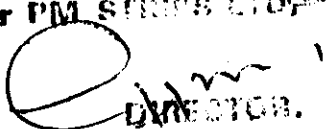


P.M. STRIPS LIMITED

ANNUAL REPORT 1998-99

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For P.M. STRIPS LTD.

DIRECTOR.

Board of Directors

**G.P. Surana
Ravi Surana
Dipin Surana
Meena Surana**

AUDITORS

**M/s. Sekhar & Co.
Chartered Accountants,
133/4, R.P. Road,
Secunderabad - 500 003.**

BANKERS

**State Bank of Hyderabad
R.P. Road, Secunderabad.**

**State Bank of Hyderabad
Commercial Branch, Surya Towers,
S.P. Road, Secunderabad.**

REGISTERED OFFICE

**7th Floor, Surya Towers,
Sardar Patel Road,
Secunderabad - 500 003.**

WORKS

**Survey No. 336 & 337
Chitkul Village
Pantancheru Mandal
Medak.
Andhra Pradesh**

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Shareholders of M/s. P.M.Strips Limited., will be held at the Regd Office of the Company, at 7th Floor, Surya Towers, S.P. Road, Secunderabad - 500 003, on Thursday, the 30th September 1999 at 2.30 p.m.to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the period ended on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Smt Meena Surana who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

RESOLVED that in supersession of the ordinary resolution passed by the Company at the 13th Annual General Meeting held on 30th September, 1998 and pursuant to provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), the consent of the Company, be and is hereby accorded to the Board of Directors of the Company for borrowing monies from time to time for the business and purpose of the Company notwithstanding that the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary

course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserve that is to say reserves not set apart for any specific purpose, provided however that the aggregate amount of monies which may be borrowed shall not at any time exceed Rs. 10 crores (Rupees Ten crores).

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

"RESOLVED THAT pursuant to Section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors ("The Board") to mortgage and/or charge in addition to the mortgage(s)/charge(s) created by the Company, in such form and manner and with such ranking and at such time(s) and on such terms as the Board may determine, all or any part of the movable and/or immovable properties of the Company wherever situated, both present and future, and/or create a floating charge on all or any part of immovable property of the Company and the whole or any part of the undertaking or undertakings of the Company, together with power to take over the management of the business and concern of the Company in certain events of default, in favour of the Company's Bankers and Development/Investment Financial Institutions to secure moneys borrowed by the Company, within the overall ceiling approved by the Members of the Company, in terms of Section 293(1) (d) of the Companies Act, 1956, together with interest thereon at the agreed rate and all other costs, charges and expenses payable by the Company in respect of all such borrowings.

RESOLVED FURTHER THAT, the Board be and is hereby authorised to execute all such deeds, documents and writings as may be necessary for creating the aforesaid mortgage(s) and/or charge(s) and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to the above resolution".

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions if any, of the Companies Act, 1956, the Board of Directors of the Company, be and are hereby authorised to give on behalf of the Company, Guarantee or provide security in favour of Industrial Development Bank of India, Chappal Road, Hyderabad 500 001, in connection with a loan of Rs. 850 lakhs granted to Golkonda Engineering Enterprises Ltd., by the said Financial Institution, provided that the aggregate of such guarantee given or securities provided in respect of the said loan shall not exceed Rs. 850 Lakhs.

BY ORDER OF THE BOARD

for P.M.STRIPS LIMITED



G.P. SURANA
DIRECTOR.

Date :31-07-1999
Place:Secunderabad

Notes :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. The Register of Members and Share Transfer Books of the Company will be closed from 29th September, 1999 to 30th September, 1999 both days inclusive.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT :**

The Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956, for item no.4,5,6 of the accompanying Notice is as under :

Item No.4 :

Under Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors cannot except with the consent of the Company in General Meeting, borrow money (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), in excess of the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

Having regard to the need for borrowing in future for modernisation, further upgrading of technology, enhancement of capacity and to take up the manufacture of other related products, it is proposed to increase the Borrowing limits of the Board of Directors under Section 293 (1) (d) of the Companies Act, 1956, to Rs. 10 Crores (Rupees Ten Crores).

None of the Directors are concerned or interested in aforesaid proposal.

Your Directors commend the Resolution for your approval.

Item No.5:

The Company has availed enhanced working Capital facilities from Banks to meet the day to day requirements of funds.

