

21ST ANNUAL REPORT

2001



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. ANIL KUMAR, Executive Director
 SH. S. P. NAGARKATTE, Nominee of ICICI
 SH. M. P. SETIA, Nominee of UTI
 SH. R.M. MEHTA
 DR. (MRS.) H.K. BAL
 SH. R. C. SINGAL
 SH. S. K. JHAMB

BANKERS

STATE BANK OF PATIALA
 STATE BANK OF MAURITIUS
 BANK OF INDIA

STATUTORY AUDITORS

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

ELECTRONIC TRANSFER AGENT

A.O.K. In House Share Registry
 3, Community Center, Nariana Industrial Area,
 Phase I, Near Payal Cinema, NEW DELHI 110 028

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.)

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. 596, ACHARYA KRIPLANI MARG,
ADARSH NAGAR, JAIPUR.

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SHREYANS INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting, of the members of the Company will be held on Thursday, the 30th day of August, 2001 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, 2001 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. R. M. Mehta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. (Mrs.) H. K. Bal who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

AS 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 Sh. R. C. Singal who was appointed as an Additional Director u/s 260 of the Companies Act, 1956 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 proposing 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 MODIFICATION (S), IF ANY, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION :

RESOLVED THAT Sh. S. K. Jhamb who was appointed as an Additional Director u/s 260 of the Companies Act, 1956 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 proposing 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.

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

Place : Ludhiana.
Date : 16th July 2001

(ANIL KUMAR)
Executive Director



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 in order to be effective, must be lodged at the Registered Office of the Company, not less 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 special business is enclosed and forms part of this notice.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday the 28th day of August, 2001 to Thursday, the 30th day of August, 2001 (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 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. 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.
7. Shares of the Company are available for De-Materialisation under ISININE231CO1019. Members who have not opted for De-Materialisation are requested to do so in their own interest.

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

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

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

SH. R. C. Singal was appointed as an Additional Director by the Board of Directors on 28th July, 2000 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 Sh. R. C. Singal as a Director of the Company. Your Directors recommend his appointment as Director.

None of the directors is interested in the proposed resolution except Sh. R. C. Singal the appointee.

FOR ITEM NO. 6

Sh. S. K. Jhamb was appointed as an Additional Director by the Board of Director on 28th July, 2000 and shall hold office upto the date of 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 Sh. S. K. Jhamb as a Director of the Company. Your Directors recommend his appointment as Director.

None of the directors is interested in the proposed resolution expect Sh. S. K. Jhamb the appointee.

By ORDER OF THE BOARD
For SHREYANS INDUSTRIES LIMITED

Place : Ludhiana.
Date : 16 July 2001

(ANIL KUMAR)
Executive Director



SHREYANS INDUSTRIES LIMITED

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 21st Annual Report on the business and operations of the Company alongwith audited statements of accounts for the year ended 31st March 2001.

FINANCIAL RESULTS

(Rs. in Lacs)

	2000-2001	1999-2000
Gross Sales	13207.32	15308.89
Profit before interest & depreciation	(228.37)	967.45
Less : Interest	1372.13	1340.72
Gross Profit	(1600.50)	(373.27)
Depreciation	626.26	540.31
Net profit before tax	(2226.76)	(913.58)
Provision for taxation	18.53	4.17
Net profit after tax	(2245.29)	(917.75)

CORPORATE REVIEW

During the year under review your Company disposed of the assets of its Spinning Division plans for which were indicated during last year's report. This was done after obtaining necessary permissions from the Financial Institution, Banks and other secured creditors. Financial liabilities of the company were restructured by various banks and Financial Institution after adjusting down payments received against sale of these assets and other sources. The financial results of the Company for the year are after accounting for loss on account of sale of these assets and writing-off of non-realizable current assets totalling to Rs. 1479.39 lacs pertaining to Spinning Division.

An expansion-cum-modernisation scheme for Rishabh Papers unit was undertaken and completed during the year. Simultaneously Chemical Recovery Plant and Co-generation Plant were also commissioned during the year under review.

Work on installation of a Continuous Digester was started at Shreyans Papers unit during the year. The same was commissioned in May 2001. This will result in substantial cost saving and improvement in quality of the end product.

PERFORMANCE REVIEW

SHREYANS PAPERS, AHMEDGARH

Production in this division increased to 29356 MTs against 28623 MTs. of last year. Sales revenue increased to 8191.55 lacs against 7368.71 lacs thus registering an increase of more than 11%. The unit continued to do well operationally making significant contributions to the revenues of the Company.

SHREE RISHABH PAPERS, BANAH

As mentioned above, modernisation-cum-expansion scheme of this unit was undertaken during the year and unit was closed for a period of approx. six weeks for the same resulting in marginal fall in finished production to 16654 MTs against 17247 MTs of last year. However production is expected to go up significantly during the current year as a result of implementation of this scheme. The total sales of this division increased to Rs. 4440.86 lacs as compared to Rs. 3932.48 lacs of last year indicating an increase of approx. 13%

With implementation of modernisation scheme, setting up of Chemical Recovery Plant and installation of Co-generation Plant this unit is expected to contribute substantially to the operations of the Company for the current year and years to come.



SHREYANS INDUSTRIES LIMITED

SHREYANS SPINNING MILLS, MACHIWARA

As mentioned above, assets of this division were sold during the year. Pending completion of sale formalities, this unit was given on lease in the month of June and was operational with the Company for first quarter of the year only.

