

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

Ravi Dalmia	:	Chairman Cum Managing Director
Aditya Dalmia	:	Director
UnniKrishnan Nair	:	Director
Narandra Khemka	:	Director(w.e.f. 1.10.2002)
Rajendra Agarwal	:	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 16th Annual General Meeting of the members of Sharad Fibres & Yarn Processors Ltd will be held on Tuesday, the 30th 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 1st 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 14th 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 : 31st July, 2003



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. UNNIKRISHNAN 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 1st 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 14th 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 30th September, 2003. Subject to approval of Shareholders , the Board of Directors, at their meeting held on 31st 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 :



- 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 be 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.



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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.



- 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 : 31st July, 2003



SHARAD FIBRES & YARN PROCESSORS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

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

FINANCIAL RESULTS :

PARTICULARS	Year ended 31.03.2003	Year ended 31.03.2002
	<u>Rs. In Lacs</u>	<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 5th 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.

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5. 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.
6. 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.
7. 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.
8. M/s. Hindustan Power Plus have filed an complaint U/s. 138 of the Negotiable Instrument Act for Rs.5.00 lacs against the Company before XIV Additional Chief Metro Politan Magistrate, Bangalore and also issued notice through Advocates for total outstanding of Rs.10,79,040.00. The same in being defended by the Company.
9. 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.

DIVIDEND :

Due to losses, your Board regrets its inability to recommend any dividend for the year ended 31/03/2003.

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. Unnikrishnan Nair, Director of the Company retire by rotation and being eligible, offer himself for re-appointment.

Mr. Narendra Khemka and Mr. Rajendra Agarwal were appointed as additional Directors on the board of the Company and are seeking re-appointment as their term expires at the ensuing Annual General Meeting.

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, 2003.
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.



SHARAD FIBRES & YARN PROCESSORS LIMITED

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, 2004 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.

DEMATERIALISATION 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.

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 : 31st July, 2003



ANNEXURE "A" TO THE DIRECTORS' REPORT 2002 - 2003

ANNEXURE to Director's Report for the year ended 31st March, 2003 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:

- 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.
- d) Total energy consumption per unit of production :

FORM - A

I) Power and fuel consumption in respect of :

	Year Ended 31.3.2003	Year Ended 31.3.2002
a) ELECTRICITY		
Purchase Units (in lacs)	31.15	43.98
Total amount (Rs.Lacs)	85.61	118.70
Rate per Unit (Rs.)	2.74	2.00
b) Own Generation through D.G.set :		
Total Diesel Consumption (Ltrs)	1,04,000	5,89,050
Total Cost of Diesel (Rs. In Lacs)	17.19	92.28
Rate per Litre (Rs.)	16.53	15.66
II) Consumption per unit of production		
Texturised /Twisted Yarn in Kgs.	7,58,508	27,04,804
Electricity Units per Kgs.	4.10	1.62

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, ADOTPION & INNOVATION:

- a) Efforts in brief made towards technology absorption, Adoption and innovation
 - b) Benefit derived as a result of above efforts — N.A.
 - b) Particulars of Technology imported during the last 5 years — NIL
- III. FOREIGN EXCHANGE EARNINGS & OUTGO: — NIL

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 : 31st July, 2003



SHARAD FIBRES & YARN PROCESSORS LIMITED

AUDITORS' REPORT ON CORPORATE GOVERNANCE:

To the Members of
Sharad Fibres & Yarn Processors Limited

We have examined the compliance of conditions of Corporate Governance by SHARAD FIBRES & YARN PROCESSORS LTD, for the year ended on March 31, 2003, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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.

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 clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Vinod S. Mehta & Co.**
Chartered Accountants

PARAG MEHTA
Partner

Mumbai
July 31, 2003



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS :

The company is mainly engaged in job work of Texturising of yarn. Therefore the market share of the company is not significant.

OVERALL REVIEW

The Company is making continuous losses due to sluggish market. Due to scarcity of working capital fund, the Company is mainly engaged in Job work. To minimize the losses the company is making its best effort to implement the cost reduction measures, to the extent feasible. Several cost cutting measures have already been undertaken by the Company.

RISK AND CONCERNS :

The Company's future development depends on the outcome of the order to be passed by the Board for Industrial and Financial Reconstruction.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY :

The Company is following a proper and adequate system of internal controls in respect of all its activities including safeguarding and protecting its assets against loss from unauthorised use or disposition. Further all transaction entered into by the company are fully authorised, recorded and reported correctly.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

During the year under review, the plant operated at full capacity and the total production of yarn was 7.58 lacs Kgs excluding job work as against 27.05 lacs Kgs in the previous year. The Gross Turnover for the year was Rs. 271.27 Lacs As against Rs. 860.19 Lacs over the previous year. The other Income was Rs. 23.70 Lacs as against Rs. 15.07 Lacs in the previous year.

The Operations of the Company have resulted in a net loss after depreciation has been Rs. 891.80 Lacs as against Rs. 691.34 Lacs.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:

The relationship with the workers/ employees with all levels remained cordial during the year.

CORPORATE GOVERNANCE DISCLOSURE :

In Compliance with Clause 49 of the Listing Agreement with Stock Exchange, the Company submits the report on the matters mentioned in the said Clause and practice as followed by the Company.

1. Company's Philosophy on Code of Governance

Philosophy of Sharad Fibres & Yarn Processors Limited (SFYPL) on corporate governance envisages the attainment of the highest levels of the transparency, accountability and equity in all facets of its operations and all transactions with its stakeholders, including the shareholders, employees the government and the lenders.

SFYPL is committed to achieving the highest standards of Corporate Governance.

SFYPL believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.



SHARAD FIBRES & YARN PROCESSORS LIMITED

2. BOARD OF DIRECTORS:

As per the listing Agreement the board should have an optimum combination of both Executive and Non-Executive Directors.

The Board of Your company has 3 [Three] Executive Directors and 2 [Two] Non-Executive Directors. Total number of Independent Directors are 3 [Three].

The details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting, number of other Directorships and other Committee Memberships are given below:

Name	Category of membership	Attendance Particulars		No. of other Directors Membership/ Chairmanships		
		Board Meeting	Last Agm	other Directorships	Committee Membership	committee Chairmanship
R A.Dalmia	CMD	11	Y	2	0	0
A.A. Dalmia	ED	11	Y	1	0	0
U.K.Nair	ED&ID	11	N	0	3	3
*Rajendra Agarwal	NE&ID	1	N	1	3	0
*Narendra Khemka	NE&ID	6	N	0	3	0

* Note: Mr. Narendra Khemka was appointed as Director of the Company w.e.f 1.10.2002 and Mr. Rajendra Agarwal was appointed as Director of the Company w.e.f 14.3.2003.

NE& ID stands for Non Executive and Independent Director, ED : Executive Director, CMD : Chairman cum Managing Director.

During the Year 2003 , the Board met 11 times on the following dates, namely 30/4/02, 10/6/02, 8/7/02, 2/9/02, 12/9/02, 1/10/02, 25/10/02, 15/11/02, 14/2/03, 7/3/03, 14/3/03.

3. COMMITTEES OF DIRECTORS:

Non-executive Directors provide guidance to operating management on policy matters as well as in monitoring the actions of operating management. This involvement is formalized through constitution of designated committees of the board. The Committees are intended to provide regular exchange of information and ideas between the non-executive Directors and the operating management.

