



MD	✓		BKC	✓
CS	ND		DPY	ND
RO	✓		DIV	ND
TRA	✓		AC	✓
AGM	✓	✓	SEH	✓
YE	✓	✓		✓



# ANNUAL REPORT 1996-97

**BOARD OF DIRECTORS**

<b>Mr. S. MAN MOHAN RAO</b>	Chairman and Managing Director
<b>Mr. G. SURENDER REDDY</b>	Executive Director
<b>Mr. S. MURALI KRISHNA</b>	Director
<b>Mr. SADASHIV SAWRIKAR</b>	Director
<b>Mr. JAG MOHAN GUPTA</b>	Director

**Registered Office**

204, Cheney Trade Centre  
Parklane,  
Secunderabad - 500 016.  
Andhra Pradesh

**Works**

Patighanapur Village  
Patancheru Mandal  
Medak District  
Andhra Pradesh

**Auditors**

M/s. KUMAR & GIRI  
Chartered Accountants  
506, Saptagiri Towers, Begumpet,  
Hyderabad - 500 016:

**Bankers**

State Bank of Hyderabad  
overseas Branch,  
Somajiguda,  
Hyderabad - 500 082.

## NOTICE

Notice is hereby given that the 4th Annual General Meeting of L N Polyesters Limited will be held on Monday, the 29th day of September 1997 at 11.00 AM. at Hotel Deccan Continental, Sir Ronald Ross Road, Secunderabad - 500 003 to transact the following business : -

### A) As Ordinary Business : -

1. To receive, consider, and & adopt the audited accounts & the cash flow for the year ended 31st March, 1997 together with the reports of the directors & auditors .
2. To appoint a director in the place of Mr. S. Murali Krishna who retires by rotation and being eligible offers himself for reappointment
3. To appoint a director in the place of Mr Sadashiv Sawrikar who retires by rotation and being eligible offers himself for reappointment .
4. To appoint auditors & to fix their remuneration. In this connection to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution :

"RESOLVED THAT Messieurs Kumar & Giri, Chartered Accountants, Hyderabad, be and are hereby appointed auditors of the Company from the conclusion of this annual general meeting until the conclusion of the next annual general meeting on a remuneration to be fixed by the board of directors of the Company".

### B) As Special Business :

5. To consider and if thought fit, to pass, with or without modification (s), the following resolution as an ordinary resolution : "RESOLVED THAT Mr. Jag Mohan Gupta be and is here by appointed as Director of the Company, who shall be liable to retire by rotation."
6. To consider and if thought fit to pass with or without modification (s), the following resolution as an ordinary resolution : "RESOLVED to revise the salary and perquisites payable to Mr. S. Man Mohan Rao, Chairman and Managing Director, with effect from April 01, 1997 to March 31, 1999, subject to the approval of the Shareholders ."
7. To consider and if thought fit to pass with or without modification (s), the following resolution as an Ordinary Resolution : "Resolved to appoint Mr. G . Surender Reddy as Executive Director and further Resolved to revise the salary and perquisites payable to him with effect from April 01, 1997 to March 31, 1999, subject to the approval of the Shareholders ."

By order of the Board of Directors

Secunderabad.  
June 28, 1997

**S . MAN MOHAN RAO**  
Chairman and  
Managing Director

**NOTES :**

1. A member entitled to attend & vote at the 4th Annual General Meeting is entitled to appoint a proxy to attend & vote instead of himself / herself & such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Explanatory statement pursuant to Section 173 of the Companies Act, 1956 is enclosed.
3. The register of members will remain closed from September 17th (Wednesday), 1997 to September 29th (Monday), 1997 (both days inclusive) for purposes of transfer of Shares.
4. The members are requested to intimate immediately any change in their address registered with the Company, along with their ledger folio number to the Share transfer agents. Also members are requested to correspond regarding transfer of Shares and related matters with the Share transfer agents at the below mentioned address :-  
  
SRG Info - tech (India ) Limited, PO. Box .No. 1255, M.J. Apartments, 1st Floor, Barkatpura Chaman, Hyderabad - 500 027 .
5. Members desirous of having any information regarding accounts are requested to address their queries to the Registered Office at least 10 days before the date of the meeting.
6. Members are requested to bring with them their copies of the annual Report, as due to the prohibitive cost of printing, it will not be possible to supply extra copies
7. Members are requested to bring with them the signed attendance slip and hand it over at the entrance.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.****ITEM NO. 5.**

Mr. Jag Mohan Gupta was appointed as an additional Director of the Company by the Board of the Directors on 28-06-1997. A Notice in writing from a Shareholder has been received proposing the candidature of the above Director along with a deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956.

