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ANNUAL REPORT 1998 - 99



BOARD OF DIRECTORS

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

Registered Office :

204, Chenoy Trade Centre,
Parklane,
Secunderabad - 500 003,
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 6th Annual General Meeting of L N Polyesters Limited will be held on Monday the 27th day of September 1999 at 4.00 P.M. at Hotel New Ashoka, 6-1-70, Lakdi-ka-pul, Hyderabad - 500 004, to transact the following business :-

A) As Ordinary Business

1. To receive, consider, & adopt the Audited Accounts & the Cash Flow for the year ended March 31, 1999 together with the reports of the Directors & Auditors.
2. To appoint a Director in the place of Mr. Sadashiv Sawlikar who retires by rotation & being eligible offers him self for reappointment.
3. To appoint a Director in the place of Mr. S. Murali Krishna who retires by rotation & 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 Messers Kumar & Giri, Chartered Accountants, Hyderabad, be and are here by 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 Special Resolution:

"RESOLVED THAT Pursuant to Clause (a) of Sub-section (1) of Section 94 of the Companies Act 1956 Authorised Share Capital of the Company be increased from Rs. 697 Lacs (Rupees Six Hundred and Ninty Seven Lacs only) to 1500 Lac (Fifteen Hundred Lacs only) by creation of 80,30,000 Equity shares of Rs. 10/- each ranking pari passu with the existing Equity Shares".

6. To consider and if thought fit, to pass, with or

without modification(s), the following resolution as an Ordinary Resolution:

" Resolved that pursuant to Clause (d) of Sub-section (1) section 293 of the Companies Act, 1956, and all other enabling provisions. If any, in addition to all borrowings by the Directors for and on behalf of the Company authorised at the various General Meetings held earlier, namely the borrowing of Rs. 1188 Lakhs as at March 31, 1999, the Company hereby consents to the further borrowing by the Board of Directors for and on behalf of the Company from time to time of further sums of money for the purposes of the Company amounting in the aggregate to a sum of not more than Rs. 6000 lakhs (excluding temporary loans obtained from the Company's Bankers in the ordinary course of Business), that is to say, to the total borrowing by the Board of directors for and on behalf of the Company of any aggregate sum not exceeding Rs.6000 lakhs not withstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from such temporary loans obtained or to be obtained from the Company's Bankers) will or may exceed the aggregate of the paid - up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Company do hereby accord its consent under Section 293 (1)(a) of the Companies Act, 1956, to mortgaging and / or charging by the Board, of Directors of the Company all or any of the movable or immovable properties both present and future or the whole or substantially the whole of the undertaking or the undertakings of the Company for securing any loan obtained or as may be obtained from any financial Institution or person or persons together with interest, costs, charges, expenses and other money payable by the company."

By order of the Board of Directors

S. MAN MOHAN RAO
Chairman &
Managing Director

Place: Secunderabad
Date: May 31, 1999



NOTES:

1. A Member entitled to attend & vote at the 6th 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. The Register of Members will remain closed from Tuesday the 21st September, 1999 to Monday the 27th September, 1999 (both days inclusive) for purposes of transfer of Shares.
3. 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, P.O. Box No. 1255, M.J.Apartments, 1st Floor, Barkatpura chaman, Hyderabad - 500 027.
4. Members desirous of having any information regarding accounts are requested to address their queries to the Registered Office of the Company at least 10 days before the date of the Meeting, so that requisite information is made available at the Meeting.
5. 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.
6. Members are requested to bring with them the signed attendance slip and hand over at the entrance.
7. Explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed to the Notice.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

Item No. 5

In Order to Meet the additional Projects Cost & additional working Capital margin needs, the

Company proposes to increase the authorised Share Capital from 697 Lakhs to Rs. 1500 Lakhs, an increase of Rs. 803 lakhs. The Directors recommended the adoption of the resolution as set out in the notice.

