

# 26<sup>th</sup> ANNUAL REPORT

# 2006

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Group

## Shreyans Industries Limited

## 26th Annual Report

**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. A.K CHAKRABORTY NOMINEE OF ICICI BANK LTD.  
 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 - 110024

**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.

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**NOTICE**

Notice is hereby given that the 26th Annual General Meeting of the members of the Company will be held on Friday, the 30th day of June, 2006 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, 2006 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. M.L. Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. N.J. Rao, 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 pursuant to the provisions of Section 94 of the Companies Act, 1956 the Authorised Share Capital of the Company be and is hereby altered from Rs. 20,00,00,000/- (Rs. Twenty Crores) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Share of Rs. 10/- each and 5,00,000 (Five Lacs) Redeemable Preference Share of Rs. 100/- each to Rs. 20,00,00,000/- (Rs. Twenty Crores) divided into 1,90,00,000 (One Crore Ninety Lacs) Equity Shares of Rs. 10/- each and 1,00,000 (One Lacs) Redeemable Preference Shares of Rs. 100/- each.

"RESOLVED FURTHER THAT the existing clause V of the Memorandum of Association of the Company be deleted and the following be substituted therefor as Clause V.

"The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rs. Twenty Crores) divided into 1,90,00,000 (One Crore Ninety Lacs) Equity Share of Rs. 10/- each and 1,00,000 (One Lacs) Redeemable Preference Share of Rs. 100/- each.

**6. 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 provisions of Section 31 of the Companies Act, 1956 the existing Article 4 of the Articles of Association of the Company be deleted and the following be substituted therefore has Article 4.

The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rs. Twenty Crores) divided into 1,90,00,000/- (One Crore Ninety Lacs) Equity Share of Rs. 10/- each and 1,00,000 (One Lacs) Redeemable Preference Share of Rs. 100/- (One hundred) each, with power to increase or decrease and with power from time to time to issue any preferential, qualified or special rights privileges or conditions as may be thought fit and upon the sub division of a share to apportion the right to participate in profits in any manner as between the share resulting from sub division. The right attached to the preference share shall be such as may be determined by the company at the time of issue thereof"

**7. 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 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 to the appointment of Sh. Rajneesh Oswal, as the Vice Chairman & Joint Managing Director of the Company for a further period of five years with effect from 1st August, 2006 on the remuneration, 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 and 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 approval in this regard and as may be acceptable to Sh. Rajneesh Oswal without referring the same to the General Meeting again."

"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. Rajneesh Oswal, the remuneration aforesaid shall be paid as 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 provisions of Section 198, 269, 309, 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, 2006 on the remuneration, term and condition 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 and vary the terms and conditions of the said reappointment 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 approval in this regard and as may be acceptable to Sh. Anil Kumar without referring the same to the General Meeting again."

"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 paid as 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."

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

"RESOLVED THAT pursuant to Section 314 (1), and all other applicable provisions, if any, of the Companies Act, 1956, and

further to the resolution passed by the company at General Meeting held on 11th December 1995, consent of the company be and is hereby accorded to Mrs. Nirmal Kumari Oswal to hold an office, or place of Profit as General Manager Business Development in the Company w.e.f. 01.06.2006 on a basic salary of Rs. 24,000/- p.m. and other perquisites/ benefits as per Company's Rules

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to sanction at their own discretion and with the approval of Central Government, wherever necessary, increment, grade etc., as they may deem fit and proper.

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

"RESOLVED THAT pursuant to section to section 81-81 (1A) and all other applicable provision, if any, of the Company's 1956 (including any amendment there to or re-enactment thereof) and subject to the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with stock Exchange(s) where the securities of the Company are listed and subject to the approval, consent, permission and/ or sanction, as may be necessary of the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Financial Institutions, and any other appropriate authority, Institution or Body and subject to such terms, conditions, alteration, corrections, changes, variations and/ or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent, permission and/ or sanction, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee duly constituted by the Board of Directors may hereafter constitute, to exercise one or more of its powers including the powers conferred by this resolution) to issue, offer and allot upto 55,37,500 (Fifty Five lacs Thirty Seven Thousand Five hundreds) Equity Share of Rs. 10/- each on Right Basis, to the existing members of the Company in a ratio of One New Equity share each for the every Two shares held on a record date to be fixed by the Board at a price as may be decided by the Board in consultation with the Merchant Bankers.

" RESOLVED FURTHER THAT the Board, be and is hereby authorised to issue and allot New Equity Shares to the persons other than the existing members who do not accept offer of Rights and/ or who renounce their Rights in favour of any other person.

