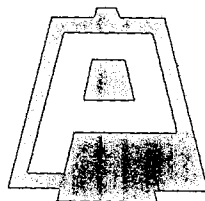


# ANNUAL REPORT

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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PSM Spinning Limited





## PSM SPINNING LIMITED

### Board of Directors

U.V. Warlu, Chairman  
Sumant Tawde (IDBI Nominee)  
Raja Veeraiah K.  
K.V. Rao (Alternate Director to Dr. Raja Veeraiah K.)  
Kamlesh Gandhi  
A.K. Tyagi, Director (Commercial)  
G. Aravinda Ghosh, Executive Director  
C.G. Rao, Dy. Managing Director  
C.K. Rao, Managing Director

### Statutory Auditors

M/s P. Srinivasan & Co.,  
Chartered Accountants  
B-46, D D Colony  
Hyderabad - 500 013.

### Bankers

State Bank of India  
State Bank of Hyderabad  
Union Bank of India  
ANZ Grindlays Bank  
IDBI Bank Limited  
Bank of Bahrain & Kuwait B.S.C.

### Regd. Office

208 & 408, Nilgiri  
Aditya Enclave, Ameerpet,  
Hyderabad - 500 038.

### Mktg. Division

G-9, Nahar & Seth Indl. Estate  
Plot No.29, B/D, Chakala Road  
Andheri (East)  
Mumbai - 400 093.

### WORKS

#### Unit-I

Sadashivpet - 502 291  
Medak Dist., A.P.

#### Unit-II

Doddavarappadu  
Maddipadu - 523 211  
Prakasam Dist. A.P.

#### Wind Mill

Ramagiri - 515 001  
Anantapur Dist. AP



## PSM SPINNING LIMITED

### NOTICE

Notice is hereby given that the 17th Annual General Meeting of PSM Spinning Limited will be held on **Wednesday the 30th September, 1998 at 11.00 A.M.** at Sri Sagi Ramakrishnam Raju Community Hall, 8-3-222/R/1, 'E' Block, Madhuranagar, Hyderabad - 500 038, to transact the following Business:

#### ORDINARY BUSINESS:

01. To Consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
02. To declare a Dividend
03. To appoint a Director in place of Sri A.K. Tyagi, who retires by rotation and being eligible, offers himself for re-appointment.
04. To appoint a Director in place of Sri Kamlesh Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
05. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s P. Srinivasan & Co., Chartered Accountants, the retiring Auditors of the Company are eligible for re-appointment.

#### SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to Sections 198, 269, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, and subject to the approval of Financial Institutions, consent of the Company be and is hereby accorded to the re-appointment of Sri C. K. Rao, as Managing Director for a period of 5 years w.e.f 26-06-1998 on the following terms and conditions:

- A. **Salary :** Rs.35,000/- (Rupees Thirty Five Thousand only) per month.
- B. **Perquisites:** Perquisites in Part-A will be restricted to an amount equivalent to Annual Salary to be reckoned on the basis of actual expenditure or liability incurred by the Company as provided under explanation to Section 198 of the Companies Act, 1956. Expenditure incurred by the Company under Part-B will not be considered for computation of ceiling on perquisites to the extent they are not taxable under the Income Tax Act. Expenditure incurred by the Company under Part-C will not be considered as perquisites. Subject to the above the Managing Director will be allowed the following.

#### PART - A

- i) Housing including gas, electricity, water and furnishings (Non-interchangeable):
  - a) Expenditure incurred by the Company on hiring accommodation is limited to 60% of his salary over and above 10 % payable by the Managing Director.
  - b) Expenditure incurred by the Company on gas, electricity, water and furnishings will be evaluated as per the Income Tax Rules, 1962 and will be subjected to a ceiling of 10% of the Salary.
  - c) In case no accommodation is provided, House Rent Allowance at 60% of the salary will be payable. In case the accommodation provided is a Company owned or leased, he shall pay by way of rent an amount equivalent to 10% of his salary.
- ii) **Medical benefits for self and family:** (Non-interchangeable): Reimbursement of expenses actually incurred, the cost of which to the Company shall not exceed



## PSM SPINNING LIMITED

one month salary in a year or 3 months salary in a block of 3 years.