**Item No. 6**

Mr. S. Man Mohan Rao was appointed as Chairman & Managing Director with effect from April 01, 1996, and has successfully overseen the implementation of the project and the Company has commenced commercial production since September, 1995.

The Directors opine that considering the fact that after the Company has gone on stream and with increased levels of operations and additional responsibilities it is necessary to revise the remuneration and perks, with effect from April 01, 1997, payable to Mr. S. Man Mohan Rao, Chairman & Managing Director.

**Salary :**

Rs. 47,000 /- (Rupees Forty seven Thousand Only) per month.

**a) Perquisites :**

Other perquisites not exceeding a financial limit of Rs 23,000 /- (Rupees twenty three thousand only) and in accordance with Income Tax Rules

**b) Transport :**

Mr. S. Man Mohan Rao will be provided with a car, and will be reimbursed the expenses incurred by him for the maintenance thereof and for the use of petrol. For the personal use of such car, Mr. S. Man Mohan Rao will be required to reimburse the Company such sum as may be prescribed by the Income tax Rules in force.

**Other Conditions :**

Other terms of Mr. S. Man Mohan Rao's employment and changes, if any, thereof pertaining to accommodation, leave travel assistance, holiday expenses, medical benefits / insurance, loans, annual increments, provisions

for upkeep / maintenance, soft / hard furnishings, fixtures and fittings, club membership, children education, retirement benefits etc., will be in accordance with the Company's rules in force and as applicable to Directors. In the event of absence or inadequacy of profits in any year, Mr. S. Man Mohan Rao will be entitled to minimum remuneration not exceeding the limit specified under Section II of Part II of Schedule XIII of the Companies Act, 1956.

Except Mr. S. Murali Krishna brother of Mr. S. Man Mohan Rao himself, no other director is interested or concerned in the resolution.

Your Directors commend the increase in the remuneration of Mr. S. Man Mohan Rao.

**Item No. 7**

Mr. G. Surender Reddy was appointed as Director (operations) with effect from 01-02-96 and has successfully overseen the implementation of the project and the Company has commenced commercial production since September, 1995.

The Directors opine that considering the fact that after the Company has gone on stream and with increased levels of operations and additional responsibilities it is necessary to appoint him as Executive Director & to revise his remuneration and perks with effect from April 01, 1997.

**Salary :**

Rs. 47,000 /- (Rupees Forty seven Thousand Only) per month.

**a) Perquisites :**

Other perquisites not exceeding a financial limit of Rs. 23,000 /- (Rupees twenty three thousand only) and in accordance with Income tax Rules.

**b) Transport :**

Mr. G. Surender Reddy will be provided with a car and will be reimbursed the expenses incurred by him for the maintenance thereof and for the use of petrol. For the personal use of such car, Mr. G. Surender Reddy will be required to reimburse the Company such sum as may be prescribed by the Income tax Rules in force.

**Other Conditions :**

Other terms of Mr. G. Surender Reddy's employment and changes, if any, thereof pertaining to accommodation, leave travel assistance, holiday expenses, medical benefits / insurance, loans, annual increments, provisions for upkeep / maintenance, soft / hard furnishings, fixtures and fittings, club membership, children education, retirement benefits etc., will be in accordance with the Company's Rules in force and as applicable to Directors. In the event of absence or inadequacy of profits in any year, Mr. G. Surender Reddy will be entitled to minimum remuneration not exceeding the limit specified under Section II of Part II of Schedule XIII of the Companies Act, 1956.

Except Mr. G. Surender Reddy no other Director is concerned or interested in the Resolution.

Your Directors commend the increase in the remuneration of Mr. G. Surender Reddy.

By order of the Board of Directors

Secunderabad.  
June 28, 1997.

**S. MAN MOHAN RAO**  
Chairman and  
Managing Director

## REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS FOR THE YEAR ENDED MARCH 31, 1997

The Directors of your Company have pleasure in presenting the fourth annual report and accounts for the year ended March 31, 1997 .