" RESOLVED FURTHER THAT the Board, be and is hereby authorised to issue and allot New Equity Shares, out of unsubscribed portion of the issue, to those holder, who apply for the additional Equity Shares, over and above to their Rights entitlement, as the case may be.

" RESOLVED FURTHER THAT the Board, be and is hereby authorised to issue and allot New Equity Shares which shall rank pari passu with the existing equity shares of the Company in all respects."

" RESOLVED FURTHER THAT the Board, be and is hereby authorised to take all necessary steps to effect the forgoing resolutions and that all acts, deeds and things already done by the Board with regard to the issue of Equity Shares as above, be and are hereby rectified and confirmed.

By order of the Board  
For Shreyans Industries Limited

Sd/-

(VIPIN KUMAR BHATIA)  
COMPANY SECRETARY

Place : Ludhiana  
Dated : 20th May 2006

**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 27th day of June, 2006 to Friday the 30th day of June, 2006 (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 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/ Registrar & Transfer Agents.

(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, Unpaid amount of, Installment or redemption of 14% Non convertible Debentures which was due in financial year 1998-99, but remained unpaid or unclaimed, has 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/-

(VIPIN KUMAR BHATIA)  
COMPANY SECRETARY

Place : Ludhiana  
Dated : 20th May, 2006

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 5 TO 10 OF SPECIAL BUSINESS.****FOR ITEM NO. 5 & 6**

The Present Authorised Capital of the Company is Rs. 20.00 Crore, divided into Equity Share of Rs. 15.00 Crores and Preference Shares of Rs. 5.00 Crores. The ratio of preference shares in the Authorised capital was increased at the AGM held on 13th Sept. 1996. Company has not issued any Preference Share since the AGM held on 13.09.1996.

Board of Directors at its meeting held on 20th May 2006, proposed to issue 55,37,500 Equity Shares of Rs. 10/- each. Since the unissued Equity Share fell short of the number of proposed issue, Management of company propose to alter the present structure of Authorised Capital.

Accordingly it is proposed to alter the existing capital clauses of Memorandum & Articles of Association of the Company. Necessary resolutions are proposed at item no. 5 and 6 of the aforesaid agenda as ordinary and special resolutions respectively.

Director of your Company recommends the passing of above resolutions.

**NOTICE OF INTEREST**

None of Directors is any way interested or concerned in the resolutions as proposed at item No. 5 and item No. 6 above.

**FOR ITEM NO. 7**

Company had appointed Sh Rajneesh Oswal as Executive Vice Chairman w.e.f. 01.08.2003 at AGM held on 25th September 2003. The re- appointment was subject to the approval of Central Government under schedule XIII of the Companies Act, 1956. The Central Government has approved the appointment for a term of three years.

The Board of Directors in its meeting held on 20th May 2006 has approved the appointment of Sh. Rajneesh Oswal as Vice Chairman & Joint Managing Director for the period of 5 years i.e. from 1st August, 2006 to 31st July, 2011 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 10.30a.m. to 12.30p.m. Terms in brief are given hereunder.

The remuneration of Sh. Rajneesh Oswal, is subject to the approval of Shareholders 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 five years starting from 01.08.2006 are as follows :

**(1) SALARY**

A. The Vice Chairman & Joint Managing Director shall be paid a salary of Rs. 1,25,000/- 15,000/- 1,85,000/- 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 appointee shall not exceed 60% of salary over and above 10% payable by the appointee.

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 Ministry of Company Affairs. This will however be subject to a ceiling of 10% of the salary of the appointee.

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

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

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

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

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

(vi) 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.

(vii) Provision 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 appointee 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, Superannuation 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 appointee during the course of and in connection with the business of the Company.

(4) No sitting fees shall be paid to the appointee 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 appointee 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 Textile Ltd., Shall be entitled for the remuneration in aggregate, taking into consideration of his remuneration from M/s. Adinath Textile Ltd., if any, for a sum not exceeding the limits prescribed under the schedule XIII, read with section 269 of the Companies Act, 1956. However, at present Sh. Rajneesh Oswal is not getting any remuneration from M/s. Adinath Textile Ltd. for holding the office of Executive Director.



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

Necessary resolution is proposed at item No. 7 of the aforesaid agenda as special resolution.  
Director of your Company recommends the passing of above resolution.

#### **NOTICE OF INTEREST**

\*None of the Directors except Sh. Rajneesh Oswal, himself Sh. D.K. Oswal and Sh. Vishal Oswal, being relatives of Sh. Rajneesh Oswal, are in anyway deemed to be interested in the proposed resolution.

