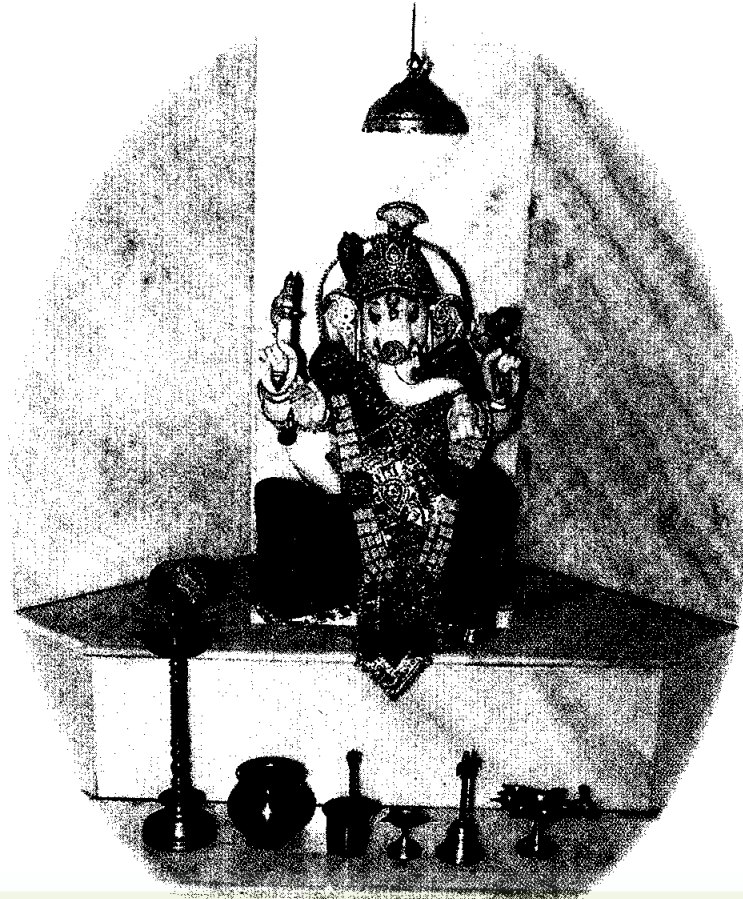


23rd ANNUAL REPORT
2000-2001

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Siyaram s

Siyaram Silk Mills Ltd.



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LORD GANESH TEMPLE AT SAILY, SILVASSA UNIT

| CONTENTS | Page No. |
|--------------------------------|----------|
| Directors' Report..... | 2 |
| Auditors' Report..... | 6 |
| Balance Sheet..... | 8 |
| Profit & Loss Account..... | 9 |
| Schedules to the Accounts..... | 10 to 19 |
| Cash Flow Statement..... | 20 |

Siyaram's**SIYARAM SILK MILLS LIMITED****BOARD OF DIRECTORS**

DHARAPRASAD R. PODDAR
Chairman

RAVIN C. KAPADIA
Company Secretary

RAMESH D. PODDAR
Vice-Chairman & Managing Director
ARVIND M. PODDAR
Joint Managing Director

BANKERS
Bank of Baroda
Central Bank of India
Corporation Bank

P.K. MOHANTY
Nominee Director - ICICI Ltd.

AUDITORS
M/s. Jayantilal Thakkar & Co.
Chartered Accountants

M.L. PACHERIWALA
PAWAN D. PODDAR (W.E.F. 23.06.2001)
ASHOK P. MAHANSARIA
B.L. SARDA (W.E.F. 23.06.2001)
V.C. MEHTA (W.E.F. 23.06.2001)

COST AUDITORS
M/s. Tholiya & Associates
Cost Accountants

SHRIKISHAN D. PODDAR (W.E.F. 23.06.2001)
Smt. VIJAYLAXMI A. PODDAR
Executive Directors

INTERNAL AUDITORS
M/s. K. M. Garg & Co.
Chartered Accountants

REGISTERED OFFICE
H-3/2, MIDC, A-Road, Tarapur, Boisar - 401 506
Dist. Thane, Maharashtra
Tel. : 02525-72575

SOLICITORS & LEGAL ADVISORS
M/s. Kanga & Co.
Advocates, Solicitors & Notary

CORPORATE OFFICE
Shiv Shakti Industrial Complex
J.R. Boricha Marg
Mumbai-400 011.
Tel. : 022-3093892

PLANTS-Weaving**PLANTS-Yarn**

Tarapur Units **H-3/2, MIDC, A-Road**
Tarapur, Boisar, Dist. Thane
Maharashtra

Patalganga Unit **A-31, MIDC, Patalganga**
Dist. Raigad
Maharashtra

Murbad Units **D-2/1, MIDC**
Murbad, Dist. Thane
Maharashtra

Silvassa Unit **45-B, Masat Indl. Area**
Silvassa (U.T.)

