

25th ANNUAL REPORT

2005

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Group

Shreyans Industries Limited



BOARD OF DIRECTORS

SH. D.K. OSWAL, Chairman and Managing Director
 SH. RAJNEESH OSWAL, Executive Vice-Chairman
 SH. VISHAL OSWAL, Whole time Director
 SH. S. N. GOGATE Nominee of ICICI Bank Ltd.
 SH. RAM K. GUPTA Nominee of UTI
 DR. (MRS.) H.K. BAL
 SH. R. C. SINGAL
 SH. M.L. GUPTA
 DR. N. J. RAO
 SH. ANIL KUMAR, Executive Director and C.E.O

COMPANY SECRETARY

MR. VIPIN KUMAR BHATIA

BANKERS

STATE BANK OF PATIALA
 BANK OF INDIA
 STATE BANK OF MAURITIUS

STATUTORY AUDITORS

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

REGISTRAR & TRANSFER AGENTS

M/s. SKYLINE FINANCIAL SERVICES (P) LIMITED
 123, VINOBA PURI, LAJPAT NAGAR,
 NEW DELHI - 1100024

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 25th Annual Report

Notice is hereby given that the 25th Annual General Meeting of the members of the company will be held on Thursday, the 15th day of September, 2005 at 12 30 P.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 31st March, 2005 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. Anil Kumar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh. Vishal Oswal, 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 three years with effect from 26th September, 2005 on the remuneration, term and condition as set out in the agreement, to be entered in to 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. Vishal 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."

By order of the Board
For Shreyans Industries Limited

Sd/-
VISHAL OSWAL
(Whole Time Director)

Place : Ludhiana
Dated : 29th June, 2005

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 Saturday, the 10th day of September 2005 to Thursday the 15th day of September, 2005 (both days inclusive), both for Physical and De-materialisation mode.

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 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/ Register & Transfer Agents.

(II) Notify immediately to the company / Registrar & Transfer Agents 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, Unpaid dividend for the year 1996-97, which remained unpaid or unclaimed has already been transferred to the Investors Education and Protection Fund of the Central Government.

9. Members of the company, who are also holding Non Convertible Debentures, but not surrendered the debenture certificate as yet, are requested to surrender the debenture certificate. On receipt of debenture certificate, the company shall send the redemption amount.

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.

By order of the Board
For Shreyans Industries Limited

Sd/-
VISHAL OSWAL
(Whole Time Director)

Place : Ludhiana
Dated : 29th June, 2005

SHREYANS INDUSTRIES LIMITED 25th Annual Report**Re-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. 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 55 years is Director of the Company since 30.08.1988. He is Management and Engineering Graduate. He started his career in 1973 with M/s. Vardhman Spinning and General Mills Ltd. and was working as Finance Manager 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 33 year is Director of the Company w.e.f. 31.07.1999. 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) Information about Sh. D. K. Oswal is provided in the explanatory statement given here under :

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, 2005. The Board of Directors in its meeting held on 29th June, 2005 has approved the re-appointment of Sh. D. K. Oswal for a further period of three year i.e. from 26th September, 2005 to 25th September, 2008 on such remuneration as mentioned hereunder and on such term 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 26.09.2005 are as follows :

(1) SALARY

The Managing Director shall be paid a salary of Rs. 375000/- 40000/- 455000/- only per month.

(2) PERQUISITES AND ALLOWANCES

(a) The expenditure pertaining to gas, electricity, water, furnishings and other utilities including repairs will be borne/

reimbursed by the company and shall be valued as per Income Tax Rules, 1962 or in accordance with such other directions/ clarification as may be issued by the Ministry 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, excluding 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, for travel within India.

(f) 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.

(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 month 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 year during his tenure, the Managing Director 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.

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

SHREYANS INDUSTRIES LIMITED 25th Annual Report

1. General Information

(1) Nature of Industry : The Company is engaged in the Manufacturing of writing and printing paper from agriculture residues.