- iii) **Leave Travel Concession** : Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.
- iv) **Personal Accident Insurance** : Annual Premium not to exceed Rs.4000/- p.a.
- v) **Fees of Clubs** : Subject to a maximum of 2 Clubs. No life membership or admission fee will be paid by the Company.

### PART - B

- vi) **Company's Contribution towards Provident Fund** : As per the rules of the company, but not to exceed 12% of Salary or such higher rate as are not taxable under the Income Tax Act, 1961.
- vii) **Company's Contribution towards Pension/ Superannuation Fund** : As per the rules of the Company, but it shall not, together with the Company's contribution to Provident Fund, exceed 30% of the salary as laid down by the Income Tax Act, 1961 or such higher rate as are not taxable under Income Tax Act, 1961.
- viii) **Gratuity** : (Non-interchangeable): Not to exceed half month's salary for each completed year of Service.

### PART - C

- ix) **Car** : Use of Car for Company's business. The Managing Director shall pay for use of the Car for personal purpose.
- x) **Telephone** : Telephone facility will be provided at residence. All long distance personal calls shall be logged and paid by the Managing Director.

- C. **Privilege Leave** : On full pay and allowances as per the rules of the Company but not exceeding One month leave for every 11 months of service subject further to the condition that leave accumulated but not availed of will not be allowed to be encashed.
- D. **Others** : Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's rules.
- E. **Commission** : @5% subject to the limits specified in Schedule XIII to the Companies Act, 1956.

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

RESOLVED THAT pursuant to Sections 198, 269, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, and subject to the approval of Financial Institutions, consent of the company be and is hereby accorded to the re-appointment of Sri C. G. Rao, as Deputy Managing Director for a period of 5 years w.e.f 01-06-1998 on the following terms and conditions:

- A. **Salary** : Rs.17,500/- (Rupees Seventeen Thousand Five Hundred only) per month.
- B. **Perquisites** : Perquisites in Part-A will be restricted to an amount equivalent to Annual Salary to be reckoned on the basis of actual expenditure or liability incurred by the Company as provided under explanation to Section 198 of the Companies Act, 1956. Expenditure incurred by the Company under Part-B will not be considered for computation of ceiling on perquisites to the extent they are not taxable under the Income Tax Act. Expenditure incurred by the Company under Part-C will not be considered as perquisites. Subject to the above the



## PSM SPINNING LIMITED

Deputy Managing Director will be allowed the following.

### PART - A

- i) Housing including gas, electricity, water and furnishings (Non-interchangeable):
  - a) Expenditure incurred by the Company on hiring accommodation is limited to 35% of his salary over and above 10 % payable by the Deputy Managing Director.
  - b) Expenditure incurred by the Company on gas, electricity, water and furnishings will be evaluated as per the Income Tax Rules, 1962 and will be subjected to a ceiling of 10% of the Salary.
  - c) In case, no accommodation is provided, House Rent Allowance at 35% of the salary will be payable. In case the accommodation provided is a Company owned or leased, he shall pay by way of rent an amount equivalent to 10% of his salary.
- ii) **Medical benefits for self and family:** (Non-interchangeable): Reimbursement of expenses actually incurred, the cost of which to the Company shall not exceed one month salary in a year or 3 months salary in a block of 3 years.
- iii) **Leave Travel Concession:** Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.
- iv) **Personal Accident Insurance:** Annual Premium not to exceed Rs.4000/- p.a.
- v) **Fees of Clubs:** Subject to a maximum of 2 Clubs. No life membership or admission fee will be paid by the Company.

### PART - B

- vi) **Company's Contribution towards Provident Fund:** As per the rules of

the company, but not to exceed 12% of Salary or such higher rate as are not taxable under the Income Tax Act, 1961.

