



MD	✓	BKC	✓
CS	AA	CRY	AA
RO	✓	W	AA
TRA	AA	✓	✓
AGM	✓	SH	✓
YE	✓		✓

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CONSERVE FUEL

FOR TOMORROW'S WORLD

SUNKU AUTO LIMITED



SUNKU AUTO LIMITED

Chairman

Sri M. V. Narayana Rao

Managing Director

Dr. Sunku Balaram

Director (Operations)

Mr. S. Santosh Kumar

DIRECTORS

Smt. S. Annapurna

Sri V. Srinivasa Rao

Sri Arvind Bhai R. Parikh

Dr. V. Shekhar

GENERAL MANAGER (F & A)

Mr. A. Ram Reddy

AUDITORS

B. Narsing Rao & Co.

BANKERS

Indusind Bank Ltd.,

Begumpet, Secunderabad

Registered Office

Gauthaminagar,

Cheekatimanupally, Kadiri (Mandal)

Ananthapur Dist., A.P.

FACTORY & ADMN. OFFICE

D-3 & D-12 Industrial Estate

Moula Ali,

HYDERABAD - 500 040

SUNKU AUTO LIMITED**NOTICE**

Notice is hereby given that the 13th Annual General Body Meeting of the Company will be held at the Registered Office : Gauthaminagar, Cheekatimanupally, Kadiri Mandal, Ananthapur Dt., Thursday on 24th December, 1998 at 11.00 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th Sept, 98 and Profit and Loss Account for the Year ended 30th September 1998 and report of Auditors and Directors there on.
2. To appoint a Director in place of Sri V. Srinivasa Rao, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri Arvind bhai R. Parikh, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Body Meeting. The retiring Auditors M/s. B. Narsing Rao & Co., are eligible for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED that pursuant to article No 6 of the Articles of the Association of the Company and section 80, 81A and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Securities Exchange Board of India and any Authorities as may be required and subject to such conditions and modifications as may be prescribed or imposed in granting such approvals and which may be agreed to by the Board of Directors, Redeemable Preference Shares for an aggregate amount not exceeding 7.5 crores (excluding such premium as may fixed on the said securities) each forming part of the authorised Capital of the Company and remaining unsubscribed be issued at par and allotted to any person or persons either by Public issue or by Private placement and on such terms as to dividend, preferential payment or return of the amount paid-up thereon and redemption as the Board of Director's may deem fit."

"RESOLVED FURTHER that the Board be and is hereby authorised to make the necessary changes in the conditions and modifications in the terms of the issue as may be permitted by SEBI/other authorities while according their sanction or consent to the proposed issue and take consequential action thereon including authority to revise/adjust the value/quantum of issue in such manner as may be considered appropriate by the Directors, in the event of such variations being considered expedient as a result of any modifications effected by SEBI or other authorities or prevailing market conditions."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, matters and things and to execute such documents or writings, as may be necessary, proper or expedient for the purposes of giving effect to the aforesaid Resolution and for matters connected therewith or incidental thereto."

None of the Directors are interested in the resolution.

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

"RESOLVED THAT Non-convertible Secured Debentures of Rs.100/- each of the aggregate amount not exceeding Rs. 8 crores (hereinafter called "the NC Debentures") be created and issued, as may be approved by the Securities Exchange Board of India, for cash at a par upon the following terms and conditions :

- a) The NC Debentures will carry an interest at the rate to be decided by the Credit Rating agency, on the principal amount for the time being outstanding thereon and be redeemed at a premium of 5% on the principal amount thereof. Such interest will be payable quarterly in advance, subject to deduction of tax at source in terms of the provisions of the Income Tax Act, 1961 or any statutory modification thereof.
- b) The principal amount of the NC Debentures shall be redeemable with a premium of 5% in four equal installments at the end of 7th, 8th, 9th, 10th year from the date of allotment by forwarding Account payee cheques to the registered holders thereof on the respective due dates.