#### **FOR ITEM NO. 8**

Company had re- appointed Sh. Anil Kumar As Executive Director & CEO for a term of five years at Annual General Meeting held on 23rd September, 2003. The re- appointment was subject to the approval of Central Government under schedule XIII of the companies Act, 1956. The Central Government has approved the appointment for a term of three years. Accordingly the present term of appointment of Sh. Anil Kumar expires on 29th August, 2006.

The Board of Director in its meeting held on 20th May, 2006 has approved the re- appointment of Sh. Anil Kumar for the further period of Five year i.e. from 30th August, 2006 to 29th August, 2011 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 term 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 Company for a period of five years starting from 30.08.2006 are as follows :

#### **(I) SALARY**

A) The Executive Director & CEO shall be paid a salary of Rs. 1,40,000/- 15,000/- 2,00,000/- only per month.

B) **PERFORMANCE INCENTIVE** : Not exceeding 12 months salary and as decided by the Board, on year to year basis.

#### **(1) 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 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 five months salary over a period of five 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) Leave travel concession for self and family members as per company's rules.

(f) Provision for 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-personal use. However, the valuation of personal use of telephone shall be treated as perquisite in the hand of appointee.

(1) In addition to the perquisites as aforesaid, the appointee 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, Superannuation 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 appointee during the course of and in connection with the business of the Company.

(1) No sitting fees shall be paid to the appointee for attending the meeting of Board of Directors or any Committee thereof.

#### **(2) MINIMUM REMUNERATION**

In the event of inadequacy or absence of profits in any financial year during his tenure, the appointee 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.

Necessary resolution is proposed at item No. 8 of the aforesaid agenda as special resolution.

Director of your Company recommends the passing of above resolution.

#### **NOTICE OF INTEREST**

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

#### **FORM ITEM NO. 9**

Mrs. Nirmal Kumari Oswal was appointed as Business Development Officer in the year 1992. She was promoted to the Post of Manager Business Development in the year 1995 with the approval of company at the General Meeting held on 11th December, 1995.

Board of Directors of the company on the recommendation of Remuneration Committee, has approved the elevation of Mrs. Nirmal Kumari Oswal to the Post of General Manager, Business Development.

Provisions of section 314 (1) (b) of the Companies Act, 1956 require the approval of the company at General Meeting by special resolution for holding of office or place of profit by a relative of the Director.

Mrs. Nirmal Kumari Oswal is wife of Sh. D.K. Oswal, Chairman & Managing Director.

Necessary resolution is proposed at item No. 9 of the aforesaid agenda as special resolution.

Directors of your Company recommend the passing of above resolution.

## 26th Annual Report

**SHREYANS INDUSTRIES LIMITED****NOTICE OF INTEREST**

None of the Directors, except Sh. D. K. Oswal, Sh. Rajneesh Oswal and Sh. Vishal Oswal, being relative of Mrs. Nirmal Kumari Oswal, are in anyway deemed to be interested in the proposed resolution.

**FOR ITEM NO.10**

The Paper Industries is growing and the demand of Company's products is on growth. To take advantage of this pace of industry, company requires funds. The liquidity position of company does not have leverage to take benefit of market - demand.

Over the years, because of overall recession in the paper as well as in the cotton industry, the company had incurred huge losses and the cumulative losses up to 31.03.2005 had been to the tune of Rs. 2877.85 lacs. This has resulted into erosion of long term working capital on one hand and hampering the growth by way of fresh capitalisation on the other hand. Financial package as approved by the CDR cell has given some breathing space. Current performance of the company has shown some positive sign and company is hopeful to achieve better all-round performance.

The company proposes to install, at its Ahmedgarh unit, 3.5MW power project at a cost of Rs. 1471 lacs. In addition company proposes to install washers (2nos) at a cost of Rs. 92 lacs. at Ahmedgarh. Dryers and Boiler at a cost of Rs. 150 lacs each, at Banah Unit.

Power project on commissioning is expected to contribute additional Rs. 300 lacs per annum and the pay back is envisaged as Five years. Similarly the pay back period from Washers & Dryers is expected to be 4-5 years. by way of marginal increase in production & also by production of better quality of paper.

With a view to meet out the capital expenditures and to augment the long term working capital requirements of the Company, it is proposed to raise funds from the capital market.

Board of Directors at its meeting held on 20.05.2006 has approved the issue of 55,37,500 Equity Shares of Rs. 10/- each on Right basis to the existing members of the company in ratio of One New Equity share each for every Two shares held as on the record date to be fixed by the Board.