- vii) **Company's Contribution towards Pension/Superannuation Fund:** As per the rules of the Company, but it shall not, together with the Company's contribution to Provident Fund, exceed 30% of the salary as laid down by the Income Tax Act, 1961 or such higher rate as are not taxable under Income Tax Act, 1961.
- viii) **Gratuity:** (Non-interchangeable): Not to exceed half month's salary for each completed year of Service.

### PART - C

- ix) **Car:** Use of Car for Company's business. The Deputy Managing Director shall pay for use of the Car for personal purpose.
- x) **Telephone:** Telephone facility will be provided at residence. All long distance personal calls shall be logged and paid by the Deputy Managing Director.
- C. **Privilege Leave:** On full pay and allowances as per the rules of the Company but not exceeding one month leave for every 11 months of service subject further to the condition that Leave accumulated but not availed of will not be allowed to be encashed.
- D. **Others:** Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's rules.

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

RESOLVED THAT pursuant to Sections 198, 269, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, and subject to the approval of



## PSM SPINNING LIMITED

Financial Institutions, consent of the company be and is hereby accorded to the re-appointment of Sri.G. Aravinda Ghosh, as Executive Director for a period of 3 years w.e.f 28-09-1998 on the following terms and conditions:

- A. Salary :** Rs.11,500/- (Rupees Eleven Thousand Five Hundred only) per month.
- B. Perquisites :** Perquisites in Part-A will be restricted to amount equivalent to Annual Salary to be reckoned on the basis of actual expenditure or liability incurred by the Company as provided under explanation to Section 198 of the Companies Act, 1956. Expenditure incurred by the Company under Part-B will not be considered for computation of ceiling on perquisites to the extent they are not taxable under the Income Tax Act. Expenditure incurred by the Company under Part-C will not be considered as perquisites. Subject to the above the Executive Director will be allowed the following.

### PART - A

- i) Housing including gas, electricity, water and furnishings (Non-interchangeable):
  - a) Expenditure incurred by the Company on hiring accommodation is limited to 35% of his salary over and above 10 % payable by the Executive Director .
  - b) Expenditure incurred by the Company on gas, electricity, water and furnishings will be evaluated as per the Income Tax Rules, 1962 and will be subjected to a ceiling of 10% of the Salary.
  - c) In case no accommodation is provided, House Rent allowance at 35% of the salary will be payable. In case the accommodation provided is a Company owned or leased House,

he shall pay by way of rent an amount equivalent to 10% of his salary.

- ii) **Medical benefits for self and family:** (Non-interchangeable): Reimbursement of expenses actually incurred, the cost of which to the Company shall not exceed one month salary or 3 months' salary in a block of 3 years.
- iii) **Leave Travel Concession :** Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.
- iv) **Personal Accident Insurance :** Annual Premium not to exceed Rs.4000/- p.a.
- v) **Fees of Clubs :** Subject to a maximum of 2 Clubs. No life membership or admission fee will be paid by the Company.

### PART - B

- vi) **Company's Contribution towards Provident Fund :** As per the rules of the company, but not to exceed 12% of Salary or such higher rate as are not taxable under the Income Tax Act, 1961.
- vii) **Company's Contribution towards Pension/Superannuation Fund :** As per the rules of the Company, but it shall not, together with the Company's contribution to Provident Fund, exceed 30% of the salary as laid down by the Income Tax Act, 1961 or such higher rate as are not taxable under Income Tax Act, 1961.
- viii) **Gratuity :** (Non-interchangeable): Not to exceed half month's salary for each completed year of Service.

### PART - C

- ix) **Car :** Use of Car for Company's business. The Executive Director shall pay for use of the Car for personal purpose.
- x) **Telephone :** Telephone facility will be

**PSM SPINNING LIMITED**

provided at residence. All long distance personal calls shall be logged and paid by the Executive Director.

**C. Privilege Leave :** On full pay and allowances as per the rules of the Company but not exceeding One months leave for every 11 months of service subject further to the condition that Leave accumulated but not availed of will not be allowed to be encashed.