To conform to the requirements of clause 49 of the Listing Agreement with the Stock Exchange and Companies Act, 1956, the Board has constituted the required Committees.

3.1 AUDIT COMMITTEE:

The Company has a qualified and independent Audit Committee comprising of 3 Non-Executive Director. The broad terms of reference of the Audit Committee are in consonance with the provisions of Clause 49 of the Listing Agreement.

There were 2 [Two] meetings of the Committee during the year.

The names of member of committee and their attendance are as follows:

Name of the Members Status No. of Meetings Attended

Mr. Unnikrishnan Nair	CHAIRMAN	2
Mr. Narendra Khemka	MEMBER	2
Mr. Rajendra Agarwal	MEMBER	1

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The Manager – Accounts and Statutory auditors of the Company are invitees to Audit Committee meetings.

3.2. REMUNERATION & REMUNERATION COMMITTEE :

The Company has set up a Remuneration Committee as required under the provisions of the Companies Act, 1956 and all matters relating to review and approval of compensation payable to the Executive and Non Executive Directors are considered by the Remuneration Committee and necessary recommendations are made by the Committee to the Board for the approval within the overall limits approved by the Members and as per Schedule XIII to the Companies Act, 1956.

The Company pays remuneration to its Managing Director and its Directors by way of Salary, perquisites and allowances. Salary is paid within the range as approved by the Shareholders and as per Schedule XIII to the Companies Act, 1956. The Board approves all the revisions in salary, allowances and perquisites subject to the overall ceiling prescribed by Section 198 and 309 of the Companies Act, 1956.

Given below are the details of remuneration paid to Directors during the financial year 2002-03:

Director	Sitting Fees	Salary & allowances	Perquisites
Mr. Ravi Dalmia	Nil	90,000	1,48,648
Mr. Aditya Dalmia	Nil	90,000	1,90,576
Mr. Unni Krishnan Nair	Nil	1,14,000	Nil
Mr. Rajendra Agarwal	Nil	Nil	Nil
Mr. Narendra Khemka	Nil	Nil	Nil

3.3. SHAREHOLDERS' COMMITTEE:

The Company has constituted a Shareholders' Grievance Committee to specifically look into Investors' complaints, if any, and to redress the same expeditiously. The Committee redresses complaints of investors like transfer of shares, non-receipt of balance sheet etc. The Investors' Grievance Committee met 2 [Twice] time during the year ended March 31, 2003.

The composition of the Shareholders' Grievances Committee and details of the meetings attended by the Directors are given below:

Names of Members CategoryNo. Of Meetings attended during the year 2002-2003

Mr. Unnikrishnan Nair	CHAIRMAN	2
Mr. Rajendra Agarwal	MEMBER	1
Mr. Narendra Khemka	MEMBER	2

Mr. Pradeep Salian , Secretarial Officer is the Compliance Officer.

DETAILS OF INVESTORS COMPLAINTS RECEIVED DURING THE YEAR:

Sr. No.	Nature of Complaints	Received	Disposed	Pending
1.	Non receipt of Annual Report.	1	1	NIL
2.	Non receipt of Share Cert. After Transfer	Nil	Nil	NIL
T O T A L		1	1	NIL

4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2000	202, Venkatesh Chambers, Prescot Road, Fort, Mumbai – 400 001.	27.12.2000	10.00 A.M.
2001	Same as above	29.09.2001	10.00 A.M.
2002	Same as above	30.09.2002	10.00 A.M.



SHARAD FIBRES & YARN PROCESSORS LIMITED

All the matters as set out in the respective notices were passed by the Shareholders. No special resolution was required to be put through postal ballot last year.

5. DISCLOSURES :

1. During the year, the Company did not enter into any materially significant related party transactions with its Promoters, Directors or the Management, their Subsidiaries or Relatives etc., that may have a potential conflict with the interests of the Company at large.
2. The Stock exchange has suspended the shares of the company from trading on stock exchanges due to non-payment of Listing fees and non compliance of other requirements of the Listing Agreement. However company is in process of payment of Listing Fee and compliance of other requirements of the Listing Agreement.

6. MEANS OF COMMUNICATION

1. Quarterly results are finalised and sent to the Stock Exchange as required.
2. All items required to be covered in the Management Discussion and Analysis have been included in the other part of the Report.

7. GENERAL SHAREHOLDERS INFORMATION :

- 7.1. ANNUAL GENERAL MEETING : 16th Annual General meeting
DAY & DATE : September 30, 2003.
TIME : 10.00 A. M.
VENUE : Registered Office.

7.2. FINANCIAL CALENDAR :

- * Financial reporting for the quarter ended June 30, 2003 : End of July, 2003.
- * Financial reporting for the quarter ended Sept.30, 2003 : End of Oct., 2003.
- * Financial reporting for the quarter ended Dec. 31, 2003 : End of Jan., 2004
- * Financial reporting for the Year ended March 31, 2004 : End of April,2004.

- 7.3. DATE OF BOOK CLOSURE : 25/09/2003 TO 30/09/2003 [Both days inclusive].

7.4. SHARE TRANSFER SYSTEM :

The turnaround time for completion of transfer of shares in physical is generally 15 days, if the documents are clear in all respects. The Board has delegated the responsibility of Share Transfers to the Registrar and Share Transfer Agent.

7.5 STOCK PRICE DATA:

The Shares of the Company is not been traded during the last year . Therefore the stock market data could not be obtained.

7.6 REGISTRAR & TRANSFER AGENT:

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

7.7. COMPLIANCE OFFICER :

Mr. Pradeep Sallan, Secretarial Officer

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7.8. ADDRESS FOR CORRESPONDENCE :

SHARAD FIBRES & YARN PROCESSORS LIMITED

202, Venkatesh Chambers, Prescott Road, Fort, Mumbai – 400 001.

Tel : 022 – 5635 5800

7.9. LISTING :

The Stock Exchange, Mumbai - 400 001.

The Stock Exchange, Chennai.

The Stock Exchange, Ahmedabad.

The Stock Exchange, Jaipur.

7.10. STOCK CODE OF THE COMPANY :

The Stock Exchange, Mumbai

Scrip Name : SHARAD FIBRES & YARN PROCESSORS LIMITED

Scrip Code : 514402.

7.11. DEMATERIALISATION:

The Company is in process of entering into Demat Agreement with the NSDL and CDSL process.

7.12. SHAREHOLDING PATTERN AS ON MARCH 31, 2003 :

Category	No. Of shares held	% of shareholding
Promoters & Relatives .	1151957	28.75
Mutual Fund & UTI	1500	0.03
Banks & Financial Institutions	1096343	12.41
Private Bodies Corporate	479100	27.37
Indian Public	12,00,000	29.50
NRI/OCBs	77500	1.94
Total	4006400	100.00

7.13. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31,2003:

No. of Equity Shares held	N o. of Shareholders	No. of Shares held	% of Equity Capital
Upto 500			
1-5000	944	398600	61.5
5001-10000	394	304000	25.67
10001-20000	97	154700	6.32
20001-30000	28	73500	1.82
30001-40000	13	47600	0.85
40001-50000	12	56400	0.78
50001 & 100000	17	124200	1.11
100001-99999999	30	2847400	1.95
Total	1535	4006400	100.00

7.14. PLANT LOCATIONS :

Survey No. 218/1/1, Dadra Village, Near Dadra Check Post, Dadra & Nagar Haveli, Silvassa [UT].

