

23rd ANNUAL REPORT

2003



Shreyans Industries Limited

SHREYANS INDUSTRIES LIMITED

BOARD OF DIRECTORS

SH. D.K. OSWAL, Chairman-Cum-Managing Director
 SH. RAJNEESH OSWAL, Executive Vice-Chairman
 SH. VISHAL OSWAL, Whole time Director
 SH. RAJIVE KUMARASWAMI, Nominee of ICICI
 SH. M. P. SETIA, Nominee of UTI
 DR. (MRS.) H.K. BAL
 SH. R. C. SINGAL
 SH. ANIL KUMAR, Executive Director and C.E.O

COMPANY SECRETARY

Mr. V.K. BHATIA

BANKERS

STATE BANK OF PATIALA
 BANK OF INDIA
 STATE BANK OF MAURITIUS

STATUTORY AUDITORS

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

ELECTRONIC TRANSFER AGENT

IN TIME SPECTRUM REGISTRY LIMITED

A- 31, THIRD FLOOR, NARAINA INDUSTRIAL AREA
 PHASE -1, NEAR PVR NARAINA, NEW DELHI-28

REGISTERED & CORPORATE OFFICE

VILLAGE - BHOLAPUR. P.O. SAHABANA
 CHANDIGARH ROAD, LUDHIANA- 141123. (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. S.C.O 2441-42, SECTOR 22-C,
CHANDIGARH.

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SHREYANS INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the members of the company will be held on Thursday, the 25th days of September, 2003 at 11.00 A.M. at 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 31 st March, 2003 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. Vishal Oswal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh. Anil Kumar, 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 MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION.

"RESOLVED THAT Dr (Mrs.) H.K. Bal, who was appointed as an Additional Director u/s 260 of the Companies Act, 1956 by the Board of Directors, and who holds office unto the date of forthcoming Annual General Meeting and in respect of whom the Company has received a notice from a member under section 257 of the Companies Act, 1956 proposing her candidature for the office of the Director, be and is hereby appointed as a Director of the company liable to retire by rotation in terms of Article 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 A SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 310 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. Anil Kumar, as the Executive Director & Chief Executive Officer of the company for a further period of five years, with effect from 30th August, 2003 on the remuneration, terms and conditions as set out in the agreement, to be entered into between the company and Sh. Anil Kumar, as submitted to this meeting which is hereby specifically approved."

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to alter, or increase or 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. Anil Kumar without again referring the same to the General Meeting."

"RESOLVED FURTHER THAT where in any Financial Year, the Company has no profits or its profits are inadequate during the tenure of office of Sh. Anil Kumar, 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."

7. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, 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 and Rules made thereunder, 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 for the payment of remuneration to Sh. Rajneesh Oswal, Director, for a period of three years with effect from 1st August, 2003 on terms and conditions as set out in the agreement, to be entered into between the Company and Sh. Rajneesh Oswal, as submitted to this meeting which is hereby specifically approved."

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to alter or increase or vary the terms and conditions of the said remuneration 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. Rajneesh Oswal without again referring the same to the General Meeting."

"RESOLVED FURTHER THAT where in any financial year, the company has no profits or its profits are inadequate during the tenure of remuneration as proposed of Sh. Rajneesh 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."

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

RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as Guidelines") and subject to the provisions of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof (for the time being in force), Securities Contracts (Regulation) Act, 1956. And the Rules framed there under, Listing Agreements, and all



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other applicable Rules, Regulations and guidelines and subject to the approval, consent, permission or sanction of the Securities and Exchange Board of India, Stock Exchange (s) where the shares of the Company are listed and any other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (herein after referred to as "the Board", which term shall be deemed to include any committee thereof for the time being exercising the power conferred on the Board by this Resolution), and Further to the special resolution passed by the company at Extra Ordinary General Meeting held on 23rd October 1998, the consent of the Company be and is hereby accorded for voluntary delisting from all or any of the Stock Exchange (s) at Ludhiana, Chennai, Vadodra, and New Delhi at such time or times as the Board may decide."

By order of the Board
For Shreyans Industries Limited

Place : Ludhiana
Dated : 30th July, 2003

Sd/-
Vipin Kumar Bhatia
(Company Secretary)

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 23rd day of September, 2003 to Thursday the 25th day of September, 2003 (both days inclusive), for the purpose of AGM, for Physical and Electronic, both segments.

