

20TH ANNUAL REPORT 2000



Group

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Shreyans Industries Limited



SHREYANS INDUSTRIES LIMITED

BOARD OF DIRECTORS

SH. D.K. OSWAL, Chairman-Cum-Managing Director
 SH. RAJNEESH OSWAL, Vice-Chairman
 SH. VISHAL OSWAL, Director
 SH. DEEPAK AGGARWAL, Nominee of ICICI
 SH. M. P. SETIA, Nominee of UTI
 SH. R.M. MEHTA
 SH. K.L. DALAL
 DR. S.R. MOHNOT
 DR. (MRS.) H.K. BAL
 SH. R.C.D. KAUSHIK
 SH. ANIL KUMAR, Executive Director

BANKERS

STATE BANK OF PATIALA
 STATE BANK OF MAURITIUS
 BANK OF INDIA

STATUTORY AUDITORS

M/s. S.C. VASUDEVA & CO., NEW DELHI

REGISTERED & CORPORATE OFFICE

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

WORKS

1. SHREYANS PAPERS, AHMEDGARH, DISTT. SANGRUR (PB.)
2. SHREE RISHABH PAPERS, VILLAGE BANAH, DISTT. NAWANSHAHAR (PB.)
3. SHREYANS SPINNING MILLS, VILLAGE IRAQ, MACHHIWARA, DISTT. LUDHIANA. (PB.)

BRANCHES

1. 4-J & E, GOPALA TOWER, 25, RAJENDRA PLACE, NEW DELHI.
2. 302, RAHEJA CHAMBERS, NARIMAN POINT, MUMBAI.
3. 306, KALYAN CHAMBERS, NAWA DARWAJA ROAD, KHADIA CHAR RASTA, AHMEDABAD.
4. S.C.O 2441-42, SECTOR 22-C, CHANDIGARH.
5. 53/8, KANCHAN BAGH, INDORE.
6. 17, ITWARA ROAD, BHOPAL.
7. 506, ACHARYA KRIPLANT MARG, ADARSH NAGAR, JAIPUR.

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20th Annual Report



SHREYANS INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting, of the members of the Company will be held on Wednesday, the 26th day of July, 2000 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.

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 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. (Mrs.) H.K. Bal who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Sh. Rajneesh Oswal 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 pursuant to the provisions of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956. ("the act") and the Memorandum and Articles of Association of the company and subject to the approval of the Financial Institutions, Banks and Subject to such other Consents, sanctions, permissions or approvals as may be necessary, the company hereby accords its consent to the Board of Directors of the Company ("the Board") to hive off by sale, transfer, lease or otherwise dispose of the undertaking of the Company's Spinning Division together with the use of all its infrastructure, licences, permits, consents and approvals whatsoever and all the rights and benefits attached thereto situated at Village Iraq, Machhiwara, Distt. Ludhiana in the State of Punjab on such terms and conditions including the consideration thereof as the Board may deem fit in the best interest of the Company:

"RESOLVED FURTHER THAT the Board (including any Committee of the Board) be and is hereby authorised to do and perform all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, desirable or appropriate, and execute all such deeds, agreements, documents and writings as it may consider necessary, usual, requisite or proper for the purpose of giving effect to this resolution.

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

'RESOLVED THAT in partial 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, and 30th September, 1999 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. 100.00 crore (Rs. One Hundred Crore) in aggregate in favour of Financial Institutions / Bankers of the Company, more precisely known as lenders, as mentioned in the explanatory statement."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with lenders of the Company documents and such other agreements for creating and/or modifying and/or satisfying mortgage (s) and/or charge (s) 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 in this regard be and are hereby approved, confirmed and ratified by the Company."



SHREYANS INDUSTRIES LIMITED

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 part of this notice.
3. The Register of Members and share Transfer Books of the Company will remain closed from Monday the 24th day of July, 2000 to Wednesday, the 26th day of July, 2000 (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 queries 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 : Ludhiana.
Date : 12 June, 2000

(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

The Company had set up its spinning unit at village Iraq, Machhiwara, District Ludhiana in the year 1991. In view of continued losses incurred by the spinning division and also with a view to concentrate on its main area of strength i.e. paper, the Board in its meeting held on 12th June 2000 has decided to sell off the assets of this division. Financial Institutions have already been approached to give their permission for disposing of the assets of this division and also have been requested to restructure the liabilities of the Company after adjusting the existing liabilities by the sale proceeds of the unit.

Section 293(1) (a) of the Companies Act, 1956 provides that the Board of Directors shall not, without the consent of the Company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking/s of the Company, Accordingly, the sanction of the shareholders is sought to this resolution.