As the mortgage or charge on properties to secure the working Capital facilities may be regarded as disposal of the whole or substantially the whole of the undertaking(s) of the Company, it is considered necessary to seek members approval pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956.

The Directors recommend the proposed Resolution for your approval. None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No.6:

Pursuant to the provisions of Section 372A and other applicable provisions if any of the Companies Act, 1956, the Board of Director of your Company has power to give guarantee upto a limit of 60% of the Company's paid up share capital and free reserves or 100% of its free reserves, whichever is higher.

Consent of the members by way of a Special Resolution is required to give corporate guarantee of Rs. 850 lakhs in favour of Industrial Development Bank of India, Chappal Road, Hyderabad for securing the loan of Rs. 850 lakhs granted or to be granted to Golkonda Engineering Enterprises Ltd.,

Members are therefore requested to approve the Special resolution setout above.

Any Director of the Company may be deemed to be interested or concerned in this resolution to the extent that he may be a Director or member of the body corporate of bodies corporate which may be connected with the Company in the manner aforesaid.

By Order of the Board
for P.M. STRIPS LIMITED,

Place : Secunderabad
Dated : 31-07-1999

(G.P.SURANA)
Director

DIRECTOR'S REPORT

To

The Members,

Your Directors have pleasure in presenting the FOURTEENTH ANNUAL REPORT of the Company together with the audited accounts for the period ended on 31.03.99.

FINANCIAL RESULTS:

	Current Year 31.03.1999 (Rs. in lacs)	Previous Year 31.03.1998 (Rs. in lacs)
Turnover	85.35	20.76
Expenditure	71.94	12.22
Profit for the year	13.41	8.53
Prior period adjustments	--	--
Profit before taxation	13.41	8.53
Less: Provision for taxation	1.00	1.67
Profit after tax	12.41	6.86
Add: Balance brought forward from previous year	14.70	7.83
Appropriations:		
Proposed Dividend	--	--
Transfer to General Reserves	--	--
Balance Carried forward to Balance Sheet	27.11	14.70

PERFORMANCE:

During the year under review the Company achieved a sales of Rs.71.23 lakhs from its GS tapes division which was implemented during the year. Total sales and other income were Rs.85.34 lakhs as against income of Rs. 20.75 lakhs in previous year. The Company made a higher net profit of Rs. 12.41 lakhs as against Rs. 6.86 lakhs during the previous year. This was mainly due to benefit arising out of diversification of its activities in manufacturing line.

DIVIDEND:

In the light of the existing commitments and proposals your Directors do not recommend any Dividend for the year 1998-99.

DEPOSITS :

The Company has not accepted any deposits from the public during the year under review.

PERFORMANCE IN RETROSPECT AND FUTURE OUTLOOK:

During the year under review the Company has shifted its focus from non Banking Financial Company to manufacturing Company. Accordingly it has set up plant to manufacture G S Tape and HR/CR tubes. The Commercial production of GS tapes has commenced from 5th May, 1999 the product of the Company of the Company has been well received in the market. The tube plant has also since been commissioned, with the commissioning of these two plants the prospects of the company looks bright.

PERSONNEL :

No employee drew remuneration of Rs.50,000/-or more per month during the year under review. As such no information as per section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 is required to be given.

Y2K COMPLIANCE :

The Company has taken up appropriate steps to ensure the Y2K Compliance and the same is expected to be completed by September, 1999. The Company does not foresee any major problems on account of the Y2K problem. The work relating to the achievement of the compliance will not have any financial impact.

DIRECTORS:

Smt Meena Surana retires by rotation at this Annual General Meeting and being eligible has offered herself for Re-appointment.

AUDITORS :

M/s Sekhar & Co., Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re appointment !!

STATUTORY INFORMATION:

Information on Conservation of Energy, Technology Absorption Foreign Exchange Earnings and outgo required to be discussed under section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, are provided as an Annexure to this Report

ACKNOWLEDGEMENTS :

Your Directors take this opportunity to express their gratitude to our Bankers and other Central and State Government Departments and local authorities for their guidance and support. Your Directors wish to place on record their sincere appreciation of the untiring efforts and team spirit of all the staff and workmen of the Company.

FOR AND ON BEHALF OF THE BOARD
OF P.M.STRIPS LIMITED



G. P. SURANA
DIRECTOR

Date : 31-07-1999
Place : Secunderabad