2. Date of Commencement of

Commercial Production : The Company started its Commercial Production in May 1982

(3) Financial Performance : Financial Performance of the Company for the year ended 31.03.2005 and 31.03.2004 are as under :

(Rs. In Lacs)

	2004-2005	2003-2004
Gross Sales	15799.36	15330.04
Profit before Interest & Depreciation (PBIDT)	955.92	1601.42
Less, Interest	900.57	878.89
Gross Profit	55.35	722.53
Less, Depreciation	520.64	514.01
Net Profit before Tax	(465.29)	208.52
Provision for Taxation	1.80	1.85
Net Profit after Tax	(467.09)	206.67

(4) Export Performance and Net Foreign Exchange Collaboration :

	2004-2005	2003-2004
Foreign Exchange Earning	574.29	122.61
Less, Foreign Exchange Outgoing	467.89	413.89
Net Foreign Exchange Earning	106.40	(291.28)

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

2. Information about the appointee

Name Sh. D. K. Oswal

i) Back Ground Details, Job Profile and suitability :

Shri D. K. Oswal, the appointee is one of the present promoters and is the Managing Director of the Company since 1987. Shri D. K. Oswal has long experience of over 39 years in Industry and has been the Managing Director of Vardhman Spinning and General Mill Limited for 22 years. As such, the appointee has got the best experience and expertise in the various spheres of Industry and business 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 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 at each of the units. The combined capacity of these two paper units was increased from 38000 MT in 1995-96 to 66000 MT at present. As a result the Company was able to register a turnover of Rs. 15799.36 Lacs in the year 2004-05.

SHREYANS INDUSTRIES LIMITED 25th Annual Report

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 staff 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 26th September 2002 as well as by the Central Government is as under

(1) Salary: 3,00,000/- 3,50,000/- p.m. w.e.f. 26.09.2002

(2) PERQUISITES AND ALLOWANCES

(a) The expenditure pertaining to 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.

(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, excluding 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) Provision of Telephone at residence for official -cum-prsonal 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 is entitled to the following benefits in accordance with the rules of the Company, which are 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 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.

Keeping the aforesaid in view and the demands on the role 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.

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 time.

v) Pecuniary relationship :

Sh. D. K. Oswal himself is Managing Director of the Company. His elder son Mr. Rajneesh Oswal is Executive Vice Chairman of the Company and his other son Mr. Vishal Oswal is Whole time Director of the Company. Mrs. Nirmal Oswal, wife of Sh. D. K. Oswal and Mrs. Shikha Oswal wife of Mr. Vishal Oswal are also holding offices of profit in the Company. Besides this Sh. D. K. Oswal has no pecuniary relationship 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 Personnel	Annual Turnover (Rs. in Lacs)	Remuneration Paid (RS. per annum)
1.	PRECOT MILLS LTD.	SH. ASHISH CHANDRA Director Operation	24526	48,00,000*
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*

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S. No.	Name of the Company	Name of the Managerial Personnel	Annual Turnover (Rs. In Lacs)	Remuneration Paid (RS. per annum)
4.	STAR PAPER MILLS LTD.	SH. M. MISHRA Managing Director	19656	29,76,412*
5.	MALWA COTTON SPG. MILLS LTD.	SH. JANGI LAL OSWAL Managing Director	35421	24,00,000*

* Unquantified remuneration not included

** As reported in the Annual Report.

3. OTHER INFORMATION

The Company incurred losses in previous years due to varied reason. 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 2005. These includes :

- High debt and resultant burden on the Company.
- Anomalies in Customs and Excise Duties affecting the Company adversely.
- Continue increase in prices of raw materials coupled with higher power tariff, without corresponding increase in sales realisation.
- Significant addition of capacity in the paper industry.
- 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.
- Mandatory provisioning for diminution in the value of long term investments. These were the main factors for the accumulated losses as on 31.03.2005 and it is hoped that the trend will be reversed in the Current year on wards.

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

- The operations of the continuous loss making spinning division (which was a drag on the profits of Paper units) have already been shut down and the assets of the same have been disposed-off.
- The financial liabilities have been restructured by the CDR Cell resulting in improvement in financial health of the company.
- Quality parameters are being continuously improved to enhance the acceptability of products in the market.
- Essential capital expenditure is being incurred in both the paper divisions for streamlining operations. Major capital expenditure includes putting up of Continuous Digester, Eo Bleaching Plant in both the paper divisions. This will result in substantial reduction in cost of production and improve the quality of paper. The Company has implemented cost reduction program in business areas as an on-going exercise with the day to day monitoring.
- A continuous program for improving various operational parameters is being undertaken to improve productivity and reduction in cost in various operational areas.
- Company has introduced the high quality value added products to improve the bottom lines.

