

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



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ANNUAL REPORT 1997-98



SURYALATA SPINNING MILLS LIMITED





SURYALATA SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sri C Narsi Reddy	<i>Chairman</i>
Sri R Surender Reddy	<i>Director</i>
Sri K S Purohit	<i>Director</i>
Sri J Rameshwar Rao	<i>Director</i>
Sri D R Jawahar	<i>IDBI - Nominee</i>
Sri Vithaldas Agarwal	<i>Managing Director</i>
Sri Mahender Kumar Agarwal	<i>Joint Managing Director</i>
Sri Veerender Kumar Agarwal	<i>Executive Director</i>

Financial Controller

Sri L Sivananda

Company Secretary

Sri P V Rama Seshu

Auditors

M/s Brahmayya & Co.,
Hyderabad

Registered Office

1st Floor, Surya Towers,
105, Sardar Patel Road,
Secunderabad - 500 003

Bankers

State Bank of India
Industrial Finance Branch
Hyderabad

UTI Bank Ltd
Hyderabad

Factories

Kalwakurthy
Mahabubnagar Dist.,
Andhra Pradesh

Mouza - Nayakund
(Near) Ramtek
Nagpur Dist.,
Maharashtra





SURYALATA SPINNING MILLS LIMITED

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of Suryalata Spinning Mills Limited will be held on **Friday, the 25th September, 1998** at Padmashali Kalyanamandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad - 500 026 at **11.00 A.M** to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as on that date, together with the Directors' and Auditor's reports thereon.
2. To appoint a Director in place of **Sri C Narsi Reddy** who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of **Sri K S Purohit** who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend on Cumulative Redeemable Preference Shares.
5. To declare dividend on Equity Shares.
6. To appoint Auditors and to fix their remuneration.

By order of the Board

Place : Secunderabad P V Rama Seshu
Date : 27.06.1998 Company Secretary

NOTES

1. Any 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. An instrument of proxy in order to be valid and effective, shall be deposited at the Registered Office of the Company, by not less than 48 hours before the commencement of the meeting.
3. Members are requested to notify immediately any change in their address to the Company and in any case latest by 18th September, 1998.
4. The Register of Members and the Share Transfer Books will remain closed **from 18th September, 1998 to 25th September, 1998** (both days inclusive) for the purpose of payment of dividend, if declared, to those members whose names appear in the Register of Members as on 25th September, 1998.
5. NOTICE is hereby given that pursuant to Rule 4(a) of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, that the unclaimed/unpaid Dividend amount upto and for the Financial Year 1993-94 has already been transferred to General Revenue Account of the Central Government and the unclaimed/unpaid Dividend amount for the Financial Year 1994-95 will be transferred to General Revenue Account of the Central Government during October, 1998 in terms of the provisions of Section 205(A) of the Companies Act, 1956.



SURYALATA SPINNING MILLS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are happy to present the Fifteenth Annual Report on the Business affairs and operations of the Company together with the Financial Results for the year ended 31st March, 1998.

FINANCIAL RESULTS

	(Rs.in lakhs)	
	1997-98	1996-97
Net Profit for the Year	75.85	267.74
Less : Provision for Tax	7.96	34.54
Profit after Tax	67.89	233.20
Add :		
1. Prior period adjustment (Net)	(5.14)	(9.41)
2. Profit brought forward from last year	37.00	15.57
Surplus available	99.75	239.36
Less :		
1. Preference Dividend (inclusive of Corporate Dividend tax)	9.86	—
2. Provision for Dividend (inclusive of Corporate Dividend tax)	28.52	52.36
3. Transfer to General Reserve	10.00	150.00
Balance carried forward to Balance Sheet	51.37	37.00

OPERATIONS

During the year under review, your Company has achieved a turnover of Rs.7688 lakhs and Net Profit after tax of Rs. 67.89 lakhs compared to Rs. 7608 lakhs and Rs. 233.20 lakhs achieved respectively during the corresponding previous year (1996-97). Though there is an increase of 20% in production levels compared to the last year, because of the fall in yarn selling prices, the profit for the year has come down.

DIVIDEND

In accordance with your approval, the Company has issued Cumulative Redeemable Preference Shares during the year under review and as per the terms and conditions thereon, the Board has recommended and paid a fixed rate of dividend @ 15% to the Preference Shareholders on 31st March '98. Your Directors are happy to recommend a dividend @ 10% on the paid up Equity Capital of the Company for the year 1997-98.

