
16th
Annual Report
2000 - 2001

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BOARD OF DIRECTORS

| | |
|--------------------------------|--------------------------------|
| Shri D.K. Audikesavulu | Chairman and Managing Director |
| Shri D.A. Srinivas | Joint Managing Director |
| Dr. P.L.Sanjeeva Reddy | Director (Nominee of IREDA) |
| Dr. J.Bapu Reddy | Director (Nominee of APIDC) |
| Dr. M.G.G.Naidu | Director |
| Shri N.V.Varadarajulu | Director |
| Shri G.Ramachandraiah | Director |
| Shri T.Suryachandra Rao | 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

Mudipapanapalli, Sugalimitta (Post)
Punganur, Chittoor District,
Andhra Pradesh
Pin : 517 247

SHARE TRANSFER AGENTS & DEPOSITORY REGISTRARS

M/s. CIL Securities Limited
208, Raghava Ratna Towers,
Chirag Ali Lane, Abids, Hyderabad - 500 001
E-mail : advisors@cilsecurities.com

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the company will be held on 26th September 2001 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 year ended 31st March, 2001 the Balance Sheet as on that date along with the relevant schedules, the report of Auditors and Directors Report thereon.
2. To appoint a Director in place of Dr.J.Bapu Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri T.Suryachandra Rao, 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 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 and 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 if any incurred by them for the purpose of Audit of the Company's accounts".

SPECIAL BUSINESS:

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

"RESOLVED that pursuant to section 269, 310, 311 Schedule XIII and other applicable provisions, if any, of the companies act, 1956 Sri D.A.Srinivas be and is hereby appointed as Joint Managing Director of the company with effect from 29th June,2001 for a period of five years, not liable to retirement by rotation, on the following terms and conditions.

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

- i) The expenditure incurred by the company on hiring furnished accommodation for the Joint Managing Director will be subject to a ceiling of fifty percent of the salary, over and above ten percent payable by the Joint Managing Director.
- ii) In case the accommodation is owned by the company, ten percent of the salary of the Joint Managing Director shall be deducted by the company.
- iii) In case no accommodation is provided by the company, the Joint 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 Joint Managing Director.

b) **Medical Reimbursement:**

Medical expenses incurred for self and family subject to a ceiling of one month's salary in one 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 the 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-Ba) **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 Joint Managing Director.

Provided that the Joint 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.A.Srinivas, Joint 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".

6. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution :

1. "RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 the Authorised Share Capital of the Company be and is hereby increased from Rs.25,00,00,000/- (Rupees twenty five crores only) divided into 2,50,00,000 (Two Crores fifty lakhs only) equity shares of Rs.10/- each to Rs.40,00,00,000/- (Rupees forty crores only) divided into 4,00,00,000 (Four Crores only) equity shares of Rs.10/- each.

"RESOLVED THAT pursuant to Section 16 of the Companies Act, 1956, Clause V (a) of the Memorandum of Association of the Company be and is hereby deleted and substituted by the following:

"Clause V (a): The Share Capital of the Company is Rs.40,00,00,000/-

(Rupees forty Crores only) divided into 4,00,00,000 (Four Crore) Equity Shares of Rs.10/- (Rupees Ten only) each. The company has the power from time to time to increase or reduce its capital in accordance with the provisions of the Companies Act, 1956".

7. 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 consent of the company be and is hereby accorded to the Board of Directors of the company to appoint M/s.CIL Securities Limited a SEBI authorised registrar and share transfer agent as the share transfer agent of the company for providing electronic connectivity and transfer of shares in dematerialised form and to keep the Register of Members together with the Index of members of share holders and copies of all returns and records under section 159 and 160 of the companies act, 1956 as also the copies of certificates and documents required to be annexed thereto under section 160 and 161 of the companies act, 1956 at the aforesaid Registrar and Share Transfer Agents office at 208, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001, instead of the Registered office of the company at Mudipapanapalli Village, Sugalmitta (Post) Punganur - 517 247, Chittoor District, Andhra Pradesh.