7.15. COMPLIANCE :

A certificate has been obtained from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance and is attached to this report.

Mumbai.

31st July, 2003

For and on Behalf of the Board

FOR SHARAD FIBRES & YARN PROCESSORS LIMITED

RAVI DALMIA

Chairman cum Managing Director



SHARAD FIBRES & YARN PROCESSORS LIMITED

AUDITORS' REPORT

To the Members of

M/S. SHARAD FIBRES & YARN PROCESSORS LTD.

We have audited the Balance Sheet of M/S. SHARAD FIBRES AND YARN PROCESSORS LTD. as at 31st March 2003 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraph 4 & 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we state that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.
 - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion the Profit & Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors, as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003, from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - f) Attention is invited to following points :
 - (i) Note No 1(J) regarding non provision and non ascertainment of contingent liabilities in the Balance Sheet as stated in point 1(J) (I) to (VII) in the notes to accounts.
 - (ii) Note No 3 regarding non confirmation of various debits and credits balances appearing in the books including Banks.
 - (iii) Note No 7 regarding no provision being made for doubtful debts and doubtful advances amounting to Rs.14,05,996/- and hence debtors, advances and assets are overstated by the said amount and the profits and reserves are under stated to that extent.
 - (iv) Note No 14 regarding provision of bank interest on estimated basis.

Subject to foregoing above, in our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with notes thereon give the information required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- 1) in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2003.
- 2) in the case of Profit and Loss Account, of the loss of the company for the year ended on that date.
- 3) In the case of cash flow statement, of the cash flow for the year ended on that date.

PLACE : MUMBAI
DATED : 31st July, 2003

For VINOD S. MEHTA & CO.
CHARTERED ACCOUNTANTS

PARAG V. MEHTA
PARTNER
MEMBERSHIP NO : 36867



**ANNEXURE TO THE AUDITOR'S REPORT
REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE OF
SHARAD FIBRES & YARN PROCESSORS LTD**

- 1) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, all fixed assets have been physically verified by the management and there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- 2) None of the fixed assets have been revalued during the year indicated.
- 3) The stocks of finished goods, and raw material, as explained to us, have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 4) The procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- 5) No discrepancies were noticed on verification between the physical stocks and the book records.
- 6) On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and the basis of valuation stocks is same as in the preceding year.
- 7) In our opinion, terms and conditions on which loans have been taken from companies, firms or other parties listed in the registers maintained under section 301 and from the companies under the same management are not, prima, facie, prejudicial to the interest of the company.
- 8) In our opinion, terms and conditions on which loans have been granted to companies, firms or other parties listed in the registers maintained under section 301 and to the companies under the same management are not, prima facie, prejudicial to the interest of the company.
- 9) The parties to whom the loans, or advances in the nature of loans, have been given by the company are repaying the principal amounts as stipulated and are also regular in payment of the interest wherever stipulated.
- 10) In our opinion and according to the explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regards to purchase of raw materials, stores, including components, plant and machinery, equipment and other assets, and with regard to the sale of goods.
- 11) In our opinion and according to the information and explanation given to us, no transactions of purchase of goods and merchandise traded by the company, and sales of goods and merchandise traded by the company made in pursuance of contracts arrangements entered in the registers maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs.50,000/- (Rupees Fifty Thousand only) or more in respect of each party, have been made.
- 12) As explained to us, there were no unserviceable or damaged goods during the year.
- 13) In our opinion, and according to the information and explanation given to us, the provision of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, are not applicable to the company.
- 14) According to the management, there are no by-products.
- 15) In our opinion and according to the explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business.



SHARAD FIBRES & YARN PROCESSORS LIMITED

- 16) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- 17) According to the records of the company, provident fund and Employees State insurance Corporation dues have been regularly deposited during the year with the appropriate authorities except there are certain delays.
- 18) According to the information and explanations given to us there were no undisputed amounts payable in respect of Income Tax Act, Wealth Tax, Sales Tax, Custom duty and Excise Duty which have remained outstanding as at 31st March, 2003, for a period of more than six months from the date they became payable.
- 19) According to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligation or in accordance with generally accepted business practice.
- 20) The company is a sick industrial company within the meaning of Clause (o) of sub section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For VINOD S. MEHTA & CO.
CHARTERED ACCOUNTANTS

PLACE : MUMBAI
DATED : 31st July 2003.

PARAG V. MEHTA
PARTNER
MEMBERSHIP NO. : 36867

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BALANCE SHEET AS AT 31.03.2003

PARTICULARS	SCHEDULE	AS ON 31.03.2003 (RUPEES)	AS AT 31.03.2002 (RUPEES)
I SOURCES OF FUNDS :			
1 SHAREHOLDERS FUNDS :			
a) CAPITAL	'A'	65,064,000	66,372,000
b) RESERVES & SURPLUS	'B'	2,107,457	799,457
		<u>67,171,457</u>	<u>67,171,457</u>
2 LOAN FUNDS :			
a) SECURED LOANS	'C'	415,100,516	348,149,792
b) UNSECURED LOANS	'D'	21,870,663	45,432,506
		<u>436,971,179</u>	<u>393,582,298</u>
TOTAL (A+B+C+D)		<u>504,142,636</u>	<u>460,753,755</u>
II APPLICATION OF FUNDS :			
1 FIXED ASSETS :	'E'		
a) GROSS BLOCK		169,076,884	169,466,165
Less : DEPRECIATION		65,338,062	55,449,763
NETT BLOCK	(1)	<u>103,738,822</u>	<u>114,016,402</u>
2 INVESTMENTS	'F'	17,100	17,100
	(2)	<u>17,100</u>	<u>17,100</u>
3 CURRENT ASSETS, LOANS & ADVANCES 'G'			
a) INVENTORIES		564,779	7,172,176
b) SUNDRY DEBTORS		93,383,669	120,162,282
c) CASH & BANK BALANCES		631,253	6,113,509
d) LOANS, ADVANCES & DEPOSITS		9,306,056	11,379,037
		<u>103,885,757</u>	<u>144,827,004</u>
Less : <u>CURRENT LIABILITIES</u> <u>& PROVISIONS</u>	'H'	10,434,061	16,335,061
NET CURRENT ASSETS	(3)	<u>93,451,696</u>	<u>128,491,943</u>
III MISCELLANEOUS EXPENDITURE	'I'	493,194	966,545
(To the extent not written off or adjusted)	(4)		
IV Profit & Loss Account	(5)	306,441,824	217,261,765
TOTAL (1+2+3+4+5)		<u>504,142,636</u>	<u>460,753,755</u>

READ WITH PROFIT AND LOSS ACCOUNT
AND SCHEDULES AS PER OUR REPORT
OF EVEN DATE

For M/s VINOD S. MEHTA & CO.
CHARTERED ACCOUNTANTS

PARAG V. MEHTA
PARTNER
Mem.No. 36867

PLACE : Mumbai
DATED : 31st July, 2003

For SHARAD FIBRES & YARN PROCESSORS LIMITED

RAVI DALMIA ADITYA DALMIA
Chairman cum Director
Managing Director

PLACE : Mumbai
DATED : 31st July, 2003



SHARAD FIBRES & YARN PROCESSORS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