4. Members/ proxies are requested to bring their copy of Annual Report to the Meeting.

5. Members desirous of obtaining any information concerning 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 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 DEMATERIALISATION UNDER ISIN- INE231C01019. MEMBERS WHO HAVE NOT OPTED FOR DEMATERIALI-

-SATION ARE REQUESTED TO DO SO IN THEIR OWN INTEREST.

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 childrens.

By order of the Board
For Shreyans Industries Limited

Place : Ludhiana
Dated : 30th July, 2003

Vipin Kumar Bhatia
(Company Secretary)

REAPPOINTMENT/ APPOINTMENT OF DIRECTORS

At the ensuing Annual General Meeting, Mr. Anil Kumar and Mr. Vishal Oswal, Directors of the Company will retire and being eligible, offer themselves for re-appointment. Dr. (Mrs). H.K. Bal has been appointed as Additional Director and her name is proposed for the appointment as director of the company liable to retire by rotation. 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. Anil Kumar, aged 53 years is Director of the company since. 30-8-1988. He is a Management and Engineering Graduate. He started his career in 1973 with M/s Vardhman Spinning and General Mills Ltd. and was working as Corporate Manager (Finance) before his joining the company as General Manager in the year 1983. He was appointed as Executive Director of the company in the year 1988. He has vast experience in the field of Finance and General Administration.

(B) Mr. Vishal Oswal, aged 31 year is Director of the Company w.e.f. 31-7-1999. He has joined the company in the year 1995, after his graduation and had been Manager (Commercial & Administration). He was promoted to General Manager (works) and then Director (works) in erstwhile Spinning Division of the company in the year 1997. He joined the Board in the year 1999 as whole time director.

(C) Dr. (Mrs) H.K. Bal, aged 64 years, is a Management Guru. She had been Head of Department of Business Management Punjab Agricultural University. She has done Doctorate in Statistics. Presently she is working as Professor Emeritus, Lala Lajpat Rai Memorial Institute of Management Technology, Moga. She is Director in various companies.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 5 TO 8 OF SPECIAL BUSINESS.

FOR ITEM NO. 5

Dr. (Mrs) H.K. Bal, was appointed as an Additional Director by the Board at its meeting held on 29-04-2003 and hold office upto the date of forthcoming Annual General Meeting. The company has received notice from a member under section 257 of the Companies Act, 1956 along with deposit of Rs. 500/- proposing the candidature of (Mrs.) H.K. Bal as a director of the company. Your directors recommend her appointment as director of the company.

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NOTICE OF INTEREST

None of the directors is, in any way, interested in the proposed resolution except Dr. (Mrs.) H.K. Bal.

FOR ITEM NO.6

The present term of appointment of Sh. Anil Kumar as Executive Director expires on 29th August, 2003. The Board of Directors in its meeting held on 30th July, 2003 has approved the re-appointment of Sh. Anil Kumar as Executive Director and Chief Executive Officer (CEO) for the further period of 5 year i.e. From 30th August, 2003 to 29th August, 2008 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 remuneration of Sh. Anil Kumar, is Subject to the approval of Shareholders as well as the Central Government in terms of section 198, 269,309 and 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The principal terms of remuneration of Sh. Anil Kumar as approved by the Remuneration Committee of the Board for a period of first three years of his tenure starting from 30-08-2003 are as follows:

(1) SALARY

(A) The Executive Director & CEO shall be paid a salary of Rs. 82,500/- 7,500/- 97,500/- only per month.

(B) Performance Incentive : As may be decided by the Board on year to year basis, but not exceeding the 12 months salary.

(2) PERQUISITES AND ALLOWANCES

(i) Furnished residential accommodation with gas, electricity, water and furnishings.

(a) The expenditure for the company for hiring furnished accommodation for the Executive Director & CEO shall not exceed 60% of salary, over and above 10% shall be payable by the Executive Director & CEO.

(b) The monetary expenditure incurred by the company on gas, electricity, water furnishings 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. This will however be subject to a ceiling of 10% of the salary of the Executive Director & CEO.

