

22nd ANNUAL REPORT

2002



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

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, Naraina 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 22nd Annual General Meeting of the members of the Company will be held on Thursday, the 26th day of September, 2002 at 11:00 A.M. at the Registered Office of the Company at Vill. 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, 2002 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 Sh. R.C. Singal, who retires by rotation and being eligible offers himself 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 MODIFICATIONS, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION :

"RESOLVED THAT Pursuant to the provisions of section 198, 269, 309, 310 and 314 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, including the approval of the Central Government, consent of the Company be and is hereby accorded to the re-appointment of Sh. D.K. Oswal, as the Managing Director of the Company for a further period of five years with effect from 26th September, 2002 on the remuneration, terms and conditions as set out in the agreement to be entered into between the Company and Sh. D.K. Oswal, as submitted to this meeting which is hereby specifically approved."

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said re-appointment and/or agreement in such form and manner or with such modifications as the Board may deem fit or as may be prescribed by the Central Government while granting necessary approvals in this regard and as may be acceptable to Sh. D.K. Oswal."

"RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate during the term of office of Sh. D.K. Oswal, the remuneration aforesaid shall be the minimum remuneration."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolutions."

PLACE : LUDHIANA
Dated : 30th July, 2002

By order of the Board
For Shreyans Industries Limited
Sd/-
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 AND THE 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 as set out above, is annexed hereto and forms part of this notice.
3. The Register of Members and Share Transfer books of the Company shall remain closed from Tuesday, the 24th day of September, 2002 to Thursday, the 26th day of September, 2002 (both days inclusive).
4. Members/ proxies 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) Quote their folio number/client ID & DP-ID in all correspondence with the company.
 - (ii) Notify immediately to the company any change in their address/mandate, if any.
7. Shares of the Company are available for De-Materialisation under ISIN - INE231C01019. Members who have not opted for De-Materialisation are requested to do so in their own interest.
8. Pursuant to the provisions of Section 205 C of the Companies Act, 1956, as amended, refund money for the issue of partly Convertible Debentures, which remains unpaid or unclaimed has been transferred to the Investors Education and Protection Fund of the Central Government.
Shareholders/Proxy Holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the Meeting Hall.
Please note that the meeting is for members or their proxies only. Please avoid being accompanied by non- members and children.

PLACE : LUDHIANA
Dated : 30th July, 2002

By order of the Board
For Shreyans Industries Limited
Sd/-
ANIL KUMAR
(EXECUTIVE DIRECTOR)



SHREYANS INDUSTRIES LIMITED

RE-APPOINTMENT OF DIRECTORS

At the ensuing Annual General Meeting, Mr. R.M. Mehta and Mr. R.C. Singal, Directors of the Company will retire and being eligible, offer themselves for re-appointment. As per clause 49 of the Listing Agreement on Corporate Governance, the Company is required to provide a brief resume and expertise of the Directors who are being appointed or re-appointed.

Accordingly the information is given below :

(a) Mr. R.M. Mehta, Aged 79 years is Director of the Company w.e.f. 04.01.1982. He is a paper technocrat and has a vast experience in the field of paper manufacturing. He is also associated with various Companies as a technical consultant. He is on the Board of Directors of Madhya Bharat Papers Limited, Paharpur Cooling Towers Limited and Dhanalakshmi Paper Mills Limited.

(b) Mr. R.C. Singal, Aged 48 years is Director of the Company w.e.f. 28.07.2000. He is a Fellow member of the Institute of Company Secretaries of India and an Associate Member of the Institute of Cost and Works Accountants of India. He is also a member of All India Management Association and Certified Associate of India Institute of Bankers. He has to his credit a vast experience of more than twenty nine years in the field of Corporate Planning and Capital Market. He is on the Board of many Companies and also past president of the Ludhiana Stock Exchange Association Limited and a former Chairman of Northern India Regional Council of The Institute of Company Secretaries of India.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 5 OF SPECIAL BUSINESS.

FOR ITEM NO.5

The present term of appointment of Sh. D.K. Oswal expires on 25th September, 2002. The Board of Directors in its meeting held on 28th June, 2002 has approved the re-appointment of Sh. D.K. Oswal for the further period of 5 years i.e. from 26th September, 2002 to 25th September, 2007 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 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.

The appointment and remuneration of Sh. D.K. Oswal, is subject to the approval of Shareholders as well as the Central Government in terms of section 198, 269, 309, 310 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The Principal terms of remuneration of Sh. D.K. Oswal as approved by the remuneration committee of the Company for a period of three years starting from 26.09.2002 are as follows :



SHREYANS INDUSTRIES LIMITED

1. SALARY

The Managing Director shall be paid a salary of Rs. 3,00,000/- -25,000/---3,50,000/- only per month.