Item No. 6

At the previous General Meeting of the Company the shareholders of the Company had accorded its consent under Section 293(1)(d) of the Companies Act, 1956, to the Directors borrowing moneys up to a limit of Rs. 2500 Lakhs. Taking into accounts the further requirements of additional finance for the expansion program undertaken by the Company, a fresh Resolution is proposed providing that, in addition to the Company's existing limits to borrowing, the Directors may, further on behalf of and for the purpose of the Company, borrow further sums of money amounting in the aggregate to a sum of not more than Rs. 3500 Lakhs thereby raising the total borrowing limit from Rs. 2500 Lakhs to Rs. 6000 Lakhs.

Item No. 7

As a security for the loans to be sanctioned by Financial Institutions with whom the Company is negotiating for financial assistance for its project in form of Term Loans, the Company would be required to give First Mortgage of all the movable and immovable properties of the Company present and future.

Section 293 (1) (a) of the Companies Act, 1956, provides, inter alia, that the Board of directors of a Public Company shall not, without the consent of such public company in general meeting, sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Financial Institutions can be considered to be disposal of the Company's properties, it is necessary for the Members to pass a Resolution under Section 293 (1) (a) of the Companies Act, 1956, before creation of the said Mortgage / Charge.

By order of the Board of Directors

S. MAN MOHAN RAO

Place: Secunderabad

Date: May 31, 1999

Chairman &
Managing Director

**REPORT OF THE BOARD OF DIRECTORS TO THE
MEMBERS FOR THE YEAR ENDED MARCH 31, 1999**



The Directors of your Company have pleasure in presenting the Sixth Annual Report and Accounts for the year ended March 31, 1999.

FINANCIAL RESULTS: (Rs. in lacs)

	Year ended 31st March	
	1999	1998
Income from Operations	2812.25	2132.17
Gross Profit	265.74	239.26
(Before Finance Charges, Depreciation & Taxation)	-	-
Deduct : Finance Charges	178.81	132.60
Depreciation	63.99	56.26
Profit / (Loss) before Tax	22.94	50.40
Deduct : Provision for Tax	-	-
Profit / (Loss) After Tax	22.94	50.40
(Balance Carried Forward to Balance Sheet)		

OPERATIONS:

The Company has successfully completed major part of the expansion during the year by increasing the existing capacities. For this purpose the company has availed the financial assistance from IDBI during the year. As a result of the expansion undertaken the company is confident of improving the profits with higher volume of the production and sales in coming years.

The Company made a turnover of Rs. 2790 lakhs for the financial year March 31, 1999. The markets of the Company have enlarged and your Company's brand 'LN DYED YARN' has firmly established itself in the market. However the margins were under pressure because of the increase in the conversion charges during the year.

The Company is successful in creating customer value and satisfaction in different territories. Your company's marketing policies helped its Products to reach nook and corners of the Country. Which is evident from the consistent substantial increase in the sales over the last four years.

It is felt that the company has no choice but to expand the capacities at least to 500 to 600 tonnes per month

not only to capitalise on the market preference which Company enjoys and the demand but also its requirement for operating at economic levels of operation so to enable the Company to cater to export market along with value added products.

DIRECTORS:

During the year under review, Mr. Sadashiv Sawrikar, Mr. S. Murali Krishna, Mr. Jag Mohan Gupta and Mr. S. Sridhar retire by rotation, & being eligible offer themselves for re-election.

AUDITORS:

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

Y2K Preparedness:

The Company has taken effective steps to meet any difficulties arising out of the Y2K problem in company's hardware & software.

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.

ACKNOWLEDGMENT:

The Board wish to thank the State Bank of Hyderabad, Financial Institutions, viz. IDBI & IISI Government Authorities and the Public for their continued interest and positive support.

By Order of the Board of Directors

S, MAN MOHAN RAO
Chairman &
Managing Director

Place: Secunderabad
Date: May 31, 1999