

14th
Annual Report
1997-99

(For the period from 1-10-1997 to 31-3-1999)

*CERTIFIED TRUE COPY
For Shree Vaani Sugars & Industries Limited*

[Signature]
Managing Director



**Shree Vaani Sugars
and Industries Limited**

Board of Directors

Shri D. K. Audikesavulu	Chairman
Shri T. Suryachandra Rao	Managing Director
Dr. M. G. G. Naidu	Director
Shri N. V. Varadarajulu	Director
Dr. J. Bapu Reddy, I A S (Rtd.)	Director (Nominee of MIDC)
Shri S. Ramachandran	Director (Nominee of IDBI)
Shri G. Ramachandraiah	Director
Shri D. A. Srinivas	Director
Shri D. V. Ramanaiah	Finance Manager

Auditors

M/s. C. Ramachandram & Co.,
Chartered Accountants,
3-5-45/6/2, Edenbagh,
Ramkote, Hyderabad - 500 001

Bankers

State Bank of India
State Bank of Mysore
The Vysya Bank Limited

Registered Office & Factory

Mudipapannapalli, Sugulimitta (Post),
Punganur, Chittoor District,
Andhra Pradesh.
Pin : 522 247

Share Transfer Department

M/s. Shree Vaani Sugars and Industries Limited

No. 17, Sankey Road, Bangalore - 560 020
Phones: 3315862, 3347037 Fax : 080 - 3310040

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Company will be held on Tuesday, the 31st August, 1999 at 11.00 A.M. at the Registered Office of the Company at Mudipapanapalli, Punganur, Chittoor District to transact the following business

Ordinary Business:

1. To receive, consider and adopt audited Profit and Loss Account for the 18 months period ended 31st March, 1999 and the Balance Sheet as on that date along with the relevant Schedules, the report of Auditors and Director's Report thereon.
2. To appoint a Director in place of Dr.M.G.G.Naidu who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri.D.K.Audikesavulu who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration and in this regard to consider and if thought fit to pass with or without modifications, the following resolution as an ordinary resolution :

"RESOLVED THAT M/s. C.Ramachandram & Company, Chartered Accountants, the retiring Auditors, be and are hereby reappointed as Auditors of the company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors, in addition to reimbursement of out of pocket expenses to be incurred by them for the purpose of Audit of the Company's accounts".

Special Business:

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution :

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310 and 311, read with Schedule-XIII and other relevant provisions of the Companies Act, 1956 and the Articles of Association. Shri.T.Suryachandra Rao be and is hereby appointed as the Managing Director of the Company with effect from 05.05.1998 till the conclusion of this Annual General Meeting on the same terms and conditions governing his previous appointment.

"FURTHER RESOLVED THAT the salary paid to Shri T.Suryachandra Rao and the actions taken by him from 05.05.1998 till the conclusion of 14th Annual General Meeting be and are hereby ratified".

6. To consider and if thought fit, to pass with or without modification the following resolution as a special resolution:

"RESOLVED THAT pursuant to section 163 of the Companies Act, 1956, the Company hereby approved that the Register of Members, Index of members and copies of all Annual Returns prepared under section 159 of the said Act, together with copies of the certificates and documents required to be annexed thereto under section 161 of

the said Act be kept at the Branch Office of the Company at No.17, Sankey Road, Bangalore - 560 020 instead of being kept at present with share transfer agents viz., M/s Sidvin Financial Consultancy Services Pvt. Limited, 11th floor, Sidvin Chambers, 6-3-802, Ameerpet, Hyderabad - 500 016".

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

"RESOLVED THAT pursuant to section 81 (1A) of the Companies Act, 1956 and the relevant guidelines of the Securities and Exchange Board of India (SEBI) and any other applicable provisions/guidelines, the consent of the Company be and is hereby given to the Board of Directors to convert unsecured loans provided by the promoters Shri D K Audikesavulu and his Associates amounting to Rs.5782700/- into equity capital and to issue/offer of 578270 equity shares of Rs.10/- each fully paid-up on preferential basis to the promoters and their associates whether or not such persons are holders of equity share of the Company as on the date of offer of the said shares and that the aforesaid shares shall rank pari passu in all respects with the existing equity shares of the Company".

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such things and acts as may be necessary and to settle any matter that may arise in connection therewith".

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII and subject to such approvals as may be necessary, the consent of the Company be and is hereby given for appointment of Sri D K Audikesavulu to the position of Chairman-cum-Managing Director of the Company for five years w.e.f. 01.09.1999 and for payment of the following remuneration:"

1. Salary : Rs. 40,000/- per month.
2. Perquisites : Perquisites will be allowed in addition to salary and restricted to an amount equal to the annual salary.

The perquisites are classified into three categories i.e., A,B and C as follows :

CATEGORY-A

a) Housing :

- i) The expenditure incurred by the Company on hiring unfurnished accommodation for the Chairman and Managing Director will be subject to a ceiling of fifty percent of the salary, over and above ten percent payable by the Chairman and Managing Director.
- ii) In case the accommodation is owned by the Company, ten percent of the salary of the Chairman and Managing Director shall be deducted by the Company.
- iii) In case no accommodation is provided by the Company, the Chairman and Managing Director shall be entitled to House Rent Allowance, subject to the ceilings laid down in (i) above.

