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17th Annual Report

1996-97

SHREYANS INDUSTRIES LIMITED

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CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
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ACM	<input checked="" type="checkbox"/>	SP	<input checked="" type="checkbox"/>
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SHREYANS INDUSTRIES LIMITED

BOARD OF DIRECTORS

SH. D.K. OSWAL, *Chairman-Cum-Managing Director*
SH. RAJNEESH OSWAL, *Vice-Chairman*
SH. SANDEEP BAKHSHI, *Nominee of ICICI*
SH. S.S. RATRA, *Nominee of UTI*
SH. R.M. MEHTA
SH. K.L. DALAL
DR. S.R. MOHNOT
DR. (MRS.) H.K. BAL
SH. ANIL KUMAR, *Executive Director*

COMPANY SECRETARY

MS. MANJEET KAUR

BANKERS

STATE BANK OF PATIALA
PUNJAB NATIONAL BANK
INDIAN BANK

STATUTORY AUDITORS

M/S. S.C. VASUDEVA & COMPANY, NEW DELHI

REGISTERED & CORPORATE OFFICE

VILLAGE - BHOLAPUR
P.O. SAHABANA
CHANDIGARH ROAD
LUDHIANA-141 123 (PUNJAB)

WORKS

1. SHREYANS PAPER MILLS, AHMEDGARH, DISTT. SANGRUR (PUNJAB)
2. SHREE RISHABH PAPER, VILLAGE BANAH, DISTT. NAWANSHAHR (PUNJAB)
3. SHREYANS SPINNING MILLS, VILLAGE IRAQ, MACHHIWARA, DISTT. LUDHIANA (PUNJAB)

BRANCHES

4-J & E, GOPALA TOWER, 25, RAJENDRA PLACE,
NEW DELHI.

302, RAHEJA CHAMBERS, NARIMAN POINT, MUMBAI

306, KALYAN CHAMBERS, NAWA DARWAJA ROAD,
KHADIA CHAR RASTA, AHMEDABAD.

S.C.O. 2441-42, SECTOR 22-C, CHANDIGARH.

53/8, KANCHAN BAGH, INDORE

17, ITWARA ROAD, BHOPAL

596, ACHARYA KRIPLANI MARG, ADARSH NAGAR, JAIPUR



SHREYANS INDUSTRIES LIMITED

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SHREYANS INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of the Company will be held on Tuesday the 30th day of September, 1997 at 3 p.m. at the Registered Office of the Company at Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana to transact the following business.

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Sh. K.L. Dalal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. (Mrs.) H.K. Bal who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

6. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION.

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, the approval of the Company be and is hereby accorded for the reappointment of Sh. D.K. Oswal as Managing Director of the Company for a period of 5 years w.e.f. 26th September, 1997 to 25th September, 2002 on the remuneration; terms and conditions as set out separately in the draft agreement approved by the Board on 25th August, 1997 and also given in the Explanatory Statement to this notice."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the scope of the remuneration/perquisites, monetary value, within the provisions of the Companies Act, 1956 read with Schedule XIII or any amendments thereto in future from time to time without referring the same to the Company in the General Meeting.

BY ORDER OF THE BOARD
for SHREYANS INDUSTRIES LIMITED.

Place: LUDHIANA
Date : 25th August, 1997

(MANJEET KAUR)
Company Secretary



SHREYANS INDUSTRIES LIMITED

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies to be effective must be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 6 is enclosed and forms part of this notice.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 25th September 1997 to 30th September, 1997 (Both days inclusive).
4. Members are requested to bring their copy of Annual Report to the Meeting.
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their question in writing to the Secretary of the Company, so as to reach the Registered Office of the Company at least 10 Days before the date of the Meeting so that information required may be made available at the time of the Meeting.
6. If dividend as recommended by the Board is approved at the Meeting, payment will be made to those holder(s) of equity shares whose name(s) appear on the Company's Register of Members as on 30th September, 1997.
7. Members are requested to:
 - Intimate to the Company changes, if any, in their registered address at an early date.
 - Quote ledger folio number in all their correspondence with the Company.

Note that the meeting is for members or their proxies only. Please avoid being accompanied by non members and children.