**D. Others :** Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's rules.

09. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the 'Board'), the consent of the Company be and is hereby accorded to the Board to buy back, from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the Securities (odd lots) and/or by purchasing the securities issued to the employees pursuant to a scheme of stock option, the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority,

from time to time (herein for brevity's sake referred to as 'the Securities'), of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time, provided that the aggregate of the Securities so bought back shall not exceed 5% of the respective Securities of the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

**NOTES:**

01. A member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself/herself and such proxy need not be a member of the Company. But a proxy so appointed shall not have right to speak at the meeting. Proxy forms to be valid shall be lodged with the Company not less than 48 hours before the meeting.
02. The Register of Members and Share Transfer Books of the Company will remain closed from 22.09.1998 to 30.09.1998 (both days inclusive).
03. If the dividend on equity shares is approved at the meeting, payment of such dividend will be made within 42 days from the date of approval, to all the shareholders whose names appear in the Register of members as on book closure date.
04. The members are requested to intimate any change in their address quoting their registered folio number.
05. The members are requested to bring admission slip duly filled in alongwith their copies of





## PSM SPINNING LIMITED

Annual Report to the Meeting and are also requested to send their queries, if any, on the accounts well in advance, so as to enable the Company to place relevant records and information at the time of Annual General Meeting.

06. Unclaimed dividend for the year 1993-94 amounting to Rs. 1,83,733.52 has been transferred to the Central Government Account.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### ITEM NO. 06

The term of the Contract of appointment of Sri. C.K. Rao, as Managing Director has expired on 25th June, 1998.

The Board of Directors at its meeting held on 29th May, 1998 has re-appointed Sri. C.K. Rao, as Managing Director w.e.f. 26/06/1998 on the terms and conditions mentioned in the notice.

Your Board consider Sri. C.K. Rao's experience and expertise as of great value to the Company and the Board recommends the resolution for approval.

No Director is concerned or interested in this resolution except Sri. C.K. Rao.

#### ITEM NO.07

The term of the Contract of appointment of Sri. C.G. Rao, as Deputy Managing Director has expired on 31st May, 1998.

The Board of Directors at its meeting held on 29th May, 1998 has re-appointed Sri. C.G. Rao, as Deputy Managing Director w.e.f. 01/06/1998 on the terms and conditions mentioned in the notice.

His experience and expertise will be in the interest of the Company and the Board recommends the resolution for approval.

No other Director is concerned or interested in the resolution except Sri. C.G. Rao.

#### ITEM NO.08

The term of the Contract of appointment of Sri. G. Aravinda Ghosh, as Executive Director would be expiring on 27th September, 1998.

The Board of Directors at its meeting held on 30th July, 1998 has re-appointed Sri. G. Aravinda Ghosh, as Executive Director w.e.f. 28/09/1998 on the terms and conditions mentioned in the notice.

Sri G. Aravinda Ghosh has made significant contribution in achieving the ISO 9002 Certificate and he is whole incharge of the Personnel and Administration functions.

Your Board consider Sri G. Aravinda Ghosh's contribution to the Company and recommends resolution for approval.

No other Director is concerned or interested in the resolution except Sri G. Aravinda Ghosh.

#### ITEM NO.09

The Companies Act, 1956 presently prohibits a Company from purchasing its own Shares and securities. However, it is anticipated that the law may in future permit a company to buy-back its own securities.

Subject to the buy-back of securities being legally permissible, it is proposed to enable the Company to buy-back its Ordinary Shares or such other permissible securities not exceeding such percentage of the capital of the Company as may be permitted by law from the Members, either from the open market or from the holders of odd lots or from the holders of the Ordinary Shares that may be issued under the Employees Stock Option Scheme or as permitted by the law. The buy-back of Shares or securities would be at the rate and from the funds permitted by the law as set out in the Resolution.

The Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By the order of the Board  
for **PSM SPINNING LIMITED**

Sd/-

**C.K. RAO**

Managing Director

Place : Hyderabad

Date : 30.07.1998