PARTICULARS	SCHEDULE	AS AT 31.03.2003 RUPEES	AS AT 31.03.2002 RUPEES
INCOME :-			
Sales	'J'	27,126,918	86,019,268
Other Income	'K'	2,369,920	1,506,754
Increase/(Decrease) in stock	'L'	(4,414,837)	3,587,539
	TOTAL	25,082,001	91,113,561
EXPENDITURES :-			
Raw Materials Consumed	'M'	11,864,679	55,522,278
Excise Duty paid	-	589,997	2,418,156
Manufacturing Expenses	'N'	19,291,806	36,541,796
Administration & Selling Expenses	'O'	3,510,530	3,728,565
Interest & Financial Charges	'P'	67,151,234	50,416,908
Preliminary Expenses W/off		473,351	486,826
Loss on Sale of Fixed Assets		219,051	-
	TOTAL	103,100,648	149,114,529
PROFIT BEFORE DEPRECIATION & TAX		(78,018,647)	(58,000,968)
Depreciation		11,143,208	11,133,385
PROFIT BEFORE TAX		(89,161,855)	(69,134,353)
Provision for Taxation		-	-
PROFIT AFTER TAX		(89,161,855)	(69,134,353)
ADD (LESS) : Prior period adjustments		18,204	90,416
NET PROFIT FOR THE YEAR		(89,180,059)	(69,224,769)
Balance brought forward from Profit & Loss A/c		(217,261,765)	(148,036,996)
PROFIT AVAILABLE FOR APPROPRIATION		(306,441,824)	(217,261,765)
APPROPRIATION			
Profit & Loss Account Balance			
Transferred to Balance Sheet		(306,441,824)	(217,261,765)
	TOTAL	(306,441,824)	(217,261,765)
Earning Per Share		(22.26)	(16.27)

AS PER OUR REPORT OF EVEN DATE

For M/s VINOD S. MEHTA & CO.
CHARTERED ACCOUNTANTS

PARAG V. MEHTA
PARTNER
Mem.No. 36867

PLACE : Mumbai
DATED : 31, July 2003

For SHARAD FIBRES & YARN PROCESSORS LIMITED

RAVI DALMIA ADITYA DALMIA
Chairman cum Director
Managing Director

PLACE : Mumbai
DATED : 31, July 2003

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SCHEDULES TO THE ACCOUNTS:- SCHEDULES A TO Q FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003.

	AS AT 31.03.2003 (Rupees)	AS AT 31.03.2002 (Rupees)
SCHEDULE - 'A' SHARE CAPITAL		
<u>AUTHORISED</u>		
50,00,000 (50,00,000) Equity shares of Rs.10/-(Rs.10/-) each	50,000,000	50,000,000
30,00,000 (30,00,000) Preference shares of Rs.10/-(Rs.10/-) each	30,000,000	30,000,000
TOTAL	80,000,000	80,000,000
<u>ISSUED, SUBSCRIBED & PAID UP :</u>		
4250300 (4250300) Equity shares of Rs.10/- (Rs.10/-) each	42,503,000	42,503,000
Less : Allotment Money not received	-	1,131,000
Less : Forefiture of 243900(Nil) Equity shares of Rs.10/(Rs Nil) each	2,439,000	-
4006400 (4250300) Equity shares of Rs.10/- (Rs.10/-) each	40,064,000	41,372,000
Add :- Share Application Money Received For		
2500000 (2500000) 5% Preference Shares of Rs.10/- (Rs.10/-) each		25,000,000
Add :- Preference Shares		
2500000 (2500000) 5% Preference Shares of Rs.10/- (Rs.10/-) each	25,000,000	-
TOTAL	65,064,000	66,372,000
<u>SCHEDULE- 'B' RESERVE AND SURPLUS</u>		
CAPITAL RESERVE		
Opening Balance	799,457	799,457
Add: Forefiture of shares	1,308,000	-
TOTAL	2,107,457	799,457
<u>SCHEDULE - 'C' SECURED LOANS.</u>		
<u>LOANS & BORROWING FROM BANK</u>		
<u>A. TERM LOANS.</u>		
1) Term Loan	130,844,796	109,721,421
2) New India Co.Op. Bank Ltd	-	49,553
3) Central Bank Of India - D.P.G.Loan Account	19,568,612	16,409,486
TOTAL (A)	150,413,408	126,180,460
<u>B. WORKING CAPITAL LOANS FROM BANKS</u>		
	264,687,108	221,969,332
TOTAL	415,100,516	348,149,792
<u>SCHEDULE - 'D' UNSECURED LOANS.</u>		
1) From Others	1,001,500	1,329,055
2) From Share Holders	20,869,163	43,702,539
3) Interest Accured on Loans	-	400,912
TOTAL	21,870,663	45,432,506



SCHEDULE - 'E' FIXED ASSETS.												
SL NO	ITEM	RATE	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		In%	As on 01/04/2002 Rupees	Additions Rupees	Deductions Rupees	As On 31/03/2003 Rupees	As On 01/04/2002 Rupees	Additions Rupees	Deductions Rupees	As On 31/03/2003 Rupees	As On 31/03/2003 Rupees	As On 31/03/2002 Rupees
1	LAND	-	2312032	-	-	2312032	-	-	-	-	2312032	2312032
2	BUILDING	3.34	27781197	-	-	27781197	4319277	927,891	-	5247168	22534029	23461920
3	FURNITURE & FIXTURES	6.23	1240823	-	-	1240823	620917	77,303	-	698220	542603	619906
4	PLANT & MACHINERY	7.42	122467277	1,173,650	-	123640927	46002375	9,133,916	-	55136291	68504636	76464902
5	MOTOR CAR	9.50	581778	-	581,778	-	250808	3,448	254,256	-	-	330970
6	ELECTRICAL INSTALLATION	7.42	6484501	-	-	6484501	1836510	481,150	-	2317660	4166841	4647991
7	TUBE WELL	3.34	62742	-	-	62742	9163	2,095	-	11258	51484	53579
8	WEIGHING SCALE	7.42	162127	-	-	162127	98239	12,030	-	110269	51858	63888
9	SCOOTER	9.50	95389	-	95,389	-	90062	5,327	95,389	-	-	5327
10	AIR-CONDITIONER	4.75	6820263	19,500	-	6839763	1173069	324,348	-	1497417	5342346	5647194
11	TYPEWRITER	4.75	7200	-	-	7200	3201	342	-	3543	3657	3999
12	FAX MACHINE	4.75	65000	-	-	65000	26032	3,088	-	29120	35880	38968
13	COMPUTER	16.21	905264	-	905,264	-	773907	131,357	905,264	-	-	131357
14	JEEP	9.50	291445	-	-	291445	168429	27,687	-	196116	95329	123016
15	OFFICE EQUIPMENT	7.42	27398	-	-	27398	10418	2,033	-	12451	14947	16980
16	BOX STRAPPING MACHINE	7.42	150846	-	-	150846	56473	11,193	-	67666	83180	94373
17	FIRE FIGHTING EQUIPEMENT	100.00	10883	-	-	10883	10883	-	-	10883	-	-
	TOTAL		169466165	1193150	1582431	169076884	55449763	11143208	1254909	65338062	103738822	114016402
	PREVIOUS YEAR		169210461	825344	569640	169466165	44286018	11133385	569640	55449763	114016402	124324443

NOTE : DEDUCTION SHOWN IN RESPECT OF SCOOTER & COMPUTER IS ON ACCOUNT OF 100% DEPRECIATION CLAIMED TILL LAST YEAR AND THE SAME IS WRITTEN OFF IN COST AND DEPRICITION BLOCK.