2. PERQUISITES AND ALLOWANCES

- (a) The expenditure pertaining to gas, electricity, water, furnishing and other utilities including repairs will be borne/reimbursed by the Company and 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.
- (b) Reimbursement of expenses on medical treatment incurred by the appointee and his family subject to ceiling of one month salary in a year or three months salary over a period of three years.
- (c) Fee of clubs subject to a maximum of two clubs, including admission and life membership fees.
- (d) Premium not to exceed Rs.5,000/- per annum for personal accident insurance.
- (e) First Class Air Passage for self, wife, dependent children and dependent parents of the appointee once in a year as leave travel concession.
- (f) Provision of Car for official-cum-personal use. However, the valuation for personal use of car shall be treated as perquisite in the hands of appointee.
- (g) Provisions 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.
- (3) In addition to the perquisites as aforesaid, the Managing Director shall also be entitled to the following benefits 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 months salary for each completed year of service.
 - (c) Encashment of leave at the end of the tenure.
 - (d) Reimbursement of all entertainment, traveling, hotel and other expenses incurred by the Managing Director during the course of and in connection with the business of the Company.
- (4) No sitting fees shall be paid to the Managing Director for attending the meeting of Board of Directors or any Committee thereof.
- (5) **MINIMUM REMUNERATION**

In the event of inadequacy or absence of profits in any financial years during his tenure, the Managing Director will be entitled to above remuneration alongwith the perquisites / benefits mentioned above by way of minimum remuneration.

The above shall also be treated as an Abstract and Memorandum of Interest under section 302 of the Companies Act, 1956.

Statement of the details as required under Schedule XIII of the Companies Act, 1956 (as amended) are as under :



SHREYANS INDUSTRIES LIMITED

1. General Information

- (1) Nature of Industry : The Company is engaged in the Manufacturing of Writing and Printing Paper from Agricultural residues.
- (2) Date of Commencement of Commercial Production : Company started its Commercial Production in May 1982
- (3) Financial Performance : Financial Performance of the Company for the years ended 31.3.2001 and 31.03.2002 are as under :

(Rs. in Lacs)

	2001-2002	2000-2001
Gross Sales	14640.90	13207.32
Gross Profit (PBIDT)	1072.70	(228.37)
Less. Interest	1142.62	1372.13
Less. Depreciation	497.18	626.26
Net Profit before Tax	(567.10)	(2226.76)
Provision for Taxation	2.50	18.53
Net Profit after Tax	(569.60)	(2245.29)

(4) Export Performance and Net Foreign Exchange Collaboration :

(Rs. in Lacs)

	2001-2002	2000-2001
Foreign Exchange Earning	54.65	14.37
Less. Foreign Exchange Outgo	372.73	334.20
Net Foreign Exchange Earning	(318.08)	(319.83)

- (5) Foreign Investments or Collaboration : The Company has not made any investments in foreign funds / securities and has no foreign collaborations.



SHREYANS INDUSTRIES LIMITED

2. INFORMATION ABOUT THE APPOINTEE

NAME Sh. D.K. Oswal

i) Back Ground Details, Job Profile and suitability :

Sh. D.K. Oswal, the appointee is one of the promoters and is the Managing Director of the Company since 1987. Sh. D.K. Oswal has a long experience of over 37 years in industry and has been the Managing Director of vardhman spinning and General Mills Limited for 22 years. As such, the appointee has got the best experience and expertise in the various spheres of business and industry management. Immediately after taking over as Managing Director of the Company in 1987, Mr. Oswal made Shreyans Industries Limited (formerly Shreyans Paper Mills Limited) a big success and has achieved highest productivity for which the Company was awarded National Productivity Awards as well. Encouraged by this success, the Company had set up a grass root spinning unit with a capacity of 25200 spindles in the year 1990-1991 and have acquired another paper unit with a capacity of 13500 MT per annum in the year 1994. It was during the tenure of Sh. D.K. Oswal as Managing Director that the Company implemented various expansion and modernisation plans at its two paper units including the setting up of a Power Co-generation plant each at the units. The combined capacity of these two paper units was increased from 38000 MT in 1995-96 to 66000 MT at the year ended 2001-2002, besides the establishment of Spinning unit. As a result the Company was able to register a turnover of Rs. 14640.90 Lacs in the year 2001-2002.

