



For L. N. POLYESTERS LTD.

S. Sanders

Managing Director

Report  Junction.com

ANNUAL REPORT

1999-2000

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:
Ghanapur 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 7th Annual General Meeting of L N Polyesters Limited will be held on Thursday the 10th day of August, 2000 at 4.00 P.M. at Hotel New Ashoka, 6-1-70, Lakdikapul, 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, 2000 together with the reports of the Directors & Auditors.
2. To appoint a Director in the place of Mr. Jagmohan Gupta who retires by rotation & being eligible offers himself for reappointment.
3. To appoint a Director in the place of Mr. S. Sridhar 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 hereby appointed as Auditors of the Company from the conclusion of 7th Annual General Meeting until the conclusion of the 8th 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 the following resolution with or without modification(s) as Special Resolution :

"Resolved that pursuant to Section 81 (1A) of the Companies Act, 1956 that the Board of Directors be and here by authorised to allot 40,00,000 equity Shares of Rs.10/- each being the un issued share capital of the Company on preferential basis to the promoters at a price of Rs.10/- (Rupees Ten Only) per Share which is higher than the :

The average of the weekly high and low of the closing prices of the Company shares quoted on the Hyderabad Stock Exchange where higher volume of transactions are recorded during the six months preceding 9th July,2000 or

The average of the weekly high and low of the closing prices of the Company shares quoted on Hyderabad Stock Exchange where higher volume of transactions are recorded during the two weeks preceding 9th July, 2000.

"RESOLVED further that Board of Directors be and hereby authorised to allot the above shares to the following persons in such manner as they deem fit whether they are or they are not the member of the Company and in such ratio as determined in the following manner.

FOR L N POLYESTERS LIMITED

S. Sannalau

Director

Sl.No.	Name of the Person	No.of Shares to be Allotted on Preferential basis :
1.	S.Man Mohan Rao	14,00,000
2.	G.Surender Reddy	7,00,000
3.	S.Murali Krishna	12,50,000
4.	G.Pushpa Leela	5,00,000
5.	S.Sridhar	1,50,000

"RESOLVED further that the above shares shall rank pari-pasu in all respects with the existing Equity Shares including in particular to the voting rights and receipt of Dividend, Notice etc.,"

"RESOLVED further that the Board of Directors be and hereby authorised to act upon the above resolution within 3 months from the date of the resolution and take such necessary steps to comply with the SEBI guidelines for the proposed Preferential allotment."

6. To consider and if though 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 Rs.1000 lakhs Loan as may be obtained from Industrial Development Bank of India together with interest, costs, charges, expenses and other money payable by the Company."

7. To Consider and if though 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 01st April 2000 to March 31st 2002, subject to the approval of the Share Holders."

8. To Consider and if though 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.G.Surender Reddy with effect from April 01st 2000 to March 31st 2002, subject to the approval of the Share Holders."

By Order of the Board of Directors

S.MAN MOHAN RAO
Chairman & Managing Director

Place:Secunderabad
Date:July 10th 2000.

NOTES:

- 1 A Member entitled to attend & vote at the 7th 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 Friday 4th August, 2000 to Thursday the 10th August 2000 (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:-
SREE PADMA CORPORATE SERVICES PVT. LTD, FLAT 206, BADAM SOHANA APARTMENTS, RAJBHAVAN ROAD, SOMAJIGUDA, HYDERABAD - 500 082
- 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****EXPLANATORY STATEMENT:**

Your Company's Authorised Capital is Rs.15,00,00,000 divided into 1,50,00,000 Equity Shares of Rs.10- each. As you are aware, your Company for some time has been consistence in performance and latter on it has improved its stature, turnover and profitability. Your Company's main product Polyester Texturised Twisted Dyed Yarn is highly competitive and is also in good demand. With the opening up of the economy and also to meet the increasing demand your company has chalked out an ambitious expansion of its existing capacities. In this regard Your Company has approached Industrial Development Bank of India, for financial assistance to part finance the proposed expansion.

Item No.6

As a security for Rs.1000 lakhs Term Loan sanctioned by Industrial Development Bank of India to the Company, the Company would be required to give First Mortgage of its all the movable and immovable properties 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, with out the consent of such Public Company in general meeting, sell, lease, or other wise 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 Industrial Development Bank of India can be considered to be disposal of the Company's properties, it is necessary for the Members to pass 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
Chairman & Managing Director

Place:Secunderabad.
Date:July 10th 2000.

IDBI has since approved the Company's expansion project costing of Rs.1525 Lakhs by sanctioning Rs.1000 lakh Rupee Term Loan under Technological Upgradation Fund Scheme. In this regard IDBI has stipulated that the management shall bring in a sum of Rs.525 Lakhs, comprising of Rs.400 Lakh Equity and Rs.125 Lakh Unsecured Loans to meet cost of the project. The proposed expansion will facilitate the Company to increase its production capacities from the present 2880 MT per annum to 3415 MT per annum. This proposed increase is targeted to capture higher market share, withstand the competition and reduce the Over heads and give a matching reduction in Cost Price.