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	AS AT 31.03.2003 (Rupees)	AS AT 31.03.2002 (Rupees)
SCHEDULE - 'F' INVESTMENTS.		
UNQUOTED (FULLY PAID UP)		
1710 Equity shares of Rs.10/- each of New India Co-Op Bank Ltd.	17,100	17,100
TOTAL	17,100	17,100
SCHEDULE - 'G' CURRENT ASSETS, LOANS & ADVANCES.		
A. CURRENT ASSETS		
INVENTORIES		
(As per Inventory taken valued and Certified by the Management)		
1) Raw Material	-	1,771,612
2) Packing Material	134,693	239,908
3) Oil & Lubricants	9,540	87,795
4) Stores & Spares	420,546	658,024
5) Finished Goods	-	1,862,638
6) Stock in process	-	2,552,199
TOTAL - A	564,779	7,172,176
B. SUNDRY DEBTORS		
(Unsecured, considered good for which Co. hold no security other than the debtors personal security)		
For Goods		
Bad & Doubtfull debts (Note Provided For)	14,505,996	14,505,996
More than six months	76,489,540	103,199,100
Others	2,388,133	2,457,186
TOTAL - B	93,383,669	120,162,282
SCHEDULE - 'G'		
C. CASH & BANK BALANCE :		
1) Cash balance on hand	216,740	186,007
2) Cash at Factory	6,745	148,442
Balance with Scheduled bank in Current A/c		
1) Central Bank Of India (R-17788)	8,243	8,243
2) Tamilnadu Mercantile Bank Ltd	-	5,238,501
3) Ichalkarnji Janta Sahkari Bank Ltd	5,074	40,292
4) Central Bank Of India (Surat)	-	500
5) Dena Bank (Amli Branch)	571	3,686
6) H.D.F.C. Bank	58,842	155,717
7) United Western Bank Ltd	317	-
On Deposit		
1) Dena Bank (Silvassa)	10,725	10,225
2) Central Bank Of India	223,795	221,696
3) Central Bank Of India (Margin)	100,200	100,200
TOTAL - C	631,253	6,113,509



SHARAD FIBRES & YARN PROCESSORS LIMITED

	AS AT 31.03.2003 (Rupees)	AS AT 31.03.2002 (Rupees)
D. LOANS, ADVANCES & DEPOSITS :		
Advances recoverable in cash or in kind for which value to the received in cash	9,306,056	11,379,037
TOTAL - D	9,306,056	11,379,037
TOTAL (A+B+C+D)	103,885,757	144,827,004
SCHEDULE - 'H' CURRENT LIABILITIES & PROVISIONS.		
A. CURRENT LIABILITIES :		
1. For Capital Goods	3,647,231	4,251,817
2. For Goods	3,421,646	7,234,651
3. For Expenses	703,698	937,700
4. Other Liabilities	2,028,488	3,275,893
TOTAL 'A'	9,799,061	15,700,061
B. PROVISIONS		
Provision for Income Tax	635,000	635,000
TOTAL 'B'	635,000	635,000
TOTAL 'A' + 'B'	10,434,061	16,335,061
SCHEDULE - 'I' MISCELLANEOUS EXPENDITURE .		
(To the extent not written off or adjusted)		
Preliminary Expenses	966,545	1,453,371
Less : Written off during the year	473,351	486,826
TOTAL	493,194	966,545
SCHEDULE - 'J' SALES.		
Sales of Goods	20,487,611	66,985,981
Job Charges Received	6,424,075	18,897,440
Sales of Scrap	215,232	135,847
TOTAL	27,126,918	86,019,268
SCHEDULE - 'K' OTHER INCOME.		
Bank Interest	22,896	22,815
Commission	249,340	-
Insurance Claim	527,540	-
Misc. Receipt	630,000	-
Rent Received	320,666	-
Sundry Balances Written back (Nett)	619,478	1,481,887
Dividend Received	-	2,052
TOTAL	2,369,920	1,506,754
SCHEDULE - 'L' INCREASE/DECREASE IN STOCK.		
Closing Stocks of		
1. Finished Goods	-	1,862,638
2. Work in process	-	2,552,199
	-	4,414,837
Less : Opening Stock of		
1. Finished Goods	1862638	459092
2. Work in process	2552199	368206
TOTAL	(4,414,837)	827,298
		3,587,539

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	AS AT 31.03.2003 (Rupees)	AS AT 31.03.2002 (Rupees)
<u>SCHEDULE - 'M' RAW MATERIALS CONSUMED.</u>		
Opening Stock	1,771,612	979,926
Add : Purchase Local (Net)	10,093,067	56,313,964
	11,864,679	57,293,890
Less : Closing Stock	-	1,771,612
TOTAL	11,864,679	55,522,278
<u>SCHEDULE - 'N' MANUFACTURING EXPENSES.</u>		
<u>PACKING MATERIAL CONSUMED :</u>		
Opening Stock	239,908	167,731
Add : Purchases	1,644,221	2,957,100
	1,884,129	3,124,831
Less : Closing Stock	134,693	239,908
(A)	1,749,436	2,884,923
<u>OIL & LUBRICANTS CONSUMED</u>		
Opening Stock	87,795	67,294
Add : Purchases	1,011,028	2,695,542
	1,098,823	2,762,836
Less : Closing Stock	9,540	87,795
B)	1,089,283	2,675,041
<u>STORES & SPARES</u>		
Opening Stock	658,024	760,245
Add : Purchases	1,728,042	2,851,905
	2,386,066	3,612,150
Less : Closing Stock	420,546	658,024
(C)	1,965,520	2,954,126
Power & Fuel Charges & Diesel	10,279,254	21,098,216
Wages & Salaries	1,543,445	2,918,636
Gratuity	-	120,060
Labour Charges	1,649,509	2,171,588
Security Charges	258,759	416,030
Staff Welfare	116,322	234,053
P. F. Administrative Charges	3,299	10,715
Employer's Contribution to P.F.	34,638	79,869
Repairs & Maintenance	266,558	449,906
Transport Charges	31,471	270,936
Insurance Premium	304,312	257,697
(D)	14,487,567	28,027,706
TOTAL (A+B+C+D)	19,291,806	36,541,796



SHARAD FIBRES & YARN PROCESSORS LIMITED

	AS AT 31.03.2003 (Rupees)	AS AT 31.03.2002 (Rupees)
<u>SCHEDULE - 'O' ADMINISTRATION & SELLING EXPENSES.</u>		
Salary & Bonus	1,005,408	829,498
Motor Vehicle Expenses	72,869	152,527
Travelling Expenses	501,885	130,655
Conveyance Expenses	107,793	139,121
Telephone Charges	336,215	306,058
Postage & Stamps	31,514	85,351
Entertainment Expenses	112,148	58,778
Electricity Charges	124,438	72,166
Repairs & Maintenance	234,700	60,984
Printing & Stationary	27,037	121,645
Advertisement Expenses	3,000	10,750
Auditors Remuneration		
- Audit Fees	30,000	30,000
- Taxation & Other Matters	20,00	15,000
Rates & Taxes	137,150	27,055
Sales Tax Paid	-	10,180
Legal & Professional Fees	473,262	712,365
General Expenses	273,611	158,354
Donation	15,500	-
Brokerage & Commission	-	804,078
Filing Fees	4,000	4,000
TOTAL	<u>3,510,530</u>	<u>3,728,565</u>
<u>SCHEDULE - 'P' INTEREST & FINANCIAL CHARGES.</u>		
Interest	67,047,313	50,208,135
Bank Charges	103,921	208,773
TOTAL	<u>67,151,234</u>	<u>50,416,908</u>



SCHEDULE - 'Q' NOTES TO ACCOUNTS

1. Significant Accounting Policies :

a) System of Accounting:-

The accounts of the company are prepared under the historical cost convention using accrual method of accounting.

