

## **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.

### **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 2 [ TWO ] Executive Directors and 2 [ TWO ] Non-Executive Directors. Total number of independent Directors are 2 [TWO].

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 and all Committee Membership / Chairmanships		
		Board Meeting	Last AGM	Other Directorships	Committee Membership	Committee Chairmanship
Ravi Dalmia	CMD	6	Y	2	0	-
Aditya Dalmia	ED	6	Y	4	0	-
U.K.Nair	NE& ID	6	Y	1	0	-
Narendra Khemka	NE&ID	6	Y	1	0	-

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

During the Year ended March 31, 2009, the Board met 6 (SIX) times.

### **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 4 [ FOUR ] meetings of the Committee during the year.

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

<b>Name of the Members</b>	<b>Status</b>	<b>No. of Meetings Attended</b>
Mr. Unnikrishnan Nair	CHAIRMAN	4
Mr. Narendra Khemka	MEMBER	4
Mr. Aditya Dalmia	MEMBER	4

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.

Due to losses incurred by the Company the Company has not paid any remuneration to directors during the year under review.

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

Name of the Members	Status	No. of Meetings Attended
Mr. Unnikrishnan Nair	CHAIRMAN	4
Mr. Narendra Khemka	MEMBER	4
Mr. Aditya Dalmia	MEMBER	4

Mr. Aditya Dalmia, Director 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.	2	2	NIL
2.	Non receipt of Share Cert. After Transfer	2	2	NIL
T O T A L		2	2	NIL

### 4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2006	Registered Office	30.09.2006	10.00 A.M
2007	Registered Office	29.09.2007	10.00 A.M
2008	Registered Office	30.09.2008	10.00 A.M.

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 compliance of provisions of the Listing Agreement. However company is in process of complying the Provisions 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 : Annual General meeting.  
DAY & DATE : September 30, 2009  
TIME : 10.00 A. M.  
VENUE : Registered Office.

### **7.2. FINANCIAL CALENDAR:**

- \* Financial reporting for the quarter ended June 30, 2009 : End of July, 2009.
- \* Financial reporting for the quarter ended Sept.30, 2009 : End of Oct., 2009.
- \* Financial reporting for the quarter ended Dec. 31, 2009 : End of Jan., 2010.
- \* Financial reporting for the Year ended March 31, 2010 : End of April,2011.

7.3. DATE OF BOOK CLOSURE : 25/09/2009 TO 29/09/2009 [ 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 28470652/28470653**

#### 7.7. COMPLIANCE OFFICER :

Mr. Aditya Dalmia , Director

#### 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 :

Bombay he Stock Exchange Limited, 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 has applied for the Dematerialisation of the shares with the NSDL and CDSL but the permission was denied.

#### 7.12. SHAREHOLDING PATTERN AS ON MARCH 31, 2009:

<b>Category</b>	<b>No. Of shares held</b>	<b>% of shareholding</b>
Promoters & Relatives, friends	1597857	39.88
Mutual Fund & UTI	1500	0.04

Banks & Financial Institutions	1096343	27.36
Private Bodies Corporate	64900	1.62
Indian Public	1168300	29.17
NRI/OCBs	77500	1.93
Total	4006400	100.00

#### 7.13. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31,2009:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
1-5000	932	394400	9.84
5001-10000	395	304700	7.61
10001-20000	96	152900	3.82
20001-30000	27	70900	1.77
30001-40000	13	47600	1.19
40001-50000	12	56400	1.41
50001& 100000	13	99900	2.49
100001-99999999	30	2879600	71.88
Total	1518	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.

For and on Behalf of the Board  
FOR SHARAD FIBRES & YARN PROCESSORS LIMITED

Sd/-  
RAVI DALMIA  
CHAIRMAN & MANAGING DIRECTOR  
Mumbai.  
02/09/2009.

## **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. The Loss incurred mainly by heavy interest cost and depreciation. 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 rehabilitation Scheme 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 Company did not carry out any manufacturing.

### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:**

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