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 your 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 Managing Director has been mentioned earlier. Further the remuneration paid to the Managing Director and other director has been included in the Board's Report on Corporate Governance. There is no performance linked incentives, severance fee or stock option available in case of Sh. D. K. Oswal. Sh. D. K. Oswal's tenure as Managing Director shall be governed by a service contract of three years. The aforesaid statement from part of the notice calling the Annual General Meeting. None of the Directors except Sh. D. K. Oswal, the appointee, Mr. Rajneesh Oswal and Mr. Vishal Oswal, who are relatives of Sh. D. K. Oswal, is concerned or interested in this resolution.

Your directors recommend the resolution at Sr. No. 5 of Special Business for your approval.

SHREYANS INDUSTRIES LIMITED 25th Annual Report

Dear Members,

Your Directors have pleasure in presenting the 25th Annual Report on the business and operations of the Company along with audited statements of accounts for the year ended 31st March 2005.

Financial Results

(Rs. in Lacs)

	2004-2005	2003-2004
Gross Sales	15799.36	15330.04
Profit before interest & depreciation	955.92	1601.42
Less: Interest	900.57	878.89
Gross Profit	55.35	722.53
Depreciation	520.64	514.01
Net profit before tax	(465.29)	208.52
Provision for Wealth Tax	1.80	1.85
Net profit after tax	(467.09)	206.67

CORPORATE REVIEW

During the year under review, the prices of paper showed a hardening trend, however, prices of major chemical like Caustic Soda and Chlorine increased sharply resulting in an extra burden of more than Rs. 350.00 lacs. The prices of major fuel i.e. rice husk also increased significantly by almost 22%. Impact of these increases was partially setoff by, almost 20% reduction in consumption of Chlorine, lowering of electricity tariff with effect from 1.10.2004 and also lowering of excise duty on paper manufactured by using non-conventional raw materials to 12% instead of 16% with effect from 10.09.2004. The reduction in Chlorine consumption was achieved by up-gradation of washing and bleaching plant in both the divisions.

Your Directors indicated in the last year's report Company's intention for setting up a Captive-cum- Co-generation Power Plant. However, plans for the same were deferred keeping in view the non-availability of financing options. This project will be taken up in due course of time depending upon the availability of funds. Order for a New Head Box for Paper Machine at Shreyans Papers and Eo Bleaching Plant at Shree Rishabh Papers was placed during the year under review. The head box has been received and commissioned in the month of June 2005 at Shreyans Papers. Eo bleaching Plant will also be commissioned during the current year at Shree Rishabh Papers. Efforts to reduce the consumption of chemicals, energy and other inputs and improvements in quality parameters remain the corner stone of Company's efforts and these efforts are bearing fruit and products of the Company are well received in the market.

Export market remained another area of focus during the year under review keeping in view the better realization both in direct export, merchant export, and deemed export areas. Company exported 3748 MTs of paper as compared to 991 MTs of paper during the last year. However, a constant watch is kept on price realization in export as well as domestic market so that best options are exercised.

PERFORMANCE REVIEW

SHREYANS PAPERS, AHMEDGARH

During the year under review, paper production in this division was marginally higher at 29527 MTs as compared to 29213 MTs. Sales revenues were also higher at Rs.9215.30 lacs as compared to Rs. 8838.05 lacs of last year recording an increase of 4.26%. The quality of paper produced by this division received excellent response from the market and Company expects much better operating results in the coming years from this unit.

SHREE RISHABH PAPERS, BANAH

During the year under review, production of this division was

marginally lower at 22654 MTs as against 23390 MTs due to change in product mix. However, sales increased to Rs.6584.05 lacs as compared to Rs.6492.00 lacs of last year, thus showing an increase of about 1.4%. Up-gradation of washing and bleaching plant was completed towards later half of the year and operating parameters of this unit are now comparable well with Shreyans Papers. Quality of the paper produced by this unit is also now well accepted and the Company expects that during the current year this unit will also become a significant contributor to the revenues of the Company.