In his capacity as Managing Director of the Company Mr. D.K. Oswal continues taking effective steps for the Company's future growth plans and sustained development and leads a strong team of professionals, managerial staffs and work force having expertise in their fields. He devotes his full time to look after and manage the affairs of the Company.

ii) Past Remuneration :

The Present remuneration as approved by the Annual general Meeting held on 30th day of September 1997 is as under

Salary	100000/-p.m.
Perquisites	
Commission	1% of company's net profit not exceeding 50% of annual salary.
Housing	(i) Expenditure by the Company for hiring furnished accomodation-upto 60% of the salary, over and above 10% payable by the managing director.
	(ii) In case accomodation is owned by the Company, 10% of the salary shall be deducted by the Company.
	(iii) In case no accomodation is provided by the Company the managing director shall be entitled to house rent Allowance upto 60% of the salary.

Gas, electricity, water and furnishing : As per income tax rules 1962



SHREYANS INDUSTRIES LIMITED

Medical reimbursement :	One month's salary in a year or three month's salary over a period of three years.
LTC :	For self and his family once in a year.
Leave encashment :	At the end of the tenure .
Club fee :	Subject to maximum of two club
Personal accident insurance :	Annual premium not exceeding Rs. 4000/-.
Car :	For official use
Telephone :	At residence for official use
Gratuity :	Not exceeding half month's salary for each completed year of service
Provident fund :	Contribution to recognised provident fund as per company' rules

Keeping the aforesaid in view and the demands on the rôle of Managing Director, the Board of Directors is of the view that the present remuneration of the appointee needs to be reviewed in line with the remuneration payable for similar positions in the manufacturing industry and that the same be enhanced w.e.f. 26th September, 2002.

iii) Remuneration Proposed :

The new remuneration package in the shape of salary and perquisites has already been stated above in the explanatory statement.

iv) Recognition or Rewards :

During the tenure as Managing Director of Sh. D.K. Oswal, the Company has won the productivity award and has been recognised for its performance many times as under :

Details of Awards received by the Company.

- (a) Best National Productivity Award for the year 1987-88
- (b) Best National Productivity Award for the year 1988-89
- (c) Best National Productivity Award for the year 1989-90

V) Pecuniary Relationship

Sh. D.K. Oswal himself is the Managing Director of the Company. His elder son Mr. Rajneesh Oswal is the Vice Chairman & permanent Director of the Company and his other son Mr. Vishal Oswal is the Whole time Director of the Company. Mrs Nirmal Oswal, wife of Sh. D.K. Oswal is also having office of profit in the Company. Besides this Sh. D.K. Oswal has no pecuniary relationship with the Company. Mr. Rajneesh Oswal is a non-executive director and gets no remuneration except sitting fee for attending the meetings of the Board or any committee thereof.



SHREYANS INDUSTRIES LIMITED

vi) Comparative Remuneration

The Remuneration profile with respect to manufacturing / other Companies having comparative turnover.

S. No.	Name of the Company	Name of the Managerial Personnel	Annual Turnover (Rs.In Lacs)	Remuneration Paid (Rs.per Annum)
1.	PATSPIN INDIA LTD.	Sh. Umang Patodia Managing Director	10827	38,50,000*
2.	GTN TEXTILES LTD.	Sh. B.K. Patodia Managing Director	23001	43,30,000*
3.	GTN TEXTILES LTD.	Sh. M.K. Patodia Managing Director	23001	43,30,000*
4.	ASIAN HOTELS LTD.	Sh. Sushil Gupta Managing Director	9266	90,79,173**
5.	ASIAN HOTESL LTD.	Sh. Shiv Jatia Managing Director	9266	90,79,173**
6.	ASIAN HOTELS LTD.	Sh. A.K. Saraf Executive Director	9266	92,32,850**

* Unquantified Remuneration not included

** As Reported in the Annual Report.

OTHER INFORMATION

As stated in (I) above, through the Company incurred losses but its losses are on the decline, and it is hoped that the Company will earn profits from the Current year onwards. However there may be inadequacy of profits under section 198, 349 and 350 of the Companies Act, 1956 on account of losses incurred during the period 1998 to 2002, which were mainly due to external and unexpected circumstances beyond the control of the Management. These included :

- There was general economic slowdown not only in India but in world economies as well.
- There was general recession in cotton Spining Industry and paper Industry, the two spheres in which the Company functioned.
- Unfavourable Government policies in respect of large scale dumping of imported paper.
- Anomalies in Customs and Excises Duties affecting the Company adversely.
- In the year 2000-01, the Company disposed off its spinning unit as it was incurring heavy losses. As such there was a one time loss on sale of assets to the tune of Rs.1479.30 lacs besides mandatory provisioning for diminution in the value of long term investments.

These were the main factors for the accumulated losses as on 31.03.2002 and it is hoped that the trend will be reversed in the Current year.