EXPANSION PROGRAMME AND CAPITAL EXPENDITURE

Your Directors are happy to inform you that the modernisation and expansion programme at its two units at Kalwakurthy & Ramtek was completed on schedule and started operating on the expanded capacity. The proposed plant at Vikarabad could not materialise because of local problems. However, the Company is contemplating various other modes for expansion and is looking out for better opportunities by keeping its options open.

During the year under review the Company has incurred Rs.599.96 lakhs as capital expenditure including the work in progress of Rs.72.66 lakhs.



SURYALATA SPINNING MILLS LIMITED

EXPORTS

During the year under report, your Company has exported yarn worth of Rs.68.20 lakhs (FOB Value). Since, the recession and unfavourable conditions are prevailing in the International Market the Company is concentrating more on domestic market.

FUTURE OUTLOOK

With the help of expanded capacity, your Company is able to meet the demand for its products in both National and International markets. The Company feels that the market conditions are expected to improve and would achieve better results in the subsequent years.

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

The details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in **Annexure- I** and forms part of this report.

DIRECTORS

In terms of Article 108 of the Articles of Association of the Company, **Sri C Narsi Reddy and Sri K S Purohit**, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible the Board recommends their re-appointments.

AUDITORS

The Auditors, **M/s. Brahmayya & Co.**, Chartered Accountants, Hyderabad, will

retire at the conclusion of the ensuing Annual General Meeting and being eligible the Board recommends their re-appointment.

EMPLOYEES

The particulars of employees as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in **Annexure II** and forms part of this report. The relations with the employees are very cordial.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their sincere thanks to the Industrial Development Bank of India (IDBI), The Industrial Finance Corporation of India Ltd.(IFCI), State Bank of India, UTI Bank Ltd and Central and State Government agencies for their timely support and cooperation extended to the Company in implementing the expansion programme well in time.

The Board also wishes to place on record its appreciation for the valuable services rendered by the employees of the Company.

For and on behalf of the Board

C NARSI REDDY
Chairman

Place : Secunderabad
Date : 27.06.1998



SURYALATA SPINNING MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE I

Details as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, read with clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956.

FORM - A

Form for disclosure of particulars with respect to conservation of energy

	1997-98	1996-97	
A. POWER & FUEL CONSUMPTION			
1. ELECTRICITY			
a) Purchased			
Unit (No.)	98,99,122	92,47,120	
Total Amount (Rs.)	3,51,99,426	3,05,38,443	
Rate/Unit (Rs.)	3.56	3.30	
b) Own Generation			
i) Through Diesel Generator			
Unit (No.)	99,88,080	83,72,716	
Unit per Ltr. of Diesel Oil (No.)	3.60	3.60	
Cost/Unit (Rs.)	2.63	2.22	
ii) Through Steam turbine/Generator	Not used	Not used	
2. COAL (Specify quality and where used)	Not used	Not used	
3. FURNACE OIL	Not used	Not used	
4. OTHERS/INTERNAL GENERATORS	Not used	Not used	
(Please give details)			
B. CONSUMPTION PER UNIT OF PRODUCTION (Kg.)			
	Standards	Current Year	Previous Year
Electricity (No. of units)	—	2.46	2.62
Furnace Oil	—	Not used	Not used
Coal	—	Not used	Not used
Others	—	Not used	Not used
C. FOREIGN EXCHANGE EARNINGS AND OUTGO			
i) Foreign Exchange Earned (Rs.)			
(FOB Value of exports)		68,20,434	1,18,58,639
ii) Foreign Exchange Used (Rs.)			
1. Raw Material		1,69,25,559	85,51,768
2. Machinery		—	—
iii) Foreign Travel (Rs.)		2,17,125	—
iv) Commission		—	3,69,118



SURYALATA SPINNING MILLS LIMITED

FORM B (See rule 2)

Form for disclosure of particulars with respect to absorption

Research and development (R & D)

1. Specific areas in which R & D carried out by the company : The Company is having good R & D in introduction and development of value added products
2. Benefits derived as a result of the above R & D : New value added products were developed, due to which exports are being made
3. Future plan of action : To further develop more value added products and improve the quality of the products
4. Expenditure on R & D : Expenditure on in-house R & D has been shown under respective heads of expenditure in the