(ii) Where ever the company does not provide the accommodation for their managerial personnel, the house rent may be paid by the company to the Executive Director & CEO as per (i) (a) above. Where accommodation is a company's owned house, is provided, the Executive Director & CEO shall pay to the company by way of rent, 10% of the salary.

(iii) 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.

(iv) Fee of clubs, subject to a maximum of two clubs, excluding admission and life membership fees.

(v) premium not to exceed Rs. 5,000/- per annum for personal accident insurance.

(vi) Leave travel concession for self and family members as per company's rules.

(vi) Provisions 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.

(vii) 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 Executive Director & CEO 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 month salary for each completed year of service.

(c) Encashment of leave at the end of the tenure.

(d) Reimbursement of all entertainment, travelling, hotel and other expenses incurred by the Executive Director & CEO during the course of and in connection with the business of the company.

(4) No sitting fees shall be paid to the Executive Director & CEO 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 year(s) during his tenure, the Executive Director & CEO will be entitled to above remuneration along with 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.

NOTICE OF INTEREST

None of the directors, except Sh. Anil Kumar, is in anyway interested in the proposed resolution.

FOR ITEM NO. 7

Sh. Rajneesh Oswal is a Director in the Company. He was first appointed as a director to fill the casual vacancy caused by the resignation of Sh. G.K. Sood in the financial year 1988-89. He was then re-appointed at 11th AGM on 30-09-1991, 13th AGM on 29-09-1993, 16th AGM on 13-09-1996, 18th AGM on 30-09-1998, 20th AGM on 26-07-2000. Board of Directors at its meeting held on 26-08-2002 has appointed Sh. Rajneesh Oswal, Director of the Company as permanent director.

Sh. Rajneesh Oswal is a Management Graduate and has experience of one and half decade in the field of Industrial & Business administration to his credit. He is also Executive Director in Adinath Textiles Ltd and Director in the following companies:-

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Oswal Technologies Ltd.
Shreyans Spinners Ltd.
Adeep Investment Co.
Virat Investment & Mercantile Co.
Jagvallah parasnath Capital Investment (P). Ltd.
Oasis Share Trading (P) Ltd.
Rovik Impex (P) Ltd.

Sh. Rajneesh Oswal, is instrumental in policy making in capacity of Vice Chairman and Director of the company. Being based at the corporate office, he provides a handy assistance to the Chairman and Managing Director of the company. For his services at the corporate office, it is proposed to pay him 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 remuneration of Sh. Rajneesh 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 and rules made thereunder-

The principal terms of remuneration of Sh. Rajneesh Oswal as approved by the Remuneration Committee of the company for a period of three years starting from 01-08-2003 are as follows :

(1) SALARY

A. Sh. Rajneesh Oswal, Director shall be paid a salary of Rs. 32000/- 50000/- 42000/- only per month.

B. **PERFORMANCE INCENTIVE** : Not exceeding 6 months salary and as decided by the board, on year to year basis.

(2) PERQUISITES AND ALLOWANCES

(i) Furnished residential accommodation with gas, electricity, water and furnishings.

(a) The expenditure for the company for hiring furnished accommodation for the director shall not exceed 60% of salary over and above 10% shall be payable by the director.

(b) The monetary expenditure incurred by the company on gas, electricity, water furnishings 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. This will however be subject to a ceiling of 10% of the salary of the Director.

(ii) Where ever the company does not provide the accommodation for their managerial personnel, the house rent may be paid by the company to the Director as per (i)

(a) above. Where accommodation is a company's owned house, is provided, the Director shall pay to the company by way of rent, 10% of the salary.

(iii) Reimbursement of expenses on medical treatment incurred by the director and his family subject to ceiling of one month salary in a year or three months salary over a period of three years.

(iv) Fee of clubs subject to a maximum of two clubs, excluding admission and life membership fees.

(v) premium not to exceed Rs. 5,000/- per annum for personal accident insurance.

(vi) Leave travel concession for self and family members

as per company's rules.

(vi) Provisions of car for official- cum Personal use, However, the valuation for personal use of car shall be treated as perquisite in the hands of Director.

(vii) 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 Director.

(3) In addition to the perquisites as aforesaid, the 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 Annuity 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 salary for each completed year of service.