8. As required by the Companies Unpaid Dividend (Transfer to General Revenue Account of Central Government) Rules, 1975 as amended, all unclaimed dividends for and upto the financial year ended 31st March, 1993 have been transferred to the General Revenue Account of the Central Government and the concerned shareholders have already been informed separately. Such shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Punjab, H.P. & Chandigarh at 286, Defence Colony, Jalandhar City.

Shareholders/Proxyholders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the Meeting Hall.

BY ORDER OF THE BOARD
for SHREYANS INDUSTRIES LIMITED.

Place: LUDHIANA
Date : 25th August, 1997

(MANJEET KAUR)
Company Secretary



SHREYANS INDUSTRIES LIMITED

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

The Board of Directors in their meeting held on 25th August, 1997 have approved the reappointment of Sh. D.K. Oswal for the further period of 5 years i.e. from 26th September, 1997 to 25th September, 2002 on such remuneration as mentioned hereunder and on such terms and conditions as set out in the draft agreement which is open for inspection at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 p.m. Terms in brief are given hereunder:

(a) SALARY

The Managing Director shall be paid a salary of Rs. 1,00,000/- (Rupees One Lac) only per month or such salary as decided by the Board of Directors from time to time.

(b) COMMISSION

1% of the Company's net profit computed in the manner laid down in section 309(5) of the Companies Act, 1956 subject to a maximum of 50% of annual salary.

(c) HOUSING

HOUSING I : The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to ceiling of 60% (Sixty Percent) of the salary, over and above 10% (Ten Percent) payable by the appointee.

HOUSING II : In case the accommodation is owned by the Company 10% (Ten Percent) of the salary of the appointee shall be deducted by the Company.

HOUSING III : In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

EXPLANATION

The expenditure incurred by the Company on gas, electricity, water furnishing shall be valued as per the Income Tax Rules, 1962 or in accordance with such other directions/clarifications as may be issued by the Department of Company Affairs.

(d) MEDICAL REIMBURSEMENT

Reimbursement of expenses incurred by the appointee and his family subject to ceiling of one month's salary in a year or three months salary over a period of three years.

(e) CLUB FEES

Fee of clubs subject to a maximum of two clubs, including admission and life membership fees.

(f) PERSONAL ACCIDENT INSURANCE

Premium not to exceed Rs. 4,000/- per annum.

(g) LEAVE TRAVEL CONCESSION

First Class Air Passage for self, wife, dependent children and dependent parents of the appointee once in a year.

(h) CAR

Provision of Car for official-cum-personal use. However the valuation of personal use of car shall be treated as perquisite of the appointee.

(i) TELEPHONE

Provision of Telephone at residence for official-cum-personal use. However, the valuation of personal use of telephone shall be treated as perquisite of the appointee.

PROVIDED FURTHER that in case the Company has no profits or its profits are inadequate in any financial year during the currency of tenure of the Managing Director, the sum total salary, perquisites and commission stated in clause (a) to (i) shall not exceed the ceiling limit of remuneration as stipulated in Section II, Part II of Schedule XIII of the Companies Act, 1956.

OTHER PERQUISITES

The appointee shall also be eligible to the following perquisites in accordance with the Rules of the Company, which shall not be included in the computation of ceiling on remuneration:

- (a) Contribution to Provident Fund, Super Annuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure.

GENERAL CONDITIONS

- i) Sh. D.K. Oswal not to be paid any sitting fees for meetings of the Board or any Committee thereof attended by him.
- (ii) The Board of Directors of the Company to have the authority to vary or increase, expand or enhance the scope of remuneration and perquisites to be granted and paid to Sh. D.K. Oswal in the event of any revision in the provisions relating to the payment of managerial remuneration without referring the same to General Meeting. Accordingly resolution no. 6 is put up before you for your consideration and approval.

MEMORANDUM OF INTEREST

None of the Directors except Sh. D.K. Oswal, the appointee and Sh. Rajneesh Oswal, relative of the appointee is interested in the resolution.

The above may be read as the abstract of terms and conditions regarding reappointment of Managing Director required to be circulated to the members pursuant to section 302 of the Companies Act, 1956.

BY ORDER OF THE BOARD
for SHREYANS INDUSTRIES LIMITED.

Place: LUDHIANA
Date : 25th August, 1997

(MANJEET KAUR)
Company Secretary



SHREYANS INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting the 17th Annual Report on the business and operations of the Company along with audited statements of accounts for the year ended 31st March 1997.