Provisions of Section 81 of the Companies Act, 1956 provides that any further issue of capital shall be made to the existing members of the company. There are chances that all the member do not exercise their Rights of subscription or renounce their Right to subscribe. In such a condition Board may decide to allot the shares to the subscribers those are not the present members of the Company. Accordingly a resolution under section 81 (1A) is proposed for the members approval.

Directors recommend the approval of resolution by members as set out at item No. 10 of the notice.

**NOTICE OF INTEREST**

Directors of the Company may deem to be interested in the proposed resolution to the extent of Equity Shares offered to them or any of their family member on the basis of their present holdings.

**Re-appointment / Appointment of Directors**

At the ensuing Annual General Meeting, Sh. M.L. Gupta and Dr.

N.J. Rao, Directors of the Company will retire and being eligible, offer themselves for re- appointment. Further it is proposed to re- appointment Sh. Rajneesh Oswal as Vice Chairman & Joint managing Director and Sh. Anil Kumar as Executive Director & CEO of the Company. Information given below as per clause 49 of the Listing Agreement on Corporate Governance.

(a) Sh. M.L. Gupta is retired from IDBI. He had worked with IDBI at senior position for more then two decades. He had also worked with BIFR as Dy Director. He has vast experience in the field of finance. Sh.M.L. Gupta is on the Board of various companies as an independent director.

The detail of Directorship and membership of committee held by Sh. M. L. Gupta in other companies is as under :

Name of Company	Director	Committee Member
Rounak Automobiles Ltd.	Yes	Audit Committee Shre Transfer Committee Management Committee
Haryana Tex Prints Ltd.	Yes	Audit Committee Management Committee
Doctors Organics Ltd.	Yes	Management Committee
Gurumaranppam Textiles Ltd.	Yes	Management Committee
Wanbury Ltd.	Yes	

(b) Dr. N.J. Rao is a paper technocrat. He has vast and varied experience in the various technical aspects connected with paper industry. Presently he is working as Director, Jaypee Institute of Engineering & Technology Raghogarh Guna, M.P. Dr. N.J. Rao has rich experience of paper technology.

Dr. N.J. Rao is not holding office of Director in any other Company. However he is member of Governing Council of Thaper Center for Industrial Research & Development, Patiala.

(c) Sh. Rajneesh Oswal aged 40 years is Permanent Director of the Company. He is on the Board since 1989. Board of Directors at its meeting held on 26.06.2002 has appointed Sh. Rajneesh Oswal, Director of the Company as Permanent Director.

Sh. Rajneesh Oswal is a Management Graduate and has experience of about two decades in the field of administration to his credit. Sh. Rajneesh Oswal, is instrumental in policy making in capacity of Executive Vice Chairman of the Company. Being based at the Corporate Office, he provides a handy assistance to the Chairman and Managing Director of the company.

He is also holding the Office of Executive Director in Adinath Textiles Ltd. and Director in the following Companies.

**Adeep Investment Co.,  
Virat Investment & Mercantile Co.  
Jagvallah Parasnath Capital Investment (P). Ltd.  
Oasis Share Trading (P) Ltd.**

(d) Mr. Anil Kumar, aged 56 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. 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.

Mr. Anil Kumar represents Paper Industry in various Government and Industry fora. He is currently President of Indian Pulp and Paper Technical Association and Senior Vice President of Ludhiana Management Association. Mr. Anil Kumar does not hold office of Director in any other Company.

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

The Company does not have losses or inadequacy of profits for the year 2005-06. However, there are carry forwarded losses of the previous years. The Compliance of Schedule XIII of the Companies Act, 1956 is being made as an abundant precaution.

**1. General Information**

Director at reappointment w.e.f. 30.08.2006

**(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 years ended 31.03.2005 and 31.03.2006 are as under :**

(Rs. In Lacs)

	As at 31.03.2006	As at 31.03.2005
Gross Sales	19311.22	15799.36
Gross Profit (PBIDT)	2450.77	955.92
Less- Interest	808.99	900.57
Less- Depreciation	564.50	520.64
Net Profit before Tax	1077.28	(465.29)
Provision for Taxation	282.55	1.80
Net Profit after Tax	794.73	(467.09)

**(4) Export Performance and Net Foreign Exchange Collaboration :**

(Rs. In Lacs)

	2005-2006	2004-2005
Foreign Exchange Earning	480.82	574.29
Less. Foreign Exchange Outgoing	427.72	467.89
Net Foreign Exchange Earning	53.10	106.40

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



**INFORMATION ABOUT THE APPOINTEE(S)****A. NAME Sh. Rajneesh Oswal****i) Back Ground Details, Job Profile and suitability :**

Sh Rajneesh Oswal aged 40 years is Permanent Director of the Company. He is on the Board since 1989. The Board of Directors at its meeting held on 26.06.2002 has appointed Sh. Rajneesh Oswal, Director of the Company as Permanent Director. Sh. Rajneesh Oswal is a Management Graduate and has experience of about two decades in the field of Administration to his credit. Sh. Rajneesh Oswal, is instrumental in policy making in capacity of Executive Vice Chairman of the Company. Being based at the Corporate Office, he provides a handy assistance to the Chairman and Managing Director of the Company.

