





SHREYANS INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting, of the members of the Company will be held on Thursday, the 30th day of September, 1999 at 10.30 A.M. at the Registered office of the Company at village Bholapur, P.O. Sahabana, Chandigarh, Road, Ludhiana to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. S.R. Mohnot who retires by rotation and being eligible offers himself for re-appointment.
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 Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. TO CONSIDER, AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION.

RESOLVED THAT Dr. R.C.D. Kaushik who was appointed as an additional director u/s 260 of the Companies Act, 1956 w.e.f. 27.01.1999 by the Board of Directors and who holds office upto the date of forthcoming Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member of the Company under section 257 of the Companies Act, 1956 keeping his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation in terms of Articles of Association of the Company.

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

RESOLVED THAT Sh. Vishal Oswal who was appointed as an additional director u/s 260 of the Companies Act, 1956 w.e.f. 31.07.1999 by the Board of Directors and who holds office upto the date of forthcoming Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member of the Company under section 257 of the Companies Act, 1956. keeping his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

7. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION (S) THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION.

'RESOLVED THAT in modification of the resolution passed by the Company at General Meeting held on 9th March, 1990, 7th September, 1991, 29th September 1993, 30th March, 1994, 5th November, 1994, 11th December, 1995 and 31st July 1998, the consent of the Company be and is hereby accorded, in terms of Section 293 (1) (a) and other applicable provisions, if any of the Companies Act, 1956 to the Board of Directors of the Company to mortgage and/or charge the immovable and/or moveable properties, both present and future, of the Company wherever situated and/or the whole of the undertakings of the Company together with power to take over the management of the business and concern of the Company in certain events of default, to secure the repayment of loan for an amount not exceeding Rs. 5,000 lacs in aggregate in favour of Bankers of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with Bankers of the Company documents and such other agreements for creating mortgage and/or charge and/or hypothecation as may be required and to do all other acts, deeds, matters and things as may be necessary or expedient for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT all acts, deeds & things already done by the Board of Directors, to give effect to the forgoing resolutions be and are hereby approved and ratified by the Company.

8. TO CONSIDER, AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION.

RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto as amended by



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Notification No. GSR 48 (E) dated 1st February, 1994 and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Sh. Vishal Oswal as a whole time Director of the Company for the period of five years w.e.f. 01.08.1999 upon the terms and conditions including remuneration and minimum remuneration as set out in the explanatory statement to this notice and in the agreement to be entered into with Sh. Vishal Oswal.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary, reduce or increase the remuneration and perquisites including the monetary value thereof as specified in the agreement to the extent the Board of Directors may consider appropriate ; as may be permitted or authorised in accordance with any provisions under the Act, Schedules. Rules and Regulations etc. for the time being in force or any statutory modification or re-enactment thereof and the terms of the aforesaid agreement between the Company and Sh. Vishal Oswal shall be suitably modified to give effect to such variation or increase, as the case may be.

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. A blank proxy form is enclosed. The proxy, in order to be effective, must be deposited at the Registered Office of the Company, not less than 48 hours before the Meeting.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of items of special business is annexed hereto and forms a part of this notice.
3. The Register of Members and share Transfer Books of the Company will remain closed from Thursday the 23rd day of September, 1999 to Thursday the 30th day of September, 1999 (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 can be compiled and may be made available at the time of Meeting.
6. Members are requested to
 - (i) Intimate to the Company changes, if any, in their registered address at an early date.
 - (ii) Quote ledger folio number in all their correspondence with the Company.
 - (iii) Note that the meeting is for members or their proxies only. Please avoid being accompanied by non members and children.
7. Shareholders/Proxy holders 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 : New Delhi
Date : 31st July, 1999

(ANIL KUMAR)
Executive Director

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES
ACT 1956 IN RESPECT OF ITEMS OF SPECIAL BUSINESS.

FOR ITEM NO. 5

Dr. R.C.D. Kaushik was appointed as an Additional Director by the Board of Directors on 27.01.1999 and shall hold office upto the date of the ensuing Annual General Meeting.

The Company has received notice in writing from a member under Section 257 of the Companies Act, 1956 alongwith requisite fee of Rs. 500/- proposing the candidature of Dr. R.C.D Kaushik as a Director of Company. Your Directors recommend his appointment as Director.

None of the directors is interested in the proposed resolution except Dr. R.C.D. Kaushik, the appointee



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in the computation of the ceiling on perquisites to the extent, these either singly or put together are not taxable under the Income Tax Act, 1961. The said contribution will also be subject to the rules framed by the Company in this respect.

(g) Gratuity : Gratuity Payable shall not exceed half a month's salary for each completed year of service. This will, however, be subject to ceiling prescribed by the Central Government from time to time.

(h) Car : Free use of Company's car for official work as well as for personal purpose along with driver.

(i) Leave Encashment : Payment of earned leave as per Company's Rules.