(c) Encashment of leave at the end of the tenure.

(d) Reimbursement of all entertainment, travelling, hotel and other expenses incurred by the Director during the course of and in connection with the business of the company.

(4) No sitting fees shall be paid to the 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 year(s) during his tenure, the Director will be entitled to above remuneration along with the perquisites/ benefits mentioned above by way of minimum remuneration.

(6) MAXIMUM REMUNERATION

Sh. Rajneesh Oswal, being Executive Director of M/s Adinath textiles Ltd., shall be entitled for the remuneration in aggregate, taking into consideration of his remuneration from M/s Adinath Textiles Ltd., for a sum not exceeding the limits prescribed under the schedule XIII, read with section 269 of the Companies Act, 1956.

THE ABOVE SHALL ALSO BE TREATED AS AN ABSTRACT AND MEMORANDUM OF INTEREST UNDER SECTION 302 OF THE COMPANIES ACT, 1956.

NOTICE OF INTEREST

None of the directors, except Sh. Rajneesh Oswal, himself and Sh. D.K. Oswal and Sh. Vishal Oswal, being relatives of Sh. Rajneesh Oswal, is in anyway interested in the proposed resolution.

FOR ITEM NO. 8

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, (hereinafter referred to as the "Delisting Guidelines") incorporating, among others, provisions for delisting of securities of a body corporate voluntarily by a promoter or an acquirer or any other person from the stock Exchange. Presently, the Company's equity shares are listed on the following six stock Exchange :

1. The Stock Exchange, Mumbai
2. National Stock Exchange of India Limited.
3. The Vadodara Stock Exchange Limited.
4. The Ludhiana Stock Exchange Association. (the regional Stock Exchange)

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5. The Delhi Stock Exchange Association Limited,
 6. Madras Stock Exchange Limited.
 With the extensive networking of the Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Limited (NSE); and the extension of the BSE/NSE terminals to other cities as well, investors have access to on-line dealings in the company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the NSE, and the depth and liquidity of trading in the Company's equity shares on all other Stock Exchanges are lower and negligible.

The company's equity shares are one of the scripts which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialized form by -all investors, since January 2001. It is also observed that the listing fee paid to stock Exchanges other than BSE and NSE is disproportionately high compared to the extremely low trading volumes of the Company's securities on those Exchanges.

The Board of directors at its meeting held on 30-07-2003 has resolved to seek the voluntary delisting of securities from the Stock Exchanges at Ludhiana, Delhi Channai and Baroda.

The proposed resolution, will enable it to delist equity shares of the Company at any time in future from all or any of the following stock Exchange :-

1. Vadodara Stock Exchange Limited
2. The Ludhiana Stock Exchange Association Limited (the Regional Stock Exchange).
3. The Delhi Stock Exchange Limited
4. Madras Stock Exchange Limited

The Company's equity share will continue to be listed on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited after the proposed delisting.

Your Director recommend the Special Resolution for Members approval.
 None of the Directors of the Company is, in any way, concerned or interested in this Resolution.

STATEMENT OF THE DETAILS AS REQUIRED UNDER SCHEDULE XIII OF THE COMPANIES ACT, 1956 (AS AMENDED) ARE AS UNDER :

I. 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 31-03-2003 are as under :

(Rs. In Lacs)

	2002-2003	2001-2002
Gross Sale	14588.63	14640.90
Gross Profit (PBIDT)	1259.78	1072.07
Less Interest	1144.85	1142.62
Less Depreciation	508.87	497.18
Net Profit/(loss) Before Tax	(393.94)	(572.38)
Provision for Taxation	2.50	2.50
Net Profit/(loss) after Tax	(396.44)	(574.88)

(5) Export Performance and Net Foreign Exchange earnings :

(Rs. In Lacs)

	2002-2003	2001-2002
Foreign Exchange Earning	346.79	54.65
Less. Foreign Exchange Outgo	370.62	372.73
Net Foreign Exchange Earning	(23.83)	(318.08)

(6) Foreign Investments : The Company has not made or collaboration any investments in foreign funds/ Securities and has no foreign collaborations.