Silvassa Units **Survey No. 367,**
P.O.: Saily,
Silvassa (U.T.)

Members are requested to bring their copy of the Annual Report along with them at the Annual General Meeting, as copies of the Report will not be distributed at the Meeting.



23RD ANNUAL REPORT 2000-2001

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 23rd Annual Report and Audited Statement of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

(Rupees in Lacs)

| | 2000-2001 Rs | 1999-2000 Rs |
|--|-----------------|-----------------|
| Gross Sales & Other Income | 36195 | 31963 |
| Gross Profit | 2481 | 2303 |
| Less : Depreciation | 843 | 714 |
| Profit before tax | 1638 | 1589 |
| Less: Provision for taxation | 120 | 140 |
| | 1518 | 1449 |
| Add: Adjustments relating to earlier years | 5 | 48 |
| | 1523 | 1497 |
| Add: Transferred from Debenture Redemption Reserve | 49 | 43 |
| Add: Surplus brought forward from previous year | 165 | 95 |
| Surplus available for appropriation | 1737 | 1635 |
| Less: Transferred to Debenture Redemption Reserve | 13 | 20 |
| Transferred to General Reserve | 1350 | 1250 |
| Proposed Dividend | 186 | - |
| Interim Dividend Declared | - | 180 |
| Tax on Dividend | 19 | 20 |
| Balance carried forward to Balance Sheet | 169 | 165 |

OPERATIONS

In spite of slowdown in general economy and continuous recessionary trend prevailing in the textile industry, the gross sales and other income of your company has been marginally higher at Rs.361.95 crores as against Rs.319.63 crores for the previous year. The Gross profit for the year has marginally increased by 7.72 % to Rs.24.81 crores as against Rs.23.03 crores in the previous year.

EXPANSION

Out of the expansion programme of 40 Air jet Looms as envisaged earlier during the year under review, the Company has successfully implemented 16 Air Jet Looms alongwith the other preparatory machines at its Silvassa Plant. The balance 24 Looms will be installed during the current year.

The total cost of project for the above is estimated at Rs.35 crores, which is being financed by Term loan from a bank and balance from internal accruals of the Company.

SHARE CAPITAL

During the year under review, the company has allotted 11,20,368 equity shares @ Rs.49/- per share aggregating to Rs.548.98 lacs on preferential basis to the promoters, their relatives, friends and groups in accordance with SEBI Guidelines for Preferential

Allotment contained in Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

DIVIDEND

Your Directors are pleased to recommend a tax free dividend of Rs.3.50 per equity share of Rs.10/- each for the full year on equity share capital of Rs.5.12 crores and on pro-rata basis from 30.01.2001 on equity shares issued during the year which will absorb Rs.2.05 crores including dividend tax.

DEBENTURES

The Company has utilized the proceeds of the debentures for the purpose for which the same were raised and has not diverted funds for any other purpose.

DIRECTORS

The Board of Directors have designated Shri Arvind M. Poddar as the Joint Managing Director, appointed Shri Shrikishan D. Poddar, as the Executive Director and Shri B L Sarda and Shri V C Mehta as additional directors of the Company.

Shri B L Sarda and Shri V C Mehta hold office until the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received notices under Section 257 of the Companies Act, 1956, proposing their appointment as Directors liable to retire by rotation. Your Directors recommend their appointment.

Shri Rajesh Patil, Nominee director representing ICICI Ltd resigned during the year and Shri P K Mohanty was appointed in his place.

Shri Jai Kumar U. Jain has resigned as Director. Shri Pawan D. Poddar has resigned as the Executive Director of the Company, however he will continue to be Director of the Company.

Your Directors record their deep appreciation for the valuable guidance received from Shri Rajesh Patil and Shri Jai Kumar Jain during the course of their association with the Company.

Shri Arvind M. Poddar, Shri Ashok Kumar P. Mahansaria and Shri M L Pachariwala retiring by rotation and being eligible, offer themselves for reappointment.

FIXED DEPOSITS

There were 36 unclaimed deposits amounting to Rs.1.98 lacs at the close of the year. The necessary reminders have been sent to the depositors for the same.

INDUSTRIAL RELATIONS

During the year under review, the workmen of the Murbad plant who had resorted an illegal strike since 2.05.2000, withdrew their agitation from 7.05.2001 and the plant have commenced production since then. Apart from the above, the industrial relation have been satisfactory.

DEMATERIALISATION

The arrangement with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL) are now fully operational. As per the directions issued by SEBI, the equity shares of your Company are traded on the stock exchange only in demat form with effect from 24th July, 2000.