FINANCIAL REVIEW

During the year the package as approved by Corporate Debt Restructuring (CDR) Cell was fully implemented. Company has moved Hon'ble Punjab and Haryana High Court at Chandigarh under section 391 of the Companies Act, 1956 calling upon Unit Trust of India to accept the package as approved by CDR Cell for its outstanding loan and matter is pending before the Court. Operating financial result of the Company during the year under review were better as compared to last year. However, due to provisioning of doubtful debt to the extent of Rs. 301.49 lacs, operations resulted in a net loss of Rs. 467.09 lacs as compared to net profit of Rs. 206.67 lacs which was inclusive of other income of Rs. 650.30 lacs on account of various write-backs on account of restructuring of debts under CDR scheme.

FUTURE PLANS / PROSPECTS

As mentioned above, a new head box has been commissioned at Shreyans Papers, Ahmedgarh during the current year and also work on Eo bleaching plant has been under taken at Shree Rishabh Papers. Various de-bottlenecking projects have been undertaken in both the divisions of the Company to improve the working both in terms of quantity and quality of production and also reduction in consumption of various inputs. Barring unforeseen circumstances, operations of the Company should result in net operating profits during the current year.

DIVIDEND

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

DEPOSITS

Keeping in view the losses incurred during the year 2002-03, deposits held by the company as on 31st March 2003 exceeded the limits prescribed under section 58A of the companies Act, 1956 read with Rule 3(2)(i) & (ii) of the Companies (Acceptance of Deposits) Rules, 1975 to the extent of Rs. 123.12 lacs. Company approached Ministry of Finance, Department of Company Affairs, Government of India for seeking approval for exemption from the above rules under section 58A(8) of the companies Act, 1956. Department of the company affairs has conveyed its approval to the company's request exempting the company from the provisions of above section and rules for three financial years ending on 31st March 2004, 31st March 2005 and 31st March 2006 in respect of excess deposits of Rs. 123.12 lacs subject to the conditions:

1. The exemption granted will be without prejudice to any legal rights available to any depositor or any shareholder or creditor as per law in force in respect of recovery of any amount which has become due for repayment.
 2. The exemption would be under sub-section (8) of Section 58A of Companies Act, 1956 Only and such exemption would not convey approval of Central Government under any other provisions of Companies Act, 1956 or under any other law in force.
- four deposits amounting to Rs. 1.83 lacs were due for repayment till 31st March, 2005 but neither claimed nor renewed by the depositors till then. Company has since then received instructions regarding one deposits of Rs. 0.16 lacs. Company is awaiting instructions from the depositors regarding balance deposits.

SHREYANS INDUSTRIES LIMITED 25th Annual Report**DIRECTORS**

Shri Anil Kumar and Shri Vishal Oswal, Directors of the Company, liable to retire by rotation at the forthcoming Annual General Meeting under clause 113 of Article of Association of the Company and being eligible, offer themselves for the reappointment.

AUDITORS

M/c 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

The auditor's reports on the accounts of the Company for the year under review regarding charge of higher depreciation is self explanatory and requires no comments. As far as their comment regarding non-provision of decline in value, other

than temporary, in respect of long term investment in Adinath Textiles Limited is concerned, market price of shares is realizable price of investments as on date of balance sheet and provisions made in the books 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 Emoluments	Qualification	Experience Years	Date of Employment	Age Years	Last Employment
Sh. D. K. Oswal	Chairman-Cum-Managing Director / Administration	4813253	Graduate	43	26.09.87	65	Managing Director Vardhman Spinning & General Mills Ltd.

Note: Remuneration includes Salary, Company's Contribution to Provident Fund and other allowance 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

A report on compliance of the conditions of corporate governance has been obtained from the statutory auditors of the company and the same is given as annexure. The Annual Report also contains a separate section on corporate governance as required under clause 49 of the listing agreement with stock exchanges. It has always been company's endeavor to exceed through better corporate governance and fair and transparent practices, many of which have already been in place even before they were mandated by the Law and other regulatory bodies.

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 electrical energy consumption was marginally higher at 1235 KWh as compared to 1225 KWh during last year. However consumption of rice husk was marginally lower at 2.02 tons per ton of paper as compared to 2.06 tons of earlier year.

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 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

(RAJNEESH OSWAL)
EXECUTIVE VICE CHAIRMAN

Place: Ludhiana

Date: 13th July 2005