2. INFORMATION ABOUT THE APPOINTEE

NAME Sh. Anil Kumar

i) Back Ground Details, Job Profile and Suitability :

Sh. Anil Kumar, aged 53 years is Director of the company since, 30-8-1988. He is a Management and Engineering Graduate. He did his B.Sc (Eng.) in the year 1971 and MBA in 1973. He started his career in 1973 with M/s Verdhman Spinning and General Mills Ltd. and was working as Corporate Manager (Finance) before joining the company as General Manager in the year 1983. He was appointed as Executive Director of the company in the year 1988. He has vast experience in the field of Finance and General Administration.

Sh. Anil Kumar had represented Paper industry at various Government and Industries Forums. He is also Vice President of Ludhiana Management Association.

ii) Past Remuneration :

The Present remuneration as approved by the Extra Ordinary General Meeting held on 31-07-1998 and amended by Board at its Meeting held on 30-08-01 is as under

Salary : 75000/- P.M. (In the scale of (55000/- 50000/- 75000/-) Performance Incentive: As approved by the Board on year to year basis Subject to maximum 12 month salary.

Perquisites :

Housing : (I) Expenditure by the company for hiring furnished accommodation- upto 60% of the salary, over and above 10 % payable the Executive Director

(II) In case accommodation is owned by the company, 10 % the salary shall be deducted by the company, as house rent.

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(iii) In case no accommodation is provided by the company the Executive Director shall be entitled to House rent Allowance upto 60% of the salary. (Gas, electricity, water and furnishing :- As per income tax rules 1962).

Medical reimbursement : One month's salary in a year or three month. Salary over period of three year.

LTC : for self and his family once in a year, as per company's rules.

Leave encashment : At the end of the tenure

Club Fee : Subject to maximum of two clubs excluding entry and life membership fee.

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 complete year of service.

Provident fund : Contribution to recognised provident fund as per company rules.

Keeping in view the experience and the role of Executive Director, in the growth of the Company the Board of Director at its meeting held on 30-07-2003, approved the re-appointment of Sh. Anil Kumar as Executive Director & CEO of the Company for next five years w.e.f. 30-08-2003

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 Executive Director of Sh. Anil Kumar, 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 1988-89

(B) Best National Productivity Award for the year 1989-90

v) Pecuniary relationship

Sh. Anil Kumar, except his appointment as Executive Director of the company, has no pecuniary relation with the company.

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 Personal	Annual Turnover (Rs. in Lacs)	Remuneration Paid (Rs. in Lacs PA)
1.	KAJARIA CERAMICS LIMITED.	SH. D.D. RISHI Executive Director	22784	16.42
2.	INDIAN ACRYLICS LTD.	Ms. PIRYA GARG Executive Director	23196	23.45
3.	NAHAR EXPORTS LTD.	SH. S.L. SEHGAL Executive Director	42167	14.04

As reported in the Annual Report F.Y. 2001-02

3. OTHER INFORMATION

Though 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 2003, which were mainly due to external and unexpected circumstances beyond the control of the Management. These included :

(a) There was general economic slowdown not only in India but in world economies as well.

(b) There was general recession in Cotton Spinning Industry and paper Industry, the two spheres in which the company functioned.

(c) Unfavourable Government policies in respect of large scale dumping of imported paper.

(d) Anomalies in Customs and Excise Duties affecting the Company adversely.

(e) 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 the 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 31-03-2003 and it is hoped that the trend will be reversed in the Current year.

STEPS TAKEN BY THE MANAGEMENT TO IMPROVE THE PERFORMANCE OF THE COMPANY

In order to overcome the losses and to improve the net worth of the Company, the management has taken the following effective measures.

1. A major modernisation- cum- expansion scheme has been completed at Shree Rishabh Paper.

2. Essential capital expenditure is being incurred in both the paper division for streamlining operations. Major capital expenditure includes putting up of continuous Digester in both the paper divisions. This will result in substantial reduction in cost of production. The company has implemented cost reduction program in business areas as an on-going exercise with day to day monitoring.

3. A continuous program for improving various operational parameters is being undertaken to improve productivity and reduction in cost in various operational areas.

4. A scheme of financial restructuring has been approved by the Corporate Debt Restructuring Cell. As an outcome of Scheme, overall reduction in rate of interest will result in lower financial expenses in the coming years.