### FINANCIAL RESULTS : (Rs. in lacs)

	Year ended	
	1997	1996
Gross Income	1504.21	809.71
Gross Profit (Before Finance Charges, Depreciation & Taxation)	60.66	49.30
<b>Deduct:</b> Finance Charges	119.49	24.11
Depreciation	52.69	23.42
Profit/(Loss) Before Tax	(111.53)	1.77
<b>Deduct:</b> Provision for Tax	---	---
Profit/(Loss) After Tax	(111.53)	1.77
(Balance Carried Forward to Profit & Loss Account)		

### Details of Projections for the year as per Prospectus and that of the Performance :

Items	(Rs. in lacs)	
	Projections	Performance
Gross Income	1570	1504
PBIDT	235	61
Depreciation	47	53
Interest	91	119
Tax	---	---
Profit / (Loss) after tax	97	(111)
Reserves	90	57

### OPERATIONS :

The Polyester industry across the country is under pressure and due to the economic conditions that prevailed during the financial year, even though your Company has achieved is projected turnover, it resulted in putting strain on the margins of the Company.

The Company made a turnover of Rs. 1504 lacs for the financial year March 31, 1997. The markets of the Company have enlarged and your Company's brand RAINBOW has been well received. New markets have been explored and have opened new vistas for your Company. The Company is successful in creating customer value and satisfaction of different market segments.

The Company's marketing policies have helped to extend its markets to the nook and corners of the markets.

### DIRECTORS :

During the year under review , Mr. E. Uttam Kumar resigned from the Board due to personal reasons, and so also Mr. Jag Mohan Gupta from his Directorship & from being Director ( Commercial) .However Mr. Jag Mohan Gupta was appointed as a Co- opted Director on the Board of Directors at Board Meeting held on 28.06.1997, to hold office till the conclusion of the ensuing Annual General Meeting. The Company recived a notice in writing from a share holder proposing his appointment as a Director liable for retirement by rotation.

At the Annual General Meeting , Mr. S. Murali Krishna & Mr. Sadashiv Sawrikar retire by rotation, and being eligible offer themselves for re - election. It is sought to revise the remuneration and perks to Mr. S. Man Mohan Rao , Chairman & Managing Director and to appoint Mr. G. Surender Reddy as Executive Director and to revise his remuneration & perk with effect from 01.04.1997

### AUDITORS :

M/s. Kumar & Giri, Chartered Accounts, Hyderabad, retire at the conclusion of the forthcoming Annual General Meeting . Being eligible, they offer themselves for reappointment .

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The details are enclosed vide annexure , which forms part of the Directors' report.

### PERSONNEL :

There are no employees in the Company whose particulars are required to be given pursuant to Section 217 (2A) of the Companies Act, 1956.

Your Directors take this opportunity to record their appreciation of the continuous support and contribution from all employees in the Company's journey towards the achievement of quality and excellence in its operations .

**ACKNOWLEDGEMENT :**

The Board wish to thank the Public Financial Institutions, Government Authorities and the Public for their continued interest and positive support

By Order of the Board of Directors

**S. MAN MOHAN RAO**

Secunderabad  
June 28, 1997

Chairman &  
Managing Director

**ANNEXURE TO THE DIRECTORS' REPORT FOR YEAR ENDED MARCH 31, 1997 :**

Details of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo under Section 217 (1) (e) of the Companies Act 1956

**I. Conservation of Energy :**

Energy conservation continues to be a major area of emphasis and the Company is closely monitoring to improve efficiencies in energy consumption by way of :-

- ◆ Usage of sodium vapour Lamps
- ◆ installation of reduced house power motors in line with the load requirement
- ◆ Close supervision on coal, Electricity and HSD consumption

**II. Technology Absorption :**

a) Research & Development (R & D)  
Specific Areas

The Company has taken significant steps to strengthen R & D activities in order to increase value and satisfaction to the Consumer by way of development of new range of products.

Benefits Derived

The products have been well accepted by the Consumers

Plan of Action

Focus on Research & to improve productivity and product is an on going process.

b) Technology absorption, adoption and innovation :

The Company has continuous interaction with the Manufacturers / Suppliers of Machinery and is seeking & upgrading its equipment as and when required.

**III. Foreign Exchange Earnings & Outgo :**

The Company has not made any exports during the year. Hence there are no foreign exchange earnings and Outgo from operations of the Company

For and on behalf of the Board

**S. MAN MOHAN RAO**

Secunderabad  
June 28, 1997

Chairman &  
Managing Director