**ii) Past Remuneration :**

Sh. Rajneesh Oswal is presently working as Executive Vice Chairman of the Company. The Present remuneration as approved in the Annual General Meeting held on 25.09.2003 is as under.

**(1) SALARY**

A. Rs. 32,000/- 5,000/- 42,000/- 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 Executive Vice Chairman shall not exceed 60% of salary over and above 10% payable by the Executive Vice Chairman.

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 Ministry of Company Affairs. This will however be subject to a ceiling of 10% of the salary of the Director.

(i) Wherever 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.

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

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

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

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

(vi) Provision for 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, Superannuation 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 during his tenure, the Executive Vice Chairman 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., was 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.

**iii) Remuneration Proposed:**

The new remuneration package in the shape of Salary of perquisites has already being stated above in the explanatory statement.

**iv) Pecuniary relationship**

Sh. Rajneesh Oswal, except his appointment as Executive Vice Chairman of the Company, has no pecuniary relation with the Company.

**Name : Sh. Anil Kumar**

**i) Back Ground Details, Job Profile and suitability :**

Mr. Anil Kumar, aged 56 years is Director of the Company since 30.08.1988. 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. Vardhman Spinning and General Mills Ltd. and was working as Corporate Manager (Finance) before joining this 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.

Mr. Anil Kumar represents Paper Industry in various Government and Industry fora. He is currently President of Indian Pulp and Paper Technical Association and Senior Vice President of Ludhiana Management Association. Mr. Anil Kumar does not hold office of Director in any other Company.

**(ii) Past Remuneration :**

The Present remuneration as approved by the Annual General Meeting held on 25.09.2003 and is as under

(1) Salary: 97500/- p.m. (in the scale of (82500/-7500-97500/-)

Performance Incentive : As approved by the Board on year to year basis, subject to maximum 12 months salary.

Perquisites:

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

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

(III) In case no accommodation is provided by the company, the Executive Director & CEO shall be entitled to House rent Allowance up to 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's salary over period of three years.

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

Leave enactment : At the end of the tenure

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

Personal accident insurance : Annual premium not exceeding Rs. 5000/-

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's rules.

Keeping the aforesaid in view the experience and the role of Executive Director, in the growth of the company the Board of Directors at its meeting held on 20.05.2006, approved the re- appointment of Sh. Anil Kumar as Executive Director & CEO of the company for next five year w.e.f. 30.08.2006

**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 Award 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 Personnel	Annual Turnover (Rs. In Lacs )	Remuneration Paid (RS. per annum)
1.	Oil Country Tubular Ltd.	Mr. K. Suryanaryana Managing Director	12081.94	36,00,000/- #
2.	Agro Dutch Ind. Ltd.	Mr. Gurpreet Singh Executive Director	14446.72	36,00,000/- #
3.	Essel Propack Ltd.	Mr. Ashok Goel Vice Chairman & Managing Director	26167.79	5,09,36,371/- \$
4.	3M India Ltd.	Mr. BV Shankarnarayana Rao Wholetime Director	38306.05	43,16,970/- \$

# As reported in the Annual Report F. Y. 2004-05.

\$ As reported in the Annual Report F. Y. 2005.

**3. OTHER INFORMATION**

As stated in (I) above, though the Company did not incur losses during 2005-06 but its has accumulated losses for the previous year. The efforts of the management have resulted in turnaround of the company.

**DISCLOSURES**

The remuneration package along with the corresponding details payable to the Vice Chairman & Joint Managing Director Sh. Rajneesh Oswal and Executive Director & CEO Sh. Anil Kumar have been mentioned earlier. Further the remuneration paid to the director has been included in the Board's Report on Corporate Governance. The performance incentive payable to Sh. Rajneesh Oswal & Sh. Anil Kumar shall be decided by the Board of Directors on year to year basis. The tenure of Sh. Rajneesh Oswal as Vice Chairman & Joint Managing Director and Sh. Anil Kumar as Executive Director & CEO shall be governed by a service contract of five years or any other terms as may be approved by Central Government.

The aforesaid statements form part of this notice calling the Annual General Meeting.