The company need to raise the funds as stipulated by IDBI to complete the project in a time bound manner. It is in this regard that the company felt reasonable to issue shares on preferential basis to the promoters at a price of Rs.10/- (Rupees Ten Only) per Share which is higher than:

The average of the weekly high and low of the closing prices of the Company shares quoted on the Hyderabad Stock Exchange where higher trading volume is recorded during the six months preceding 9th July, 2000 or

The average of the weekly high and low of the closing prices of the Company shares quoted on Hyderabad Stock Exchange where higher trading volume is recorded during the two weeks preceding 9th July, 2000.

The Board of Director in their meeting held on 31st May, 2000 approved to offer equity shares of the company on preferential basis to promoters subject to the approval of the same by the members under Sec 81 (1A) of the Companies Act, 1956 and further subject to compliance with the guidelines for preferential allotment of shares issued by SEBI from time to time.

The Company in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 has since informed the proposed resolution and other details relating the proposed preferential allotment in the prescribed format to the concerned Stock Exchanges.

It is proposed to allot 40,00,000 number of equity shares of Rs.10/ each on preferential basis to the following promoters. The promoters existing holding, the percentage of holding in the present equity and their respective holding and percentages on post preferential allotment of equity are given below.

Sl. No	Name of the Promoter	No.of Shares proposed to be Allotted on Preferential basis	No.of Shares Presently Held	% in the total Existing Equity	No.of Shares after the proposed Preferential Allotment	% Holding after the proposed Preferential allotment
1.	S. Man Mohan Rao	14,00,000	75,000	1.17	14,75,000	14.18
2.	G. Surender Reddy	7,00,000	2,26,000	3.53	9,26,000	8.90
3.	S. Murali Krishna	12,50,000	8,57,550	13.40	21,07,550	20.26
4.	G. Pushpa Leela	5,00,000	2,19,100	3.42	7,19,100	6.91
5.	S. Sridhar	1,50,000	-	-	1,50,000	1.44

The management has obtained a Certificate from The Stock Exchange relating to Average Price of the Share as on 9th July, 2000 which is 30 days prior to the date of AGM, and the Board of Directors would allot the shares on preferential basis to the above promoters at Rs. 10/- per share which is higher than the Average Price arrived at on the basis of SEBI guidelines for Preferential Allotment in force.

The above preferential allotment if made would not bring in any consequential changes in the Board of Directors of the Company and however the Voting rights of the above promoters would go up in proportion to the increase in the number of their shares. However the proposed allotment would not result in any change in control over the Company.

In terms of the SEBI guidelines, the Directors shall act upon the resolution U/s. 81 (1A) relating to allotment of shares on preferential basis with in 3 months and the shares so allotted shall be locked in for a period of 3 years from the date of allotment.

In view of the above the members requested to pass the resolution relating to preferential allotment of shares U/s. 81 (1A) as a special resolution.

Item No.7

Mr.S. Man Mohan Rao, was appointed as Chairman & Managing Director with effect from April 01, 1996, and has been instrumental in successful execution of the expansion of capacities from time to time.

Presently he is drawing a total Remuneration of Rs.35,000/- per month inclusive of all the perquisites. The Directors opine that considering the fact that the Company has stabilised its operations and the additional responsibilities being carried out by him it is necessary to revise the Remuneration and perquisites payable to S.Man Mohan Rao, with effect from 01st April 2000.

Salary:

Rs.60,000/- (Rupees Sixty Thousand Only) per month.

Perquisites:

Other perquisites not exceeding a financial limit of Rs.15,000/-(Rupees Fifteen thousand Only) and in accordance with Income Tax Rules.

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, 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 and S.Sridhar son of S.Man Mohan Rao himself, no other director is interested or concerned in the resolution.

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

Item No.8

Mr.G.Surender Reddy, appointed as Executive Director with effect from April 01, 1997, and has been overlooking the Production and Marketing Operations of the Company and over a period of time has developed an excellent marketing base for the Company across India.

Presently he is drawing a total Remuneration of Rs.35,000/- per month inclusive of all the perquisites. The Directors opine that considering the fact that the Company has stabilised its operations and the additional responsibilities being carried out by him it is necessary to revise the Remuneration and perquisites payable to G.Surender Reddy, with effect from 01st April ' 2000.

Salary :

Rs.60,000/- (Rupees Sixty Thousand Only) per month.

Perquisites :

Other perquisites not exceeding a financial limit of Rs.15,000/-(Rupees Fifteen thousand Only) and in accordance with Income Tax Rules.

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 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 recommend the increase in the remuneration of Mr.G.Surender Reddy.

By order of the Board of Directors
S.MANMOHAN RAO

Chairman & Managing Director.

Place:Secunderabad,
Date:10th July,2000.