PROVIDED THAT interest shall cease to accrue

SUNKU AUTO LIMITED

- on the respective instalments from the due dates for redemption thereof as mentioned above.
- c) At any time after one year from the respective dates of allotment of the NC Debentures subject to a maximum of Rs. 2 crores in value in aggregate in any financial year. The company will also have the power to re-sell the NC Debentures so purchased.
- d) Redemption of the NC Debentures and payment of interest thereon and other incidental charges will be secured by mortgaging and/or changing such of the Company's immovable and movable properties and in such form and manner as may be determined by the Board ranking *pari passu* with the existing charges or mortgage.
- e) The Board of Directors of the Company shall have authority to issue the NC Debentures for cash at par by way of Public issue/Private Placement/preferential allotment/by any one or more or a combination of the above mentioned.
- Privately in accordance with the directions given by the Securities Exchange Board of India other terms, conditions and manner as the Board may determine.
- None of the Directors are interested in the resolution.
- 7) To consider and, if thought fit, to pass the following Resolution as a Ordinary Resolution :-
- "RESOLVED THAT pursuant to Section 293 (1) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to mortgage and/or charge such of the Company's immovable and movable properties and the undertakings of the Company pertaining to such properties and in such form and manner as the Board of Directors may determine for the purpose of securing unto the Trustees for the holder of the Non-convertible Secured Debentures of Rs.100/- each of the aggregate amount not exceeding Rs. 8 crores the redemption of the aforesaid Debentures together with interest, costs, charges expenses, remuneration of the said Trustees and other monies, if any, payable by the Company in respect of the said debentures."
- None of the Directors are interested in the resolution.
- For and on behalf of the Board
For SUNKU AUTO LIMITED
- Cheekatimanupally
Date : 26.11.98
- (Dr. S. Balaram)
Managing Director

NOTE :

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself/herself and a proxy need not be a member. Instrument of proxies, in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before the meeting.
2. The Register of Members and share transfer books will remain closed from 22nd December, 1998 to 24th December, 1998 (both days inclusive)
3. Members are requested to kindly notify any change in address immediately to the company.

ANNEXURE**EXPLANATORY STATEMENT PURSUANT FOR SEC 173 (2)****item No. 5 & 6**

At present the company is manufacturing Three Wheeler Auto Rikshaws of 3 seater, 5 seater, 6 seater with handle and steering models. Now keeping in view the market competition your Board of Directors are planning to diversify the production to other models of Auto Rikshaws. For the said purpose the Board of Directors are planning to allot preference shares and Non convertible Debentures. Your Directors recommends the resolutions for your approval. None of the directors are interested in the resolution except to the extent of their share holding.

Place : Hyderabad
Date : 26-11-98

For and on behalf of the Board
For **SUNKU AUTO LIMITED**
Dr. Sunku Balaram
Managing Director

SUNKU AUTO LIMITED**DIRECTORS REPORT**

To
The Members,
Your Directors have pleasure for presenting the Thirteenth Annual Report for the year ended 30th Sept, 1998.

FINANCIAL RESULTS

Particulars	Year Ended 30-9-1998 (12 months) (in thousands)	Year Ended 30-9-1997 (18 months) (in thousands)
Sales/Turnover	124197	162958
Profit before Depreciation & Income Tax	2620	21014
Depreciation	2013	15188
Profit before tax	607	5806
Less : Provision for tax	74	667
Net Profit after Tax	533	5139

PERFORMANCE VS PROJECTIONS (IN LACS)

	Projections	Actuals
Income from operations	3210.00	1241.97
Profit	878.11	606.95

REASONS FOR SHORTFALL : Due to un-precedented demand recession in the automobile industry and down trend in the prices of the products of competitors and also entry of new players in the market. Lower sales realisation and increased cost of inputs have adversely impacted the sales and profit margin of the Company.

DEPOSITES :

The Company did not accept any deposits during financial year under review.

SUBSIDIARIES:

M/s. Sarada Engineers Pvt. Ltd

The Company made disinvestment in M/s. Sarada Engineers Pvt. Ltd., and its shares on par as it is not a profitable unit.

M/s. Apollo Chains & Zips Pvt. Ltd.

The audited accounts along with the Director's report for the year ended 31.3.98 in respect of the above subsidiary Company is annexed as required u/s 212 of the Companies Act, 1956.

DIVIDEND

Due to inadequacy of profits and liquid funds your Directors do not recommend the dividend for the Financial Year under consideration.

OPERATIONS

The operations of the Company for the year under review are

satisfactory. The Sales for the Year is Rs. 1242 lacs (for the 12 months period) despite the prevailing market conditions and tough competition. The Company is taking steps to substantially increase the production.

DIRECTORS

Sri V. Srinivasa Rao will retire by rotation by ensuing Annual General Meeting, an being eligible, offers himself for re-appointment.

Sr. Arvind Bhai R. Parikh will retire by rotation by ensuing Annual General Meeting, are being eligible, offers himself for re-appointment.

PARTICULARS OF EMPLOYEES

During the year under review, following employees of the company were in receipt of remuneration which in aggregate of Rs.3,00,000/- or more per year and in receipt of remuneration for any part of the year of Rs.25,000/- or more per month in accordance with Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975.