EXPECTED INCREASE IN PRODUCTIVITY AND PROFITS IN MEASURABLE TERMS :

The Company is continuously improving its operational efficiency, productivity and cost control, which will help it to improve the bottom line in future. With the various steps taken by company and further plans and strategies under implementation the performance of the company is likely to improve.

DISCLOSURES

The remuneration package along with the corresponding details payable to the Executive Director & CEO has been mentioned earlier. Further the remuneration paid to the Executive Director & CEO and other directors has been included in the Board's Report on Corporate Governance. The performance incentive payable to Sh. Anil Kumar shall be decided by the Board of Directors on year to year basis. Sh. Anil Kumar's tenure as Executive Director & CEO Shall be governed by a service contract of five years.

The aforesaid statements form part of the notice calling the Annual General Meeting. None of the Directors except Sh. Anil Kumar, the appointee, is concerned or interested in resolution at serial no.6 of notice.

SHREYANS INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 23rd Annual Report on the business and operations of the Company along with audited statements of account for the year ended 31st March 2003.

Financial Results (Rs. in Lacs)

	2002-2003	2001-2002
Gross Sales	14588.63	14640.90
Profit before interest & depreciation	1273.61	1072.70
Less: Interest	1144.85	1142.62
Gross Profit	128.76	(69.92)
Depreciation	508.87	497.18
Net profit before tax	(380.11)	(567.10)
Provision for Wealth Tax	2.60	2.50
Net profit after tax	(382.61)	(569.60)

CORPORATE REVIEW

Paper industry, in which company is engaged, saw mixed fortunes during the year under review, while the market remained stable for most part of the year, cost of various inputs especially the agricultural residues saw sharp upswing because of severe drought conditions faced during the year. This made serious impact on the operations of the company. However, significant portion of this impact was offset by better operational efficiencies and cost savings under various other heads.

Significant additional capacities were added in paper industry in the company which created tough competition for the company. To meet the challenges of market place better quality paper with higher brightness and other quality parameters was introduced in both the divisions of the company which evoked encouraging response from the market. Quality parameters are being continuously improved and products of the company are being well received in the market.

During the year under review company made significant break through in export market. A total quantity of 1086 MTs of paper was exported directly or through merchant exporters against 333 MTs done during last year.

Based on its experience of installing and commissioning Continuous Digesters at both of its divisions, company entered into a contract with overseas buyers for supplying and commissioning Continuous Digesters. Consequently two numbers of Continuous Digesters were exported with a CIF value Rs. 261.35 lacs during the year. Company does expect to continue its export performance in the current year also.

PERFORMANCE REVIEW

SHREYANS PAPERS, AHMEDGARH

Paper production in this unit was marginally higher at 29952 MTs as compared to 29341 MTs of last year. However, sales revenue remained almost the same at Rs. 8790.88 lacs as compared to Rs. 8775.89 lacs of last year. Operating and other parameters of the unit continued to show improvement during the year and despite sharp increase in prices of fibrous raw materials this unit showed better financial results as compared to last year.

With a view to further improve the quality of paper and also to reduce dependence on chlorine, project for EO (Extraction-cum-Oxygen) Bleaching has been

undertaken in the unit which is expected to be commissioned by end August 2003. Implementation of this project will yield higher brightness in pulp with lower chemical consumption and help company producing better quality paper.

SHREE RISHABH PAPERS, BANAH

Production of this unit remained almost constant at 21938 MTs as compared to 22224 MTs of last year. Marginal fall was because of lower GSM of paper produced in the unit. Sales revenue fell marginally to Rs. 5797.74 lacs as compared to Rs. 5865.01 lacs of last year.

As mentioned above, due to sharp increase in prices of various fibrous raw materials there was severe pressure on the margins. However, impact thereof was almost set-off by savings in various other operational costs and expenses.

FINANCIAL REVIEW

Total sales of the Company remained constant at Rs. 14588.63 lacs as compared to Rs. 14640.90 lacs of last year. However, profit before interest and depreciation increased to Rs. 1273.61 lacs as compared to Rs. 1072.70 lacs of last year. Consequently, net loss came down to Rs. 382.61 lacs as compared to Rs. 569.60 lacs of last year.