However since it is not possible to ascertain with reasonable accuracy the quantum to be provided in respect of expenditure under any head of account when the amount in any voucher is less than Rs.300/- whether prepaid or outstanding the same is to be continued to be accounted on cash basis.

b) Fixed Assets :-

- 1) Fixed assets are stated at cost of acquisition.
- 2) Depreciation is provided.

a) On straight line method at the rates prescribed in schedule XIV vide GSR No. 756 (E) dated 16.12.93 of the companies Act.1956.

b) In respect of additions and deletion from the fixed Assets on pro-rata basis with reference to number of completed months for put to use.

c) Inventories :-

i) Raw Materials are valued at cost, stock in process and finished Goods are valued at estimated cost or net realisable value whichever is lower.

ii) Packing Materials, Stores & Spares and Oil & Lubricants are valued at cost.

The inventories have been physically verified, valued and certified by the management.

d) Retirement Benefits :-

i) Company's contributions of provident fund paid/payable during the year are charged to the Profit & Loss Account.

ii) Compensation payable to employees retired is charged out in full in the year in which such expenditure is incurred.

e) CENVAT :-

Cenvat benefit is accounted on accrual basis on purchase of material and appropriated against payment of excise duty on clearance of finished goods.

f) Sales :-

Sales is inclusive of excise duty.

g) Excise Duty :-

It is accounted on clearance of goods from the factory.

h) Accounting for Foreign Currency :-

Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing on the date of transaction.



SHARAD FIBRES & YARN PROCESSORS LIMITED

i) **Miscellaneous Expenses :-**

Preliminary expenditure has been charged over a period of Ten years subsequent to the year in which the same are incurred.

j) **Contingent Liabilities :-**

Contingent Liabilities are disclosed after a careful evaluation of the facts and legal accept of the matter involved.

Contingent Liabilities not provided for: -

- I) Contingent liability in respect of penal dues/damages for delay in payments of statutory dues like PF, Profession tax, Excise Duty, etc. and delayed payment charges on account of overdue payment to creditors, amount is not ascertainable.
- II) In respect of capital expenditure for construction of building premises and purchase of machineries.
- III) In respect of Appeal filed by Central Excise Department, Mumbai before the Honorable Tribunal, N. Delhi amounting to Rs.17604797/-. The Central Excise department have filed further complaint in this regard before the court of Honourable Chief Judicial Magistrate, at Silvassa, case is being protested suitably.
- IV) In respect of demand raised by Income Tax Officer for A.Y. 1997-98 Rs.7223446/-. The company has preferred an appeal against the said order.
- V) In respect of demand raised by Income Tax Officer for A.Y. 1998-99 Rs.4530496/-. The company has preferred an appeal against the said order.
- VI) Outstanding guarantees furnished by banks to Government authority of Rs.11,40,000/-.
- VII) a) M/s Fluid Separation Technology has filed claim for amount of Rs.1,16,500/- with interest @ 21% before Ahmedabad court.
b) M/s. Loknath Packaging Pvt. Ltd. has filed claim for amount of Rs. 3,35,100/- with interest @ 29% before Silvassa court.
c) M/s. Silvassa Cement Products Pvt. Ltd. has filed claim for amount of Rs.98,170/- with interest @ 24% before Silvassa court.
d) Mr. Gopal Ram Hanuman Prasad has filed claim for amount of Rs. 4,86,182/- with interest @ 24% before Silvassa court.
e) M/s. Hindustan Power Plus have filed a complaint U/S 138 of Negotiable Instrument Act for Rs. 5,00,000/- against the company before XIV Additional Chief Metro Politan Magistrate, Bangalore and also issued Notice through Advocates for total outstanding of Rs. 10,79,040/-.
f) An appeal is pending before Commissioner Central Excise (Appeal) against Demand of duty of Rs. 3,61,537/- (already paid) plus Rs.16,32,382/- (Already paid) and imposed Penalty Rs. 3,61,537/- and Rs.1,00,000/- and interest thereon.
g) Mr. Sureshchandra Ram Sakha has filed a case against the Company in the Labour Court at Silvassa for a claim of Rs. 3,80,706/-.

In all above cases the company has not accepted liability and also contested by the company. Directors have decided not make provision for the same.



2) Nature of security for secured loans :-

A) Working Capital-Loan from Central Bank of India.

1. By hypothecation of all the present and future stocks of Raw Materials, Stock in process, Finished Goods, Stores & Spares and Book debts of the company.
2. Personal guarantee of Mr.Ravi Dalmia, Mr.Shashi Dalmia, Mr.Aditya Dalmia, Mrs. Anita Dalmia, Mrs. Shardadevi Dalmia, Mrs. Pratibha Dalmia, M/s.Pratik Overseas Corporation, Dalmia Exim Corpn., M/s. Ravi International and Corporate Guarantee from M/s. Dalmia Exim Ltd.

B) Term Loan from Central Bank of India.

Equitable mortgage and first charges on present and future Fixed Assets situated at 110/111 Govt.Indl. Estate Masat, Silvassa and Sr.No. 218/1/1 at Dadra Village and Hypothecation of Machinery and other assets acquired or to be acquired by the company.

Collotral Securities on office premises situated at 202, Venkatesh Chambers, Prescott Road, Fort, Mumbai – 400 001, and Residential premises situated at 301, Samudra Sethu, Bhulabhai Desai Road, Mumbai – 400 026.

3. Balances of unsecured loans and sundry debtors, creditors, loans and advances and deposits and bank loans taken /paid are subject to confirmation.