Financial Results

(Rs. in Lacs)

	1996-97	1995-96
Gross Sales	14993.16	14622.01
Profit before interest & depreciation	2534.01	2821.87
Less: Interest	1553.99	1284.05
Gross Profit	980.02	1537.82
Depreciation	500.11	372.57
Net profit before tax	479.91	1165.25
Provision for taxation	69.35	4.60
Net profit after tax	410.56	1160.65

Performance Review

During the year the gross turnover of the Company increased marginally to Rs. 14993.16 lacs from Rs. 14622.01 lacs of the last year. However, the operating profits before interest and depreciation decreased to Rs. 2534.01 lacs as compared to Rs. 2821.87 lacs of the last year in tune with the general performance of paper industry in the country. Accordingly net profit after tax also declined to Rs. 410.56 lacs as compared to Rs. 1160.65 lacs due, among other reasons, to higher provisions of interest, depreciation and tax.

You are no doubt aware that the prices of writing and printing paper showed a sharp decline during the year under review. Central Government allowed duty free import of Newsprint under OGL into the country. This facility of free import was grossly misused by certain unscrupulous traders who imported writing and printing paper in the garb of newsprint and evaded legitimate duty payable on such papers. Also some of overseas manufacturers, keeping in view recessionary conditions in their own market, dumped newsprint in India at prices which were lower than the cost of production and/or international prices. This created glut like condition in paper market resulting in crash in the prices of paper and consequent decline in the profitability of your company.

The Central Government has already taken certain corrective steps which include imposition of 10% custom duty on certain varieties of newsprint and taking out newsprint from OGL list to actual user condition import. Further the designated authority in the Commerce Ministry has already recommended imposition of anti-dumping duty on newsprint. It is hoped that the concerned Ministry would take follow-up action to stop dumping of newsprint in the country. You will be happy to know that these steps have resulted in stabilising of prices in domestic market and it is expected that the prices of paper in the domestic market would further firm up resulting in better profitability in the current year to which your company has been accustomed to due to efficient management.

SHREYANS PAPERS, AHMEDGARH

Operations of Chemical Recovery Plant were stabilised during the year under review. It is heartening to note that an environmental audit was conducted by an International Agency as per the directions from Punjab Pollution Control Board and all emissions from the plant were found to be conforming to various standards laid down under various Environmental Acts.

As stated in the last year's report, the co-generation plant was also commissioned during the year under review and this plant is generating almost 30% of total power requirement of the unit.

SHREE RISHABH PAPERS, BANAH

Expansion-cum-modernisation scheme was taken up for implementation in this unit during the current year. Your company had gone a little slow in implementation of scheme keeping in view the depressed conditions in the paper industry. However, as general market conditions are showing signs of revival the implementation of the scheme is being expedited so as to complete the same in first quarter of 1998-99. This will result in increasing the capacity of this division to 25,000 MTs per annum as against 15,000 MTs per annum as on date.

SHREYANS SPINNING MILLS, MACHHIWARA

The production of the spinning division increased marginally to 4073 MTs as compared 3965 MTs of last year. The unit was granted ISO 9002 certification during the year under review which shows the commitment of the management to produce quality yarns. This unit maintained its thrust in the export market by achieving exports with a FOB value of Rs. 2415.27 lacs against Rs. 2168.65 lacs of last year.

FUTURE PLANS

An Infra-red Drying System has been commissioned in the current year at Shreyans Papers, Ahmedgarh which would result in increasing the drying capacity of the paper machine. Simultaneously work is in progress to increase the speed of the

paper machine. Both these would result in increase of production by approx. 15% to 20%. A wet cleaning system to pre-wash various raw materials has already been installed during the current year so that different raw materials can be used without affecting operations of Chemical Recovery Plant.

As mentioned above, the work on expansion-cum-modernisation scheme at Shree Rishabh Papers has already been undertaken to increase the capacity to 25,000 MTs per annum.

It is proposed to increase the capacity of Shreyans Spinning Mills by installation of additional 4,000 spindles, for which proposals have already been moved to the Financial Institutions for financial assistance. As per present indication, this scheme should be implemented by middle of 1998.