FUTURE PLANS / PROSPECTS

High debt and resultant financial burden has been a continuous area of concern for the company. Despite improvement in productivity and operational parameters, the company has not been able to earn profits because of very high financial cost which constitute almost 8.6% of net sales. Company approached Financial Institutions / Banks with a request to restructure its debts by rescheduling the repayments and bring down the interest rates in line with the present prevailing rates, under Corporate Debt Restructuring (CDR) Scheme of Reserve Bank of India. Company's request was considered in CDR Cell and your Directors are happy to inform that in its meeting held on 12th June 2003, CDR Empowered Group agreed to restructure the debts of the company and consequently loans granted by ICICI Bank Limited, Industrial Development Bank of India (IDBI), State Bank of Patiala, Bank of India and Life Insurance Corporation of India (LIC) are being restructured. Company is in negotiations with other banks/ Financial Institutions who are not member of the CDR Cell for restructuring of their debts also. This restructuring is effective from 1st January 2003 and will result in substantial reduction in financial expenses which will be reflected in financial results of coming years.

DIVIDEND

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

DEPOSITS

Eight deposits amounting to Rs. 3.28 lacs were due for repayment till 31st March 2003, but neither claimed nor renewed by the depositors till then. Company has since then received instructions regarding five deposits totalling to Rs. 1.61 lacs. Company is awaiting instructions from the depositors regarding balance deposits.

DIRECTORS

Shri R.M. Mehta resigned from the Board w.e.f. 2nd February, 2003. Board places on record deep appreciation for contribution made by Sh. R.M. Mehta during his tenure with the Company. Mr. H.K. Bal resigned from the Board w.e.f. 5th February, 2003. Subsequently she was appointed as Additional Director w.e.f. 29th April, 2003. She holds office till the date of forth coming Annual

SHREYANS INDUSTRIES LIMITED

General Meeting, wherein she is proposed to be appointed as Regular Director liable for retirement by rotation.

Shri Anil Kumar and Shri Vishal Oswal, Directors of the Company retire by rotation at the forth coming 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 forth coming Annual General Meeting and are eligible for reappointment.

AUDITORS' REPORT

Comments in auditors' report on accounts regarding higher charge of depreciation and non-provision of amount due to a creditor read with notes on accounts

thereon are self explanatory. As far as their comment regarding non-provision of decline in value of long term investment in Adinath Textiles Limited is concerned, Directors feel that market value of shares is true indicator of the value of investments made by the Company and consider that provisions made in the book of accounts to the extent of difference between book value and market value is adequate.

INDUSTRIAL RELATIONS

Industrial relations in all the units of the Company remained cordial throughout the year under review.

PERSONNEL

Particulars of employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are given below.

Name	Designation/ Nature of Duties	Gross Emolu- ments	Qualif- ication	Experi- ence Years	Date of Emple- yment	Age Years	Last Empley- ment
Sh. D.K. Oswal	Chairman- Cum-Managing Director / Administration	2807977	Graduate	41	26.09.87	63	Managing Director Vardhman Spinning & General Mills Limited

Notes : Remuneration includes Salary, Company's Contribution to Provident Fund and other allowances paid in cash and Taxable value of non cash perquisites.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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.

A report on corporate governance and auditors' certificate regarding compliance of corporate conditions as stipulated under clause 49 of the listing agreement with stock exchanges is given as annexure to this report.

CONSERVATIONS 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 outgo forming part of the Report are also annexed. Specific consumption was marginally higher at 1231 KWh as compared to 1208 KWh during last year due to shift in product mix to lower GSM. However, consumption for rice husk and other fuels fell to 2.0 tons per ton of paper as compared to 2.14 tons of earlier years.

various agencies and departments of the central and state governments, financial institutions, banks, customers, suppliers, other business associates and investors. Your Director 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 source of strength for the Company.

FOR AND ON BEHALF OF THE BOARD

(D.K. OSWAL)
CHAIRMAN-CUM MANAGING DIRECTOR

Place: Ludhiana
Date : 30th July 2003

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 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

ACKNOWLEDGEMENTS

Your Directors wish to place on record their thanks and appreciation for the valuable support and co-operation of