Provided that the expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962 and subject to a ceiling of ten percent of the salary of the Chairman and Managing Director.

b) Medical Reimbursement :

Medical expenses incurred for self and family subject to a ceiling of one month's salary in the year or three months salary over a period of three years.

c) Leave Travel Concession :

For self and family once in a year incurred in accordance with rules of the company.

d) Club Fees :

Fees of club, subject to a maximum of two clubs, excluding admission and life membership fees.

e) Personal Accident Insurance :

Premium not to exceed Rs.4000/- per annum.

CATEGORY B:

a) Company's contribution to Provident Fund, Superannuation Fund and Annuity.

- i) Company's contribution towards Provident Fund, subject to a ceiling of 12% of Salary.
- ii) Company's contribution towards pension / Superannuation Fund together with the contribution to the Provident Fund shall not exceed such limit as prescribed under the Income Tax Rules, 1962.

b) Gratuity

Gratuity payable shall not exceed half a month's salary for each completed year of service.

CATEGORY C:

Provision of a car with driver for use on company's business and telephone facility at his residence shall be provided. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the company, to the Chairman and Managing Director.

Provided that the Chairman and Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof. The appointment is terminable by six months notice on either side".

"FURTHER RESOLVED THAT pursuant to the provisions of Section 198(4) of the Companies Act, 1956, where in any financial year, during the currency of the tenure of Shri D.K.Audikesavulu Chairman and Managing Director of the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary and perquisites not exceeding the limits as set-out above".

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII and subject to such approvals as may be necessary, the consent of the Company be and it hereby given for appointment of Sri D A Srinivas to the position of Executive Director of the Company for five years w.e.f. 01.09.1999 and for payment of the following remuneration:

1. Salary : Rs. 30,000/- per month.
2. Perquisites : Perquisites will be allowed in addition to salary and restricted to an amount equal to the annual salary.

The perquisites are classified into three categories i.e., A,B and C as follows :

CATEGORY-A

a) Housing:

- i) The expenditure incurred by the company on hiring unfurnished accommodation for the Executive Director will be subject to a ceiling of fifty percent of the salary, over and above ten percent payable by the Executive Director.
- ii) In case the accommodation is owned by the company, ten percent of the salary of the Executive Director shall be deducted by the company.
- iii) In case no accommodation is provided by the company, the Executive Director shall be entitled to House Rent Allowance, subject to the ceilings laid down in (i) above.

Provided that the expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962 and subject to a ceiling of ten percent of the salary of the Executive Director.

b) Medical Reimbursement:

Medical expenses incurred for self and family subject to a ceiling of one month's salary in the year or three months salary over a period of three years.

c) Leave Travel Concession:

For self and family once in a year incurred in accordance with rules of the company

d) Club Fees:

Fees of club, subject to a maximum of two clubs, excluding admission and life membership fees.

e) Personal Accident Insurance:

Premium not to exceed Rs. 4000/- per annum.

CATEGORY B:

a) Company's contribution towards Provident Fund, Superannuation Fund and Annuity.

- i) Company's contribution towards Provident Fund, subject to a ceiling of 12% Salary.
- ii) Company's contribution towards pension / superannuation fund together with the contribution to the Provident Fund shall not exceed such limit as prescribed under the Income Tax Rules, 1962.

b) Gratuity

Gratuity payable shall not exceed half a month's salary for each completed year of service.

CATEGORY C:

Provision of a car with driver for use on Company's business and telephone facility at his residence shall be provided. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company, to the Executive Director.

Provided that the Executive Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof. The appointment is terminable by six months notice on either side.

"FURTHER RESOLVED THAT pursuant to the provisions of Section 198 (4) of the Companies Act, 1956, where in any financial year, during the currency of the tenure of Shri D.A. Srinivas, Executive Director of the Company has no profits or its profits are inadequate, it may pay him remuneration by way of Salary and perquisites not exceeding the limits as set-out above".

By order of the Board
for **Shree Vaani Sugars and Industries Limited**

Place : Mudipapanapalli

Date : 31st May, 1999

(T. Suryachandra Rao)

Managing Director

NOTES:

- 1) A Member entitled to attend and Vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. The instrument of proxy should however be deposited at the Registered Office of the Company not less than 48 Hours before the commencement of the Meeting.
- 2) The Register of Members and Share Transfer books of the Company will be closed from 25.08.1999 to 31.08.1999 (both days inclusive).
- 3) Members are advised to bring their copies of Annual Reports to the meeting as there will be no supply of additional copies.
- 4) Members are requested to notify immediately any change in their address to the Company/Share Transfer Agents i.e. by quoting their folio number.
- 5) Members are requested to note change in the Share Transfer Agent viz., M/s Sidvin Financial Consultancy Services Private Limited, III Floor, Sidvin Chambers, 6-3-802, Ameerpet, Hyderabad and all further correspondence in respect of Share Transfer Work shall be addressed to the in house Share Transfer Department located at the branch office of the Company at "No. 17, Sankey Road, Bangalore -560 020".

**Annexure to and Forming Part of the Notice convening the
14th Annual General Meeting of the Company**

**Explanatory statement pursuant to Sec. 173(2) of the
Companies Act 1956 :**

On Item No.5

The tenure of Shri T. Suryachandra Rao, the Managing Director of the Company, had ended on 04.05.1998. He has been recommended for re-appointment effective from 05.05.1998 to till the conclusion of 14th Annual General Meeting i.e. 31.08.1999 by the Board of Directors at their meeting held on 31.05.1999. Copy of the appointment letter issued to Shri T.Suryachandra Rao is available for inspection at the Registered Office of the Company. None of the Directors, excepting Shri.T.Suryachandra Rao, is interested in the resolution.

On Item No.6

With a view to providing improved and timely service to the share holders, it would be desirable to keep the Register of Members and Index of members and copies of all Annual Returns prepared by the Company under section 159 of the Companies Act, 1956 together with copies of Certificates and documents required by the Act to be annexed thereto at the in house Share Transfer Department located at the Branch Office of the company at No.17, Sankey Road, Bangalore - 560020.

The approval of the share holders by a special resolution is being sought, pursuant to the Provisions of section 163 of the Companies Act, 1956.

None of the Directors are interested or concerned in the resolution.

On Item No.7

As members are kindly aware the promoters Shri D.K. Audikesavulu and his associates have provided Rs.57,82,700/- to the company as unsecured loans. The unsecured loans provided by the promoters be converted in to equity.

It is proposed to convert the unsecured loan of Rs.57,82,700/- into equity shares of Rs.10/- each and issue the same to the above promoters and their Associates.

Shri.D.K.Audikesavulu being promoter Director is interested in the above resolution.

On Item No.8

The tenure of Shri T. Suryachandra Rao, the Managing Director of the company had ended on 31.08.1999, your Board has appointed Shri D.K. Audikesavulu as a Chairman and Managing Director with effect from 01.09.1999 on the remuneration as detailed in the resolution. Shri D.K. Audikesavulu has been on the Board of the Company since September, 1995 and as your Board feels that it would be in the interest of the Company to appoint Shri D.K. Audikesavulu as Chairman and Managing Director accordingly Board of Directors recommended his appointment.

Shri D.A. Srinivas is related to Shri D.K. Audikesavulu and to that extent he alongwith Shri D.K. Audikesavulu may be deemed to be interested in the resolution.

On Item No.9

Your Board has appointed Shri D.A. Srinivas as a Executive Director with effect from 01.09.1999 on the remuneration as detailed in the resolution. Shri D.A. Srinivas has been on the Board of the Company since March, 1994 and as your Board feels that it would be in the interest of the Company to appoint Shri D.A. Srinivas as Executive Director accordingly Board of Directors recommended his appointment.

Shri D.A. Srinivas is related to Shri D.K. Audikesavulu and to that extent he alongwith Shri D.K. Audikesavulu may be deemed to be interested in the resolution.

By order of the Board
for Shree Vaani Sugars and Industries Limited

Place : Mudipapanipolli

(T. Suryachandra Rao)

Date : 31st May, 1999

Managing Director

Directors' Report

Dear Share holders,

Your Directors have pleasure in presenting their Fourteenth Annual Report together with the Audited Accounts for the Eighteen months period ended 31st March, 1999.

The Year in Retrospect

Your Directors are happy to inform you that during the crushing season 1998-99, which commenced on 23rd October, 1998, your Company has crushed 301158 Tonnes of sugarcane till 31st March, 1999, with an average recovery of 9.75%.

As per the release order issued by the Government of India from time to time, your Company sold 271449 Qtls. of White Crystal Sugar, out of 432535 Qtls. bagged by it during the period under review. As on 31st March, 1999 your Company had held 247084 Qtls. of Sugar in Stock.

Financial Results

The Financial results of your Company for the Eighteen months period ended 31st March, 1999 are summarised below:

	(Rs. in Lakhs)	
	18 months period ended 31.03.99	Year Ended 30.09.97
Sales and other income	5838.24	1838.62
Profit before interest and Depreciation	870.25	334.98
Interest and Depreciation	688.71	460.95
Profit/(Loss) before taxes	181.54	(125.97)
Provision of Tax	19.54	0
Profit/(Loss) after taxes	162.00	(125.97)
Loss brought down from previous year	263.09	(137.12)
Loss carried to Balance Sheet	(101.09)	(263.08)

The Company has obtained permission from the Registrar of Companies, Andhra Pradesh for the extension of the financial year by six months from 30th September 1998 to 31st March, 1999. Accordingly accounts for the 18 months period ended 31st March, 1999 were prepared and duly audited.

Year in Prospect

We have crushed 4,21,609 M.Tonnes of cane for the season 1998-99 till 10.06.99 with hectic efforts. Consisting of 2,69,435 M.Tonnes from our own zone; 58,945 M.Tonnes from Karnataka and 93,229 M.Tonnes from Chittoor and Tamilnadu non-zone areas.