Name of Employee	Designation	Qualification & exp	Date of commencement of employee	Remuneration	Part of previous employment
Dr. S. Balaram	Managing Director	DAIM (13)	1985	3,50,000	
Sri S Santosh Kumar	Director-Operations	B.Com (13)	1985	2,87,500	

INDUSTRIAL RELATIONS

Industrial relations are cordial. Your directors wish to express their appreciation for the dedicated services rendered by the staff, officers and workers of the company.

The Company has opted for VDIS scheme 1997 under I.T.Act and paid taxes amounting a 59,36,000/- there on, during the month of March, 1998.

ACKNOWLEDGMENTS

Your directors take this opportunity to place on record their great appreciation and gratitude for the whole-hearted support, assistance, co-operation and valuable guidance that has been coming from Indus Bank Ltd., S.P. Road, Secunderabad and also from Central and State Governments all those who are associated with the Company more particularly the investors who have reposed their confidence in the Company.

On behalf of the Board
for Sunku Auto Limited

Cheekatimanupally
Date : 26.11.98

M. V. NARAYANA RAO

ANNEXURE :

Information as per Section 217 (1) (e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 30th September, 1998.

(A) CONSERVATION OF ENERGY

- | | | |
|--|---|-----|
| a) Energy Conservation Measures taken | : | Nil |
| b) Additional investment and proposals, if any being implemented for reduction of consumption of energy | : | Nil |
| c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production | : | Nil |
| d) Total energy consumption and energy consumption per unit of production | : | Nil |

(B) TECHNOLOGY ABSORPTION :

- | | | |
|---|---|-----|
| (e) Efforts made in technology absorption as per Form B | : | Nil |
|---|---|-----|

SUNKU AUTO LIMITED

Form for disclosure of particulars with respect of absorption

Research and Development (R & D)

- | | |
|--|--|
| 1. Specific areas in which R & D carried out by the company | A new model vehicle 6 + 1 seater has been developed in the in-house and sent to ARAI Pune for statutory approval and already clearance received from them. |
| 2. Benefits derived as a result of the above R & D. | The Commercial vehicles are already released in the market for which there is good response from the market. |
| 3. Future plan of action | A regular plan has been chalked out to develop some more new models of vehicles and relevant components in the in-house. |
| 4. Expenditure on R & D : | |
| (a) Capital | |
| (b) Recurring | |
| (c) Total | |
| (d) Total R & D expenditure as a percentage of total turnover. | |

Technology absorption, adaptation and innovation.

- | | |
|--|-------|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation. | |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. | |
| 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 : | |
| (a) Technology imported | |
| (b) Year of import | |
| (c) Has technology been fully absorbed ? | |
| (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. | |
| (C) FOREIGN EXCHANGE EARNINGS & OUTGO | : Nil |
| (f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans | : Nil |
| (g) Total Foreign Exchange used and earned | : Nil |

SUNKU AUTO LIMITED

B. NARSING RAO & CO.
CHARTERED ACCOUNTANTS

610, VI FLOOR,
BABUKHAN ESTATE, BASHEERBAGH
HYDERABAD - 1. PHONE : 232745

AUDITOR'S REPORT

We have audited the attached Balance Sheet of M/s. SUNKU AUTO LIMITED, as at 30-09-1998 and Profit & Loss account for the period ended as on that date annexed thereto and report that :

1. As required by the Manufacturing and other Companies (Auditors report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
 - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of accounts 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 the profit and loss account referred to in this report are in agreement with the books of account.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance

Sheet and the profit and loss account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view. Subject to our comments and on the basis of relevant papers furnished by the Company :

- a) The Company had declared Income under VDIS 1997 (under IT Act) amounting to Rs.1,60,00,000 and paid taxes Rs. 59,36,000/- thereon and shown as net off under Income group.
- b) The company has not provided for depreciation on the redundant assets disclosed in the sl. no. 3 of Notes on Accounts.
 - i) in so far as it relates to the Balance Sheet, of the state of affairs of the company as at 30-09-1998 (12 months) and :
 - ii) in so far as it relates to the profit and loss account, of the Profit of the company for the year ended on that date.

For B. NARSING RAO & CO.
CHARTERED ACCOUNTANTS

Place : Hyderabad
Date : 26-11-98

B. NARSING RAO

ANNEXURE TO AUDITOR'S REPORT

Ref : M/s. SUNKU AUTO LIMITED
[Referred to in paragraph 1 of our report of even date]

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, spare parts and raw material have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
4. The procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies noticed on verification between the physical stock and book records were not material.
6. On the basis of our examinations of stock records. We are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the proceeding year.
7. According to the explanations given to us the company has not accepted loans, from companies, firms or other parties listed in the register u/s. 301 and from the companies under the same management as defined under Sec. 370 of the Companies Act, 1956 where the rate of interest, or the terms and conditions