4. Break-up of expenditure incurred on employees who were :-

	<u>CURRENT YEAR</u> (Rupees)	<u>PREVIOUS YEAR</u> (Rupees)
a) Employed throughout the year in respect of remuneration for the year in the aggregate was not less than Rs.12,00,000 per annum (I) No. Of employees.	NIL	NIL
B) Employed for a part of the year and in respect of remuneration for any part of the year at a rate which in the aggregate was not less than Rs.1,00,000/- per month (I) No. Of employees.	NIL	NIL

5. Auditors Remuneration is provided as under :-

Statutory Audit	27,500	22,500
Tax Audit	7,500	7,500
Other matters	15,000	15,000

6. Value of Imports calculated on CIF basis :-

	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
a) Raw Materials	NIL	26,51,202

7. No provision for doubtful debts and loans and advances amounting to Rs.1,45,05,996/- (Rs.1,45,05,996/-) has been made as the management is hopeful of recovering the same.
8. Sundry Advances includes Rs.14,75,000/- (Rs.14,75,000/-) paid as deposit to company's, firm in which directors are interested, for taking premises on rent.
9. Loans and advances includes amount due from Directors of the company Rs. 6,063/- (Rs.12,14,532/-) and maximum outstanding during the year Rs.35,49,082/-(Rs.12,24,532/-) .
10. Loans and advances Includes amount due from associated concern where Directors are interested Rs.NIL (Rs.8,89,754/-)



SHARAD FIBRES & YARN PROCESSORS LIMITED

11. Remuneration and Perquisites to Directors paid/ Provided as under :-

	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
	<u>(Rupees)</u>	<u>(Rupees)</u>
Salaries	2,94,000	1,02,000
Perquisites	3,39,224	95,198

12. Additional information pursuant to the provision of paragraph 3, 4C & 4D of part II of schedule VI of the companies Act, 1956 is given as per annexure attached.
13. Previous year expenses of Rs. 18,204/- consist of (Rs NIL) have been debited in current Year Profit & Loss Account.
14. During the year, Bank interest of Rs.6,70,15,245/- (Rs.4,98,34,008/-) has been provided in the books of account in respect of cash credit, L/c discounting facilities, Term Loan and DPG with Central Bank of India. The reasonableness, quantum and the calculation of the said amount is taken as certified by the management as the necessary evidence regarding the exact amount is not in the possession of the management.
15. On 8.4.97 while expanding the manufacturing facilities the company had an MOU with M/s Raymond Synthetics Ltd (RSL) inter alia having terms for supply of uninterrupted raw material. It was also agreed to suitably revise the job charges on revision in cost of power, labour, oil etc. Raymond Synthetics Ltd (RSL) failed to fulfill its obligation under the said MOU and reported to have become a sick company under SIC(SP) ACT. The company is seeking for remedial action against Raymond Synthetics Ltd (RSL) for losses caused consequent to its failure in honoring terms of the MOU.
16. Figures in brackets indicate the figures pertaining to the previous year.
17. Figures are rounded off to the nearest rupee.
18. Figures pertaining to the previous year have been regrouped and rearranged wherever necessary to make them comparable with figures of the Current Year.
19. No deferred Tax Assets are created in the books of the company as in the opinion of the management, they are not reasonably certain that there will be sufficient future income to recover such Deferred Tax Assets.
20. Expenditure in foreign currency in respect of travelling amounted to Rs. 2,11,300/- (Rs. Nil) and stores purchased Rs.3,70,244/- (Rs. Nil).
21. There are no creditors outstanding of SSI units after the due date.
22. The company had made a reference u/s 15 (1) of the Sick Industrial Companies (Special Provision) Act, 1985 to the Board of Industrial and Financial Reconstruction. The BIFR is yet to pass the order, though the hearing of the case has been held on 05-04-2002.
23. No provision has been made in the books of accounts of the Company on account of retirement benefits of the employees, in accordance with the AS-15 issued by the ICAI, as the same is made on cash basis and shall be provided in the books of the company as and when paid.
24. In the opinion of the management AS-17 of segmental reporting is not applicable to the company hence no segmental accounts is prepared.
25. In Compliance with AS-20 Earning per Share issued by the I.C.A.I. the disclosure are as under:
Earning per Share Rs.(- 22.26).
Earning per share is calculated on Basic Earning per Share Method i.e. by dividing the net loss for the period attribute to equity shareholders by the weighted average number of equity share outstanding during the period.

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26. As per Accounting Standard-18 issued by the Institute of Chartered Accountants of India, the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

(i) List of related parties with whom transactions have taken place and relationship:

Sr. No.	Name of the Related Party	Relationship
1	Ravi Dalmia	Key Management Personnel
2	Aditya Dalmia	Key Management Personnel
3	Unnikrishnan Nair	Key Management Personnel
4	Rajendra Agarwal	Key Management Personnel
5	Narendra Khemka	Key Management Personnel
6	Anita Dalmia	Relative
7	Varun Dalmia	Relative
8	Pratibha Dalmia	Relative
9	Shashi Dalmia	Relative
10	Pratik Dalmia	Relative
11	Rashi Dalmia	Relative
12	Sharad Dalmia	Relative
13	Shardadevi Dalmia	Relative
14	Dalmia Exim Ltd.	Entities controlled by directors or their relatives
15	Dalmia Dychem Industries Limited	Entities controlled by directors or their relatives
16	Mindmap Technologies Pvt. Ltd.	Entities controlled by directors or their relatives
17	Rashi Enterprise	Associate
18	Dalmia & Sons	Associate
19	Dalmia Exim Corporation	Associate
20	Ravi International	Associate
21	S. J. International	Associate
22	Pratik Overseas Corporation	Associate

(ii) Transactions during the year with related parties:

Sr.	Nature of Transaction No	Key Management Personnel	Relative	Entities controlled by directors or their relatives	Associate	Total
A.	Loans Taken					
	Balance as at 1 st April 2002		Nil	43702539	Nil	43702539
					(2418348)	(2418348)
	Loan Taken During the year		1830049	6017522	8343377	16190948
			(1411000)	(49944957)	(7988940)	(59344897)
	Loan Repaid during the year		1731009	27948438	8343377	39022824
			(1411000)	(6242418)	(10498288)	(18061706)
	Balance as at 31 st March 2003		99040	21771623	Nil	21870663
				(43702539)		(43702539)



SHARAD FIBRES & YARN PROCESSORS LIMITED

Sr. No	Nature of Transaction	Key Management Personnel	Relative	Entities controlled by directors or their relatives	Associate	Total
B.	Loans Given					
	Balance as at 1 st April 2002	Nil			2104286	2104286
					(13049839)	(13049839)
	Loan Given During the year	113308			3698535	3811843
					(965208)	(965208)
	Loan Repaid during the year	107245			5802822	5910067
					(17788910)	(17788910)
	Balance as at 31 st March 2003	6063			Nil	6063
					(2104286)	(2104286)
C.	Share Application Money.					
	Balance as at 1 st April 2002	17230000	7770000			25000000
	Repaid during the year	17230000	7770000			25000000
	Balance as at 31 st March 2003	Nil	Nil			Nil
D	Preference Shares Allotment					
	Balance as at 1 st April 2002	Nil	Nil			Nil
	Allotment during the year	16275000	8725000			25000000
	Balance as at 31 st March 2003	16275000	8725000			25000000
E.	Expenses					
	Directors Remuneration	294000				294000
	Salary		222000			222000
	Personal Expenses		379218			379218

For M/s VINOD S. MEHTA & CO.
CHARTERED ACCOUNTANTS

PARAG V. MEHTA
PARTNER

PLACE : Mumbai
DATED : 31st July, 2003

For SHARAD FIBRES & YARN PROCESSORS LIMITED

RAVI DALMIA ADITYA DALMIA
Chairman cum Director
Managing Director

PLACE : Mumbai
DATED : 31st July, 2003

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ANNEXURE TO SCHEDULE (Q) NOTES TO ACCOUNTS ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PARAGRAPH 3, 4C. & 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT' 1956.