RIGHT ISSUE PROPOSALS

You had in the Extra-ordinary General Body Meeting held on 11th May, 1996 authorised the Board to take effective steps for coming out with a Right Issue to part finance the on-going capital expenditure proposals. The proceeds of this proposed right issue were mainly required for expansion-cum-modernisation scheme of Shree Rishabh Papers. In view of general depressed conditions in the stock market, the proposed right issue could not mature. However, the requirement of funds for the above scheme has been reworked out and it is expected that the company would be able to complete the scheme through internal accruals and institutional loans. Therefore, the proposed right issue has been deferred for the time being. Nevertheless your Directors would like to thank the shareholders for their confidence in and support to the management of the company which the company will require in abundance.

Dividend

Keeping in view the fall in profitability during the year under review and also requirements of funds for on going capital expenditure proposals, your Directors are constrained to recommend a lower dividend @ 15% on the equity capital for your approval at the forthcoming Annual General Meeting to be held on 30th September, 1997.

Deposits

Five deposits amounting to Rs. 1,10,000/- were due for repayment till 31st March 1997, but neither claimed nor got renewed by the depositors till then. Two deposits amounting to Rs. 8,000/- have either been renewed or repaid since then. Company is awaiting instructions from the depositors regarding balance deposits.

Directors

Shri K.L. Dalal and Dr. (Mrs.) H.K. Bal Directors of the Company retire by rotation at the forthcoming Annual General Meeting under Article 113 of the Articles of Association of the Company, and being eligible, offer themselves for reappointment.

Auditors

M/s S.C. Vasudeva & Company, New Delhi, Auditors of the Company shall retire at the forthcoming Annual General Meeting and are eligible for reappointment.

Auditors' Report

The Auditors' Report on the Accounts read with Notes on Accounts is self-explanatory and no comments are required.

Industrial Relations

The industrial relations in all the units of the Company remained cordial throughout the year under review and the excellent results were achieved with the whole hearted cooperation of employees at all levels.

Personnel

A statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 is annexed and forms part of this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

As required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology, absorption and foreign exchange earnings and outgo forming part of the Report are also annexed.

Acknowledgements

Your Directors wish to place on record their thanks and appreciation for the valuable support and cooperation of the various agencies and departments of the central and state governments, the financial institutions, banks, customers, the suppliers, other business associates and investors.

Your Directors also acknowledge the dedicated efforts of the employees at all levels and wish to record the contributions with a sense of great pride. The Directors also record their sincere thanks to the investors for reposing their continued confidence in the Company, which had always been a source of strength for the Company.

Place: Ludhiana
Date: 25th August, 1997

Sd/-

(ANIL KUMAR)

Executive Director,

For and on behalf of the Board

(RAJNEESH OSWAL)

Vice-Chairman



SHREYANS INDUSTRIES LIMITED

DISCLOSURE OF PARTICULARS UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS OF BOARD OF DIRECTORS), RULES 1988

CONSERVATION OF ENERGY

The company has always been doing best efforts in bringing down the cost of energy through energy conservation. Continuous improvement in specific energy conservation is a result of these efforts.

FORM A

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year	Previous Year
(A) POWER AND FUEL CONSUMPTION			
1. ELECTRICITY			
PAPER			
a) Purchased Power	KWH	392.55 lac	414.81 lac
Total Amount	Rs.	922.64 lac	854.84 lac
Rate/KWH	Rs.	2.38	2.06
b) Own Generation through			
— Diesel Generator	KWH	11.81 lac	7.87 lac
— Turbo Generator	KWH	33.41 lac	—
KWH/Ltr. of Diesel		3.00	3.13
Fuel Cost/KWH	Rs.	2.59	2.60
COTTON YARN			
a) Purchased Power	KWH	119.70 lac	123.09 lac
Total Amount	Rs.	284.90 lac	244.38 lac
Rate/KWH	Rs.	2.38	1.99
b) Own Generation through			
— Diesel Generator	KWH	9.17 lac	2.30 lac
KWH/Ltr. of Diesel		3.35	2.40
Fuel Cost/KWH	Rs.	2.40	2.83
2. COAL			
PAPER			
Quantity	MT	900	816
Total Amount	Rs.	19.00 lac	13.98 lac
Avg. Rate/MT	Rs.	2112	1713
3. RICE HUSK			
PAPER			
Quantity	MT	76082	71771
Total Amount	Rs.	820.20 lac	937.90 lac
Avg. Rate/MT	Rs.	1078	1307