RESPONSIBILITY STATEMENT

As stipulated under Section 217 (2AA) of the Companies Act, 1956 your Directors confirm as under :

- in the preparation of the accounts, the applicable accounting standards have been followed except AS2 in

Siyaram's**SIYARAM SILK MILLS LIMITED**

respect of the Central Excise not provided on finished goods lying in the factory as explained in note No. 5.

- (ii) appropriate accounting policies have been selected and applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2001 and of profit of the Company for the year ended on 31st March, 2001,
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- (iv) the accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

Particulars of remuneration paid to employees as required by Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are given hereto and form part of the Report in Annexure - I.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the

Report of the Board of Directors) Rules, 1988, is given in the Annexure - II to the report.

AUDIT COMMITTEE

The Company has constituted Audit Committee as per the provisions of Companies Act, 1956 comprising of Shri M L Pachariwala and Shri P K Mohanty.

AUDITORS

The members are requested to appoint Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

ACKNOWLEDGEMENT

Your Company is grateful for the continued co-operation and assistance extended to it by the Financial Institutions and banks in meeting financial requirements of the Company. Your Directors also express their warm appreciation for the dedicated and sincere services rendered by the Employees of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 23rd June, 2001

DHARAPRASAD R. PODDAR
Chairman

ANNEXURE I

Statement containing information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2001.

| Sr. No | Name | Age | Designation | Remuneration received (Gross) | Qualification & Experience (Years) | Date of Commencement of Employment | Last Employment held (Name of Employer, Post held & Period) |
|---|------------------|-----|-----------------------------------|-------------------------------|------------------------------------|------------------------------------|---|
| Employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs.12,00,000 | | | | | | | |
| 1. | Shri. R.D.PODDAR | 50 | Vice-Chairman & Managing Director | 44,74,318 | B.Sc(28) | 1-4-1985 | — |
| 2. | Shri. P.D.PODDAR | 48 | Executive Director | 42,33,492 | B.Com(26) | 1-4-1986 | — |
| 3. | Shri. A.M.PODDAR | 43 | Executive Director | 41,72,250 | B.Com(23) | 1-6-1992 | Rajkamal Processors Ltd. (7 months) |
| 4. | Smt. V.A.PODDAR | 41 | Executive Director | 36,15,139 | B.Com(14) | 1-4-2000 | Sugar Silk Industries (4 years) |

- NOTE : 1. Appointment of Managing Director and Executive Directors is for the period of five years.
2. Shri Ramesh D. Poddar-Vice Chairman & Managing Director, Shri Pawan D. Poddar-Executive Director are related to each other and Shrikishan D. Poddar-Director and Shri Dharaprasad R. Poddar, Chairman of the Company.
3. Shri Arvind M. Poddar and Smt Vijayalaxmi A Poddar-Executive Directors are related to each other and Shri Jaikumar U. Jain and Shri Ashok Kumar P. Mahansaria - Directors of the Company.
4. Gross Remuneration includes Salary, Allowances, Perquisites, Company's Contribution to Provident Fund, Superannuation Fund, Gratuity Fund, Provision for Gratuity and Leave Salary.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 23rd June, 2001

DHARAPRASAD R. PODDAR
Chairman



23RD ANNUAL REPORT 2000-2001

ANNEXURE II

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY :

a) Energy Conservation measures taken by the Company :

(i) Electrical Energy :

- (a) Reducing the maximum demand by evenly distributing the loads throughout the day and increasing efficiency of plant and equipments.
- (b) Improving power factor by optimum choice of power factor improvement capacitors.
- (c) Monitoring the overall energy consumption, by reducing losses and improvement of efficiency of all Class A utilities.

(ii) Fuel Oil Consumption :

The Company is carrying out at all its plants, regular maintenance of steam lines/ steam traps and user equipments to ensure high efficiency levels throughout the year. The new improvements are reviewed regularly and implemented wherever found suitable.

b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.

The Company is reviewing various proposals for reduction in consumption of energy, mainly by way of replacement of existing equipments by modern & energy efficient equipments.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.

As per Form "A"

d) Total energy consumption per unit of production as per Form "A".

FORM 'A'

A. POWER AND FUEL CONSUMPTION

1. ELECTRICITY

CURRENT YEAR

PREVIOUS YEAR

a) Purchased

Unit (KWH)

1,06,97,992

1,37,54,720

Total Amount(Rs)

3,70,67,115

4,86,25,716

Rate/Unit (Rs)

3.46

3.54

b) Own Generation

i) Through Diesel Generators Unit (KWH)*

69,36,241

19,34,495

Diesel Oil Consumption (LTRS)

20,17,012

6,27,539

Units per Ltr. of Diesel Oil

3.44

3.08

Cost /Unit (Rs)

4.50

5.52

ii) Through Steam Turbine/Generator

NIL

NIL

*includes consumption of Diesel Oil for regular trials of Diesel Generating Set.

2. COAL

Quantity (KGS)

N.A.

N.A.

