6) times during the year on May 30, 2017, August 14, 2017, September 23, 2017, December 14, 2017, February 14, 2018 and March 27, 2018 and the gap between two meetings did not exceed one hundred twenty days. The necessary quorum was present for all the meetings.

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name of the Members	Category	Audit Committee Meetings Dates (2017-2018)						No. Meetings Entitled to Attended	No. of Meetings Attended
		May 30	Aug 14	Sept 23	Dec 14	Feb 14	March 27		
Mr. Unnikrishnan Nair	Chairperson Non-Executive Independent	Yes	Yes	Yes	Yes	Yes	Yes	6	6
*Mr. Aditya Dalmia	Executive Director	Yes	–	–	–	–	–	1	1
Mr. Surendra Bahadur Singh	Non-Executive Independent	Yes	Yes	Yes	Yes	Yes	Yes	6	6
#Mr. Ravi Dalmia	Executive Director	–	Yes	Yes	Yes	Yes	Yes	5	5

*Mr. Aditya Dalmia resigned w.e.f. July 1, 2017.

Mr. Ravi Dalmia appointed as a Member of Audit Committee w.e.f. July 1, 2017.

17.2 Nomination and Remuneration Committee:

The Company has re-constituted the existing Nomination and Remuneration Committee on July 1, 2017. The Committee now comprises of three qualified members (i.e. 2 Non-Executive Independent Directors and 1 Non-Executive Director) in accordance with the section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 of the Companies Act, 2013.

The role of the committee has been defined as per section 178(3) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The Committee met Two (2) times during the year on May 30, 2017 and March 27, 2018. The necessary quorum was present at the meeting.

The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name of the Members	Category	Nomination & Remuneration Committee Meetings Number (2017-2018)		No. of Meetings Entitled to Attended	No. of Meetings Attended
		May 30	March 27		
Mr. Unnikrishnan Nair	Chairperson Non-Executive Independent	Yes	Yes	2	2
*Mr. Aditya Dalmia	Executive Director	Yes	–	1	1
Mr. Surendra Bahadur Singh	Non-Executive Independent	Yes	Yes	2	2