None of the directors is in any way interested or concerned in the proposed resolution.



SHREYANS INDUSTRIES LIMITED

FOR ITEM NO. 6

The existing liabilities of the Company to various Financial Institutions and/or Banks will be adjusted partly by way of proceeds of the sale of spinning division as mentioned in item No. 5 above.

As on date Company has borrowed funds under various schemes from ICICI Limited, IDBI Limited, IIBI Limited, UTI, LIC, LIC Mutual Fund, GIC, GIC Mutual Fund, PSIDC, Punjab State Govt. State Bank of Patiala, state Bank of Mauritius and Bank of India.

The restructured liabilities after implementation of scheme of disposal of the assets of spinning division will have to be secured by way of equitable mortgage/charge on the assets of the Company. Therefore, approval of shareholders is sought under section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 for such securities to be created. Hence a resolution as per item No. 6 of the agenda is proposed. None of the directors is in any way interested or concerned in the proposed resolution.

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

Place : Ludhiana
Date : 12th June, 2000

(ANIL KUMAR)
Executive Director

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SHREYANS INDUSTRIES LIMITED

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 20th Annual Report on the business and operations of the Company alongwith audited statements of accounts for the year ended 31st March 2000.

FINANCIAL RESULTS

(Rs. in Lacs)

	1999-2000	1998-1999
Gross Sales	15308.89	13428.26
Profit before interest & depreciation	967.45	465.41
Less : Interest	1340.72	1168.66
Gross Profit	(373.27)	(703.25)
Depreciation	540.31	533.29
Net profit before tax	(913.58)	(1236.54)
Provision for taxation	4.17	11.46
Net profit after tax	(917.75)	(1248.00)

PERFORMANCE REVIEW

Paper industry showed distinct signs of revival during later half of the year under review, However, operations of the spinning division continued to be under strain because of factors beyond control.

During the year gross turnover of the company increased to Rs. 15308.89 lacs as compared to Rs. 13428.26 lacs of the last year, registering an increase of over 14% operating profits before interest and depreciation by about 108% to Rs. 967.45 lacs against Rs. 465.41 lacs of the earlier year. Consequentially, net losses decreased to Rs. 917.75 lacs from Rs. 1248.00 lacs of last year.

SHREYANS PAPERS, AHMEDGARH

Production in this division increased to 28623 MTs against 25899 MTs. of last year and this division made major contribution to revenues and operating margins of the company.

SHREE RISHABH PAPERS, BANAH

Production in this division increased to 17247 MTs against 13774 MTs of last year. Work on modernisation-cum-expansion scheme and Co-generation plant was taken up during the year under review and both these schemes have been fully implemented in early June 2000. This will result in Significant increase in both production and profit margin of this division in the current year.

SHREYANS SPINNING MILLS, MACHHIWARA

As mentioned above, the operations of this division continued to be below par. Shrinking margins and paucity of working capital funds affected working of the division and production fell to 2558 MTs as compared to 2929 MTs of earlier year.

FUTURE PLANS

Paper industry is already on a revival path. This, coupled with the fact that modernisation scheme has already been implemented at Shree Rishabh Papers and also continued improvement in various operating parameters, should result in significantly better financial results during the current year.

As it has been reported for last number of years operations of spinning division were not satisfactory and were acting as a drag on overall operations of the Company. Your Directors have, therefore, decided to dispose of the assets of this division. Sale proceeds of the same will help in reducing the debt burden of the Company. Proposal has been submitted to the Financial Institutions for their permission to effect the sale of this division and also to restructure the balance liabilities of the company due to both Financial Institutions and the Banks. This proposal is under their active consideration. Shareholders are being also requested to give their consent for sale of this division through a separate resolution in the forthcoming Annual General Meeting. Your Directors expect that this significant step taken will result in much better operations of your Company in the years to come and the Company will be able to focus its attention to its main area of strength i.e. paper.



SHREYANS INDUSTRIES LIMITED

SHARE CAPITAL

During the year promoters brought in an additional sum of Rs. 39.75 lacs being 10% of the issue price of 30,00,000 shares issued to them at a premium of Rs. 3.25 per share.

DIVIDEND

In view of the losses incurred, your Directors regret their inability to recommend any dividend for the current year.

Y2K PREPAREDNESS

Your Company successfully entered the new millennium without any hassles on its computer systems.

Deposits

Fifteen deposits amounting to Rs. 2.87 lacs were due for repayment till 31st March 2000, but neither claimed nor renewed by the depositors till then. Company is awaiting instructions from the depositors regarding these deposits.