Total Cost (Rs)

N.A.

N.A.

Average Rate

N.A.

N.A.

3. FURNACE OIL/L.S.H.S

Quantity (in Ltrs)

1,48,616

1,41,016

Total Cost (Rs)

17,08,800

14,02,211

Average Rate (in'000 Ltrs)

11.498

9.944

Siyaram's**SIYARAM SILK MILLS LIMITED**

| | CURRENT YEAR | PREVIOUS YEAR |
|--|--------------|---------------|
| B. CONSUMPTION PER UNIT OF PRODUCTION | | |
| 1. Electricity (KWH) | | |
| Cloth / Mtr | 0.64 | 0.51 |
| Yarn / Kg | 2.72 | 2.96 |
| 2. Furnace Oil / L.S.H.S | | |
| Dyed Yarn / Kg | 0.27 | 0.43 |

Note : The Company manufactures a wide range of products and the consumption of energy will vary significantly depending upon the actual product-mix.

B) TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form "B".

FORM 'B'**I. Research and Development (R & D) :**

1. Specific areas in which R & D carried out by the Company:
Product and quality improvement, development of new designs, products, cost control and energy conservation.
2. Benefits derived as a result of the above R & D:
The R & D activities have resulted into development of new designs and products.
3. Future plan of action: Development of new varieties and product mix.
4. Expenditure on R & D:

| | |
|-----------|----------------|
| Capital | - NIL |
| Recurring | - Rs.20,46,116 |
| Total | - Rs.20,46,116 |

II. Technology absorption, adoption and innovation:

1. The Company has been developing in-house modifications/improvements in process technology in its various manufacturing sections which, when found suitable, are integrated into the regular manufacturing operation.
2. Benefits derived as a result of the above efforts:
 - a) Quality improvement.
 - b) Energy Conservation.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

Not Applicable

C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans :

The Company has been exporting Fabrics and other Textile products. Initially these products were being exported to neighbouring markets of Middle East. Since last five years, the Company has put in efforts to export to prestigious European markets with encouraging response. The Company is also actively participating in International Fairs/Exhibitions in Asia and Europe.

- b) Total Foreign Exchange Used & Earned (Rs.in Lacs)

| | |
|--------------|----------------|
| Used Rs.1090 | Earned Rs.2176 |
|--------------|----------------|

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place : Mumbai
Dated : 23rd June, 2001

DHARAPRASAD R. PODDAR
Chairman



23RD ANNUAL REPORT 2000-2001

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SIYARAM SILK MILLS LIMITED

We have audited the attached Balance Sheet of **SIYARAM SILK MILLS LIMITED** as at 31st March 2001 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report that:

- 1) As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate, we give in Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 2) Further to our comments in the Annexure referred to Paragraph - 1 above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law, have been kept by the Company, so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the balance Sheet and Profit and Loss account dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 *except in case of the Accounting Standard on valuation of Inventories (AS 2) referred in note 5 in Schedule 'O' forming part of accounts.*
 - (e) On the basis of information and explanations given to us and written representations received from the Directors of the Company as at 31st March, 2001 and taken on record by the Board of Directors, we report that no Director is disqualified from being appointed as a Director of the Company under clause (g) of Sub-section(1) of Section 274 of the Companies Act, 1956.
 - (f) *In accordance with past practice consistently followed by the Company, no provision has been made for the amounts considered doubtful of recovery aggregating to Rs.219.70 Lacs (Refer Note No. 7 in Schedule 'O' forming part of the accounts.*

Had the above stated provision been made, the profit for the year, Reserves and Surplus and Sundry Debtors would have been lower by the same amount.

(g) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, subject to our observations in paragraph (f) above and read together with the Accounting Policies, Note No.6 regarding inclusion of interest in the cost of fixed assets in compliance with the Accounting Standard 16 on Borrowing Costs and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:-

- (i) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2001 and
- (ii) in the case of the Profit and Loss Account of the profit for the year ended on that date.

For JAYANTILAL THAKKAR & CO.
Chartered Accountants

C.V.THAKKER
Partner

Mumbai, Dated : 23rd June, 2001

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our report of even date on the accounts for the year ended 31st March, 2001)

- i. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Management has certified having physically verified the fixed assets during the year. In our opinion, the frequency of verification is reasonable. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- ii. None of the Fixed Assets of the Company have been revalued during the year.
- iii. The Stock of Finished Goods, Semi-finished goods, Stores and Spares and Raw Material have been physically verified at reasonable intervals during the year by the Management save and except goods lying with the third parties.
- iv. In our opinion and according to the information and explanations given to us, the procedures of verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v. The discrepancies between the physical stocks as verified and book records were not material and have been properly dealt with in the books of account.
- vi. In our opinion and on the basis of our examination of the stock records, the valuation of stock is fair and proper in accordance with the normally accepted