PART 'A'

BREAKUP OF OPENING STOCK PURCHASE, CONSUMPTION AND CLOSING STOCK OF RAW MATERIALS

OPENING STOCK		PURCHASE LESS RETURNS		CONSUMPTION		CLOSING STOCK	
QTY(Kgs)	AMOUNT (Rs.)	QTY(Kgs)	AMOUNT (Rs.)	QTY(Kgs)	AMOUNT (Rs.)	QTY(Kgs)	AMOUNT (Rs.)
27702.780	1771612	98561.450	10093067	126264.230	11864679	0.000	0
(17,174.000)	(979,926)	(876,270.326)	(56,313,964)	(865,741.546)	(55,522,278)	(27,702.780)	(1,771,612)

PART 'B'

BREAKUP OF OPENING STOCK PRODUCTION, SALES, CLOSING STOCK OF FINISHED GOODS

OPENING STOCK		PURCHASE LESS RETURNS		CONSUMPTION		CLOSING STOCK	
QTY(Kgs)	AMOUNT (Rs.)	QTY(Kgs)	AMOUNT (Rs.)	QTY(Kgs)	AMOUNT (Rs.)	QTY(Kgs)	AMOUNT (Rs.)
27965.970	1862638	758507.987	NIL	765508.637	27126918	20965.320	0
(8,936.970)	(459,092)	(2,704,803.633)	(NIL)	(2,883,774.633)	(86,019,268)	(27,965.970)	(1,862,638)

PART 'C'

CONSUMPTION OF IMPORTED AND INDIGENIOUS RAWMATERIALS

	PERCENTAGE	QTY(Kgs)	VALUE (Rs.)
Imported	0	0.000	0
	(7.05)	(58,793.00)	(3,914,103)
Indigenous	100.00	126264.23	11864679
	(92.95)%	(806,948.546)	(51,608,175)

* Production and Job Charges Received includes 586379.831 (1780512.194) produced on Job work basis. However Sales includes 565414.511(1780512.194) made on Job Work basis and Closing Stock of 20965.320 lying with Company is of Job parties and note of us.



SHARAD FIBRES & YARN PROCESSORS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART FOR IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

I. REGISTRATION DETAILS:

Registration No. 43970 State Code No. 11
Balance Sheet Date 31.3.2003

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS.THOUSAND)

Public Issue Nil Rights Issue Nil
Bonus Issue Nil Private Placement 2500

III. POSITION OF MOBILISATION AND DEPLOYMENT FUNDS (Rs. In Thousands)

Total Liabilities 504143 Total Assets 504143

Sources of Funds:

Paid up Capital 65064 Reserves & Surplus: 2107
Secured Loans 415101 Unsecured Loans 21871

Application of Funds

Net Fixed Assets 103739 Investments 17
Net Current Assets 93452 Misc. Expenditure 493
Debit balance in Profit
& Loss Account 306442

IV. PERFORMANCE OF THE COMPANY (AMOUNT RS.IN THOUSANDS)

Total Income 29497 Total Expenditure 103101
Profit/(Loss) Before Tax (89180) Profit/(Loss) after Tax (89180)
Earning Per Share in Rs. N.A Dividend Rate Nil

GENERIC NAMES OF THREE PRODUCTS/SERVICES OF THE COMPANY (AS PER TEMRS)

ITEM CODE NO.	54023300	54025200
Product Description	Texturised Yarn	Polyester Twisted Yarn

For M/s VINOD S. MEHTA & CO.
CHARTERED ACCOUNTANTS

For SHARAD FIBRES & YARN PROCESSORS LIMITED

PARAG V. MEHTA
PARTNER
MUM No. : 36867

PLACE : Mumbai
DATED : 31st July, 2003

RAVI DALMIA
Chairman cum
Managing Director

PLACE : Mumbai
DATED : 31st July, 2003

ADITYA DALMIA
Director

ANNUAL REPORT 2002-2003



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

	Rs. In Lacs (31.3.2003)	Rs. In Lacs (31.3.2002)
A. CASH FLOW FROM OPERATION ACTIVITIES:		
Net Profit Before Tax and extraordinary items	(891.62)	(691.34)
ADJUSTMENT FOR:		
Depreciation	111.43	111.33
Preliminary Expenses w/off	4.73	4.87
Extra ordinary items – prior year adjustment	—	—
Preliminary expenses incurred during the year	—	—
Operating Profit before working capital changes	(775.46)	(575.14)
ADJUSTMENT FOR:		
(i) Current Assets	354.59	88.48
(ii) Current Liabilities	(59.01)	12.71
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	(479.88)	(473.95)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including WIP (net of Sale) (B)	—	(8.25)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from forfeiture of shares	(13.08)	—
Proceeds from Long Term borrowing	669.51	537.24
Sale of fixed assets	4.23	—
Unsecured Loans	(235.61)	0.04
Net Cash used in investing activities (C)	425.05	537.28
Net increase in cash and cash equivalent (A+B+C)	(54.83)	55.08
Cash and Cash equivalent as at (Opening Balance)	61.14	6.06
Cash and Cash equivalent as at (Closing Balance)	6.31	61.14

Mumbai
31st July, 2003

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

Ravi Dalmia Aditya Dalmia
Chairman cum Director
Managing Director

AUDITORS' CERTIFICATE

We have verified the Cash Flow statement of M/s. SHARAD FIBRES & YARN PROCESSORS LIMITED for the year ended 31st March, 2003 with reference to the Books of accounts maintained by the Company and based on the information and explanations, obtaining of which was necessary, the same is correct.

For Vinod S. Mehta & Co.
Chartered Accountants

Mumbai
31st July, 2003

Parag V. Mehta
Partner



SHARAD FIBRES & YARN PROCESSORS LIMITED

SHARAD FIBRES & YARN PROCESSORS LIMITED

Regd. Office : 202, Venkatesh Chambers, Prescott Road,
Fort, Mumbai - 400 001.

PROXY FORM

I/We _____
of _____ in the district of _____ being member
of **M/S SHARAD FIBRES & YARN PROCESSORS LIMITED**. hereby appoint _____
of _____ in the district of _____ or failing him _____
of in the district _____ as my / our proxy to vote for me/us on my/our behalf
at the Sixteenth Annual General Meeting of the Company to be held on Tuesday, 30th September,
2003 at 10.00 A.M. at 203, Venkatesh Chambers, Prescott Road, Fort, Mumbai - 400 001 and
at any adjournment thereof.

Re. 1/-
Revenue
Stamp

Signed this _____ day _____ of 2003

Signature of Shareholder

Folio No. _____

Note : This form duly completed should be deposited at the Registered Office of the Company
Before 48 Hours of the Meeting. A proxy need not be a Member of the Company.

SHARAD FIBRES & YARN PROCESSORS LIMITED

Regd. Office : 202, Venkatesh Chambers, Prescott Road,
Fort, Mumbai - 400 001.

ATTENDANCE SLIP

(Shareholders attending the Meeting in person or by proxy are requested to complete the
attendance slip and handover at the entrance of the meeting hall)

I hereby record my presence at the Sixteenth Annual General Meeting of the Company to be held
on Tuesday, 30th September, 2003 at 10.00 A.M. at 203, Venkatesh Chambers, Prescott Road, Mumbai -
400 001.

Name of the Member /proxy _____

Folio No. _____

Signature

PLEASE BRING THIS SLIP TO THE MEETING

If Undelivered Return to :

SHARAD FIBRES & YARN PROCESSORS LIMITED
202, Venkatesh Chambers,
Prescot Road, Fort,
Mumbai - 400 001.