DIRECTORS

Shri Rejneesh Oswal and Dr. (Mrs) H.K. Bal, Directors of the Company retire by rotation at the forthcoming Annual General Meeting under Article 113 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. It may be noted that substantial savings were achieved and specific energy conservation per ton of paper produced.

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.

FOR AND ON BEHALF OF THE BOARD

Place : Ludhiana

Date : 12th June, 2000

(D. K. OSWAL)

CHAIRMAN-CUM-MANAGING DIRECTOR



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), RULE 1988

CONSERVATION OF ENERGY

The Company has over the previous years taken several steps to conserve energy wherever possible. This continues to remain thrust area with studies, discussions and analysis being undertaken regularly for further improvements. As a result of this Company has implemented an energy efficiency support project to reduce fuel consumption in the boiler by proper monitoring feeding of fuel into the boiler and to avoid use of excess air by monitoring the percentage of oxygen in the flue gases.

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	413.81 Lac	379.34 Lac
Total Amount	Rs.	1301.78 Lac	1123.84 Lac
Rate/KWH		3.14	2.96
(b) Own Generation			
Through Turbo Generator	KWH	103.89 Lac	101.77 Lac
Through Diesel Generator	KWH	4.74 Lac	3.53 Lac
KWH/Ltr. of Diesel		3.20	2.90
Fuel Cost/KWH (For D.G. Sets only)	Rs.	3.55	3.34
COTTON YARN			
(a) Purchased Power	KWH	109.52 Lac	108.07 Lac
Total Amount	Rs.	343.74 Lac	320.53 Lac
Rate/KWH		3.14	2.97
(b) Own Generation through Diesel Generator	KWH	—	6.18 Lac
KWH/Ltr. of Diesel		—	2.82
Fuel Cost/KWH	Rs.	—	3.66
2. RICE HUSK			
PAPER			
Quantity	MT	84954	78338
Total Amount	Rs.	885.72 Lac	855.10 Lac
Avg. Rate/MT	Rs.	1043	1092
(B) CONSUMPTION PER UNIT OF PRODUCTION			
PAPER*			
Electricity (KWH/MT)		1139	1222
Rice Husk (MT/MT)		1.852	1.975
COTTON YARN			
Electricity (KWH/MT)		4281	3900

* includes consumption of Power & Fuel in Chemical Recovery Plant.



SHREYANS INDUSTRIES LIMITED

FORM B

RESEARCH AND DEVELOPMENT (R & D)

Research & Development is carried out for development and improvement in the production, process, quality of products. The Company has always carried out experiments to improve the quality and to determine the suitability of various raw materials and chemicals. The Research and Development department of the Company is well equipped and managed by highly qualified and experienced personnel.

EXPENDITURE ON R & D

PAPER

(a)	Capital	Rs.	0.98 Lac	1.13 Lac
(b)	Recurring	Rs.	29.62 Lac	24.85 Lac
(c)	Total	Rs.	30.60 Lac	25.98 Lac

COTTON YARN

(a)	Capital	Rs.	—	—
(b)	Recurring	Rs.	3.84 Lac	5.21 Lac
(c)	Total	Rs.	3.84 Lac	5.21 Lac

(C) TECHNOLOGY ABSORPTION

Your Company has always leading medium sized agro based integrated paper mill by adopting 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	Rs.	38.55	256.99
Less : Foreign Exchange Outgo	Rs.	352.67	448.19
Net Foreign Exchange earning	Rs.	(314.12)	(191.20)

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SHREYANS INDUSTRIES LIMITED

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (2A) (b) (II) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.2000

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	1166522	Administrative	Graduate	38	26.09.87	59	Managing Director Vardhman Spinning & General Mills Ltd.
2.	Sh. Anil Kumar	Executive Director	790008	Administrative	B.Sc. (Engg.) M.B.A.	27	01.04.83	50	Manager Finance Vardhman Spinning & General Mills Ltd.
3.	Sh. B. D. Sharma	Chief Executive	714392	Administration, Production & Technical Supervision	B.Sc. (Engg.)	31	10.05.80	55	Plant Engineer Ballarpur Industries Limited
4.	Sh. S. K. Sharma	Director (Technical)	722600	Production & Technical Supervision	B.Sc. PG Dip. in Pulp & Paper Tech	28	20.11.84	49	Paper Maker Rohit Pulp & Paper Mills Ltd.

* Employed for part of the year

NOTES :

1. Remuneration includes Salary, House Rent Allowance, Leave Salary, Ex-gratia, Leave Travel Concession, Company's Contribution to Provident Fund, Superannuation and other allowances 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.