Subject to the provisions of the Companies Act, 1956 the Company will make payment to the Whole Time Director by way of Compensation for loss of office as consideration for retirement from office or in connection with such loss or retirement.

The consent of members is also sought for any further increase variation in the overall remuneration of Mr. Vishal Oswal within the provisions of Schedule XIII of the Companies Act, 1956.

None of Directors except Sh. Vishal Oswal himself, Sh. D.K. Oswal, Chairman-cum-Managing Director and Sh. Rajneesh Oswal, Director of the Company being relatives of Sh. Vishal Oswal, is interested in the proposed resolution.

**By ORDER OF THE BOARD
for SHREYANS INDUSTRIES LIMITED**

Place : New Delhi
Date : 31st July, 1999

(ANIL KUMAR)
Executive Director

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SHREYANS INDUSTRIES LIMITED

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 19th Annual Report on the business and operations of the Company alongwith audited statements of accounts for the year ended 31st March 1999.

FINANCIAL RESULTS

(Rs. in Lacs)

	1998-99	1997-98
Gross Sales	13428.26	15000.45
Profit before interest & depreciation	465.41	2016.10
Less : Interest	1168.66	1219.67
Gross Profit	(703.25)	796.43
Depreciation	533.29	519.20
Net profit before tax	(1236.54)	277.23
Provision for taxation	11.46	33.26
Net profit after tax	(1248.00)	243.97

PERFORMANCE REVIEW

Both paper and spinning industry continued to operate under severe recessionary conditions during the year under review. Softening of international prices further affected the sentiment in the market resulting in sharp erosion in the margins in both the industries.

During the year gross turnover of the Company fell to Rs. 13428.26 lacs as compared to Rs. 15000.45 lacs of last year. Major reasons for this decline were decrease in sales realisation per unit both in paper and yarn, closure of Shree Rishabh Papers for almost two months under orders from state Pollution Control Board and lower utilisation in spinning division because of liquidity crunch.

Operating profits before interest and depreciation decreased to Rs. 465.41 lacs against Rs. 2016.10 lacs of last year and Company made net losses for the first time since 1983-84 amounting to Rs. 1236.54 lacs.

SHREYANS PAPERS, AHMEDGARH

Production in this division increased from 24964 MTs to 25899 MTs. Operating parameters and other costs remained under control. Certain steps taken to improve the working should yield results in current year resulting in better production and profitability.

SHREE RISHABH PAPERS, BANAH

As mentioned above, operations in this unit were affected for two months during the year resulting in fall in production from 15349 MTs to 13774 MTs. However, average production per day of working showed an increasing trend which is likely to be maintained during the current year. Work on chemical recovery plant was completed during the current year and the same is under process of commissioning. This will enable the unit to meet the standards prescribed by the state Pollution Control Board for its emissions.

SHREYANS SPINNING MILLS, MACHHIWARA

Production in spinning division decreased from 4139 MTs to 2929 MTs primarily because of change in product pattern from cotton to polyester cotton in finer counts because of very adverse market conditions in cotton yarn and lower spindle utilisation because of liquidity crunch.

FUTURE PLANS

Paper industry is already showing signs of revival both in terms of demand and average sales realisation. Your company approached ICICI Limited, the lead institution, for reschedulement of all its existing loans so that funds are available with the Company to take up certain urgent capital expenditure proposals for increasing the production capacity in shree Rishabh Papers. This will enable the company to avail benefits of expected buoyancy in paper industry. ICICI Limited has already agreed to our proposal, similar request have been made to other participating institutions also and is under their active consideration. This would enable the Company to increase the capacity in Shree Rishabh Papers from present 15000 MTs per annum to 20000 MTs. per annum and also set up a Co-generation plant with a capacity of 1.5 MW within the current year itself. These steps coupled with revival of paper market should result in significantly improved working in the



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current year. Total review of working of spinning division has also been undertaken so that its operations are also further streamlined.

SHARE CAPITAL

During the year present promoters were allotted 30,00,000 convertible warrants which had option to be converted into equity shares at Rs. 13.25 per share of face value of Rs. 10/-. Promoters had deposited a sum of Rs. 39.75 lacs being 10% of the issue price. These warrants have been converted into equity shares on 19th July 1999 and Company has received further amount of Rs. 39.75 lacs being amount of 10% due on allotment.

DIVIDEND

In view of losses incurred and also with a view to conserve funds for on-going capital expenditure proposals, your Directors regret their inability to recommend any dividend for the Current year.

DEPOSITS

Forty-two deposits amounting to Rs. 5.10 lac were due for repayment till 31st March 1999, but neither claimed nor renewed by the depositors till then. Six deposits of Rs. 0.99 lac have been repaid since then. Company is awaiting instructions from the depositors regarding balance deposits.

Y2K PREPAREDNESS

The company has taken necessary steps to ensure that all the computer systems which may have any impact on the business are Y2K compliant and any expenditure thereon has been/will be met out of its own funds.

DIRECTORS

Shri K. L. Dalal and Dr. S. R. Mohnot, 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.