FUTURE PLANS/ PROSPECTS

Operations of the Company had resulted in losses for last three years starting from 1998-99 primarily because of below par performance of the Spinning Division of the Company and also continuing recessionary trends in the paper industry. However, your Company, with a view to make a turnaround, disposed of the assets of the Spinning Division and Closed its operations, got the liabilities restructured from Financial Institutions and Banks, expanded capacity of Shree Rishabh papers, and has also undertaken various other proposals for improvement of its operations. Barring unforeseen circumstances, your Directors expect the Company to turnaround and make profit during the current year.

SHARE CAPITAL

During the year ICICI Limited converted part of its term loan into equity at par to the extent of Rs.200 lacs. Promoters also brought in Rs. 111 lacs towards part payment against 30,00,000 shares issued to them at a premium of Rs. 3.25 per share during the last year.

DIVIDEND

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

Deposits

Five deposits amounting to Rs. 1.59 lacs were due for repayment till 31st March 2001, but neither claimed nor renewed by the depositors till then. Company is awaiting instructions from the depositors regarding these deposits.

DIRECTORS

Shri R. M. Mehta 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 provision of section 217 (2A) of the Companies Act, 1956 is annexed and forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

A statement of responsibility of directors pursuant to the provision of Section 217 (2AA) of the Companies Act, 1956 is annexed and forms part of this report.



SHREYANS INDUSTRIES LIMITED

CORPORATE GOVERNANCE

Your Company believes that good corporate practices enable the Board to direct and control the affairs of the company in an efficient manner and as such your company is committed for achieving the highest standards of Corporate Governance.

During the year under review Company has constituted Audit Committee and Share/NCD Transfer-cum-Investor Grievances Committee headed by non-working directors.

Audit Committee constitutes of Shri S. K. Jhamb, Shri Rajneesh Oswal, Dr. (Mrs.) H. K. Bal and is headed by independent non-executive director, Shri S. K. Jhamb.

Share/NCD Transfer-cum-Investor Grievances Committee consists of the following directors.

- Shri Rajneesh Oswal
- Shri D. K. Oswal
- Shri Anil Kumar

and is headed by non-executive chairman, Shri Rajneesh Oswal.

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 : 16th July, 2001

(D. K. OSWAL)

CHAIRMAN-CUM-MANAGING DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

Directors' Responsibility Statement pursuant to the provisions of section 217 (2AA) of the Companies Act, 1956 and forming part of the Director' Report for the year ended 31st march 2001.

The statement of the Directors' responsibility on the annual account of the company for the year ended 31st March 2001 is given below :

1. That in preparation of the annual account, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
2. That the Directors has selected such accounting policies and applied them consistently and made judgement and estimates that 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, 2001 and of the profit or loss of the Company for the year ended 31st March 2001.
3. That the Directors had taken proper and sufficient care for the maintainance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the annual accounts on a going concern basis.



SHREYANS INDUSTRIES LIMITED

DISCLOSURE OF PARTICULARS UNDER SECTION 217 (1) (a) 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	397.33 Lac	413.81 Lac
Total Amount	Rs.	1360.37 Lac	1301.78 Lac
Rate/KWH		3.41	3.14
(b) Own Generation			
Through Turbo Generator	KWH	153.42 Lac	103.89 Lac
Through Diesel Generator	KWH	4.74 Lac	4.74 Lac
KWH/Ltr. of Diesel	KWH	2.93	3.20
Fuel Cost/KWH (For D.G. Sets only)	Rs.	5.04	3.55
COTTON YARN			
Purchased Power	KWH	20.58 Lac	109.52 Lac
Total Amount	Rs.	70.56 Lac	343.74 Lac
Rate/KWH		3.43	3.14
2. RICE HUSK			
PAPER			
Quantity	MT	88203	84954
Total Amount	Rs.	1102.75 Lac	885.72 Lac
Avg. Rate/MT	Rs.	1250	1043
(B) CONSUMPTION PER UNIT OF PRODUCTION			
PAPER*			
Electricity (KWH/MT)		1207	1139
Rice Husk (MT/MT)		1.917	1.852
* includes consumption of Power & Fuel in Chemical Recovery Plant.			
COTTON YARN			
Electricity (KWH/MT)		4330	4281



SHREYANS INDUSTRIES LIMITED

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 highly qualified and experienced personnel.

EXPENDITURE ON R & D

PAPER

(a)	Capital	Rs.	1.47 Lac	0.98 Lac
(b)	Recurring	Rs.	32.13 Lac	29.62 Lac
(c)	Total	Rs.	33.60 Lac	30.60 Lac

COTTON YARN

(a)	Capital	Rs.	—	—
(b)	Recurring	Rs.	1.21 Lac	3.84 Lac
(c)	Total	Rs.	1.21 Lac	3.84 Lac

(C) TECHNOLOGY ABSORPTION

Your Company has always been leading medium sized agro based integrated paper mill by adopting latest technology 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	14.37	38.55
Less : Foreign Exchange Outgo	334.20	352.67
Net Foreign Exchange earning	(319.83)	(314.12)



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 31.3.2001

Name	Designation/ Nature of Duties	Gross Emolu- ments	Qualif- ication	Experi- ence Years	Date of Empl- oyment	Age Years	Last Employment
Sh. D. K. Oswal	Chairman- cum-Managing Director	1438097	Graduate	39	26.09.87	61	Managing Director Vardhman Spinning & General Mills Ltd.

Notes :

Remuneration includes Salary, Company's Contribution to Provident Fund and other allowance paid in cash and taxable value of non cash perquisites.

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