"Resolved further that the Board of Directors of the company are hereby authorised to enter into such agreements as may be required and do all such acts, deeds and things that may be necessary in this regard.

8. To Consider and if thought fit to pass with or without modification the following resolution as a special resolution.

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing article 3(a) of the Articles of Association of the Company be and is hereby altered as under:

ARTICLE 3(a) The Authorised Share Capital of the Company is Rs.40,00,00,000/- (Rupees Forty Crores only) divided into Rs.4,00,00,000/- (Four Crore only) Equity Shares of Rs.10/- (Rupees Ten only) each with power to sub-divide, consolidate, reduce the capital and to divide the shares in the capital for the time being into several classes attach thereto respectively such preferential or special rights and privileges and condition as may be determined by or in accordance with the regulation of the Company".

That the following new articles 11A and 11B after the existing article No.11 be included.

11A DEMATERIALISATION OF SHARES

- a) Definitions For the purpose of this Article.

"DEPOSITORIES ACT" means the Depositories Act, 1956, including any statutory modification or re-enactment thereof for the time being in force.

"DEPOSITORY" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under the Securities and Exchange Board of India, Act, 1992.

"SEBI" means the Securities and Exchange Board of India.

"SECURITY" means such security as may be specified by the Securities and Exchange Board of India from time to time.

"MEMBER" means the duly registered holder from time to time of the share of the Company and includes every person whose name is entered as a beneficial owner in the records of the Depository.

"PARTICIPANT" means a person registered as such under Section

121(1A) of the Securities and Exchange Board of India Act, 1992.

"REGISTERED OWNER" means depository whose name is entered as such in the records of the Company.

"BENEFICIAL OWNER" means a person whose name is recorded as such with a Depository.

"RECORD" includes the records maintained in the form of books or stored in a computer or in such other forms as may be determined by the regulations issued by the Securities and Exchange Board of India, in relation to the Depositories Act.

"BY-LAWS" means by laws made by the Depository under Section 26 of the Depositories Act.

"REGULATIONS" means the regulations made by the SEBI.

Words imparting singular number include the plural number and vice versa

Words and expressions used and not defined in the Act but defined in the depositories act shall have the same meaning respectively assigned to them in the Act

- b) Either the Company or the investor may exercise an option to issue, deal in hold the securities (including shares) with a Depository in electronic form, the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification(s) thereto reenactment thereof.
- c) Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialize its securities held in depositories and/or offer its fresh securities in the dematerialized form pursuant to the Depositories Act and the rules framed there under, if any.
- d) Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with a Depository, the Company shall intimate such Depository the details of allotment of the Security, and on receipt of such information the Depository shall enter in its record the name of allottee as the beneficial owner of that Security.
- e) All Securities held by a Depository shall be dematerialized and be in fungible form No Certificate shall be issued for the Securities held by the Depository. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.
- f) Except as ordered by a Court of competent jurisdiction or by Law required, the Company shall be or entitled to treat the person whose name appears on the Register of Members as the holder of any shares or absolute whose name appears as the beneficial owner or shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognize any benami, trust equitable Contingent, future, partial interest, other claim to or interest in respect of such share or (except only as these Articles otherwise expressly provide) any right in respect of a share other than an absolute right hereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall at their sole discretion register any share in the joint name of any two or more persons or the survivors of them.

- g) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

Save as otherwise provided above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.

Every person holding securities of the Company and whose name is entered as a Beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository.