AUDITOR'S REPORT

The Auditor's 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.

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 earning and out go 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 co-operation of various agencies and departments of the central and state governments, financial institutions, banks, customers, 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. 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.

BY AND ON BEHALF OF THE BOARD

Place : New Delhi

Date : 31st July 1999

(D. K. OSWAL)

CHAIRMAN-CUM-MANAGING DIRECTOR



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DISCLOSURE OF PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS), RULE 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	379.34 Lac	417.69 Lac
Total Amount	Rs.	1123.84 Lac	1088.65 Lac
Rate/KWH		2.96	2.61
(b) Own Generation			
Through Turbo Generator	KWH	101.77 Lac	74.82 Lac
Through Diesel Generator	KWH	3.53 Lac	6.33 Lac
KWH/Ltr. of Diesel	KWH	2.90	3.24
Fuel Cost/KWH (For D.G. Sets only)	Rs.	3.34	2.76
COTTON YARN			
(a) Purchased Power	KWH	108.07 Lac	120.24 Lac
Total Amount	Rs.	320.53 Lac	322.02 Lac
Rate/KWH		2.97	2.68
(b) Own Generation through Diesel Generator	KWH	6.18 Lac	7.23 Lac
KWH/Ltr. of Diesel	KWH	2.82	2.14
Fuel Cost/KWH	Rs.	3.66	2.82
2. COAL			
PAPER			
Quantity	MT	—	331
Total Amount	Rs.	—	8.87 Lac
Avg. Rate/MT	Rs.	—	2680
3. RICE HUSK			
PAPER			
Quantity	MT	78338	77134
Total Amount	Rs.	855.10 Lac	945.31 Lac
Avg. Rate/MT	Rs.	1092	1226
(B) CONSUMPTION PER UNIT OF PRODUCTION			
PAPER*			
Electricity (KWH/MT)		1222	1237
Coal (MT/MT)		0.000	0.008
Rice Husk (MT/MT)		1.975	1.913
COTTON YARN			
Electricity (KWH/MT)		3900	3079

* includes consumption of Power & Fuel in Chemical Recovery Plants



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FORM B

RESEARCH AND DEVELOPMENT (R & D)

Research & Development is well equipped to carry out investigation and experiments to improve the quality and to determine the suitability of various raw material and chemicals. It is manned by highly qualified and experience personnel.

EXPENDITURE ON R & D

PAPER

(a) Capital	Rs.	1.13 Lac	1.09 Lac
(b) Recurring	Rs.	9.89 Lac	13.43 Lac
(c) Total	Rs.	11.02 Lac	14.52 Lac

COTTON YARN

(a) Capital	Rs.	—	—
(b) Recurring	Rs.	5.21 Lac	4.92 Lac
(c) Total	Rs.	5.21 Lac	4.92 Lac

(C) TECHNOLOGY ABSORPTION

Your Company has always leading medium sized agro based integrated paper mill by adopting latest technology like automation process control on paper machine double activated sludge process in effluent treatment plant, nonconventional fluidised bed reactor for chemical recovery. Infrared for uniform drying of paper and to increase paper drying capacity and wet cleaning system to reduce chloride content in raw materials and is always ready to adopt latest technology to improve the quality and to reduce the cost of production.

(D) FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. in Lacs)

Foreign Exchange earning	256.99	1507.93
Less : Foreign Exchange Outgo	448.19	373.13
Net Foreign Exchange earning	(191.20)	1134.80

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ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (2A) (b) (iii) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.1999

Sr. No.	Name	Designation	Gross Emoluments	Nature of Duties	Qualification	Experience Years	Date of Employment	Age Years	Last Employment
1.	Sh. D. K. Oswal	Chairman-cum-Managing Director	1176000	Administrative	Graduate	37	26.09.87	58	Managing Director Vardhman Spinning & General Mills Ltd.
2.	Sh. Anil Kumar	Executive Director	686132	Administrative	B.Sc. (Engg.) M.B.A.	26	01.04.83	49	Manager Finance Vardhman Spinning & General Mills Ltd.
3.	Sh. B. D. Sharma	Chief Executive	755409	Administration, Production & Technical Supervision	B.Sc. (Engg.)	30	10.05.80	54	Plant Engineer Ballarpur Industries Limited
4.	Sh. S. K. Sharma	Sr. Vice President (Technical)	686807	Production & Technical Supervision Pulp & Paper Tech.	B.Sc. PG Dip. in Paper Tech.	27	20.11.84	48	Paper Maker Rohit Pulp & Paper Mills Ltd.

NOTES :

1. Remuneration includes Salary, House Rent Allowance, Leave Salary, Ex-gratia, Leave Travel Concession, Company's Contribution to Provident Fund, Superannuation and other allowance paid in cash and taxable value of non-cash perquisites.
2. Nature of employment of these employees is non-contractual except in case of Sh. D. K. Oswal & Sh. Anil Kumar.