- h) The Company shall cause to be kept a Register and Index of Members with details of shares and debentures held in material and dematerialized forms in any media as may be permitted by the law including any form of electronic media. The Register and Index of Beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of Members for the purpose of this Act. The Company shall have power to keep in any state or Country outside India a branch Register of Members resident in that State or Country.
- i) Upon receipt of certificate of Securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of the Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
- j) Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- k) Where the Securities are dealt with in a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.
- l) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in Depository.
- m) The shares in the capital shall be numbered progressively according to their several denomination provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
- n) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to the Depository Act.
- o) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

- p) If a beneficial owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. "The Company shall within thirty (30) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment as such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee, as the case may be.
- q) Provisions of this Article will have full effect and force notwithstanding anything contrary or inconsistent in any other article of these presents".

11B NOMINATION FACILITY

- a) Every holder of shares in or holder of debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
- b) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares, in or debentures of, the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the Shareholder or holder of debentures of the Company or, as the case may be, on the death of the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other person, unless the nomination is varied or cancelled in the prescribed manner.
- d) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination and to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority.
- e) Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -
 - i) to be registered himself as holder of the share or debenture, as the case may be; or
 - ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.
- f) If the person, being a nominee, so becoming entitled, elects to be registered as holder of the shares or debenture, himself, as the case may be, he shall deliver or send to the Company notice in writing signed by him stating that he so elects as such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- g) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member has not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.

- h) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares or debenture, except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or debentures, until the requirements of the notice have been complied with.

- i) A depositor may, in terms of Section 58A at any time, make a nomination and the above provision shall, as far as may be, apply to the nomination made under the sub-section.
9. To consider and if thought fit to pass with or without modification the following resolution as a special resolution.

"Resolved that in supersession of earlier resolution passed by the company in the Annual General Meeting held on 09.09.1991 in relation to the exercise of borrowing powers, the board of directors of the company be and are hereby authorised to borrow money from time to time upto a limit of not exceeding in the aggregate to Rs.80.00 Crores notwithstanding that the money to be borrowed together with the money already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) will 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".

By Order of the Board
For SHREE VAANI SUGARS AND INDUSTRIES LIMITED

(D.K. AUDIKESAVULU)
Chairman and Managing Director

Place : Mudipapanapalli
Date : 29-06-2001

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 22.09.2001 to 26.09.2001 (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 Registered Office of the Company by quoting their folio number.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES' ACT 1956:

ITEM NO.5

Your Board has appointed Sri D.A.Srinivas as Joint Managing Director with effect from 29.06.2001 on the Remuneration as detailed in the resolution. Sri 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 Sri D.A.Srinivas, as Joint Managing Director. Accordingly your Board of Directors' recommended his appointment.

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

This may be treated as memorandum and abstract of the terms and conditions of the contract/ appointment under section 302 of the Companies Act, 1956.

ITEM NO.6

The Company contemplates to raise further Capital by issue of Shares, which requires increasing its authorised share capital from 25 crores to 40 crores.

Increasing in the authorised share capital also necessitates amendment of the capital clauses of the memorandum and articles of association.

As per Section 16 & 31 of the companies act 1956, an amendment to the memorandum of articles of association requires. The approval of shareholders by way of a special resolution.

Yours Directors recommended the resolution for your approval.

None of the Directors' of the Company is concerned or interested in the resolution.

ITEM NO.7

The SEBI has issued a notification that the shares of company shall be allowed for trading in dematerialised form only with effect from 26-12-2000. To enable this your Company proposes to avail the services of M/s.CIL Securities Limited, a category 1 merchant bankers for this purpose. The maintenance of records at a place other than the Registered Office, requires the approval of the members's.

Your Directors' recommended the resolution for your approval.

None of the Directors' of the Company is concerned or interested in the resolution.

ITEM NO.8

The company is intending to raise further equity capital to part finance the expansion as well as to augment working capital needs. To enable the company to raise further equity the existing authorised capital is being raised from Rs.25.00 crores to Rs.40.00 crores, requiring amendment the capital clause of the Articles of Association.

With introduction Depository Act, 1996 and the depository system, some of the provisions of the companies act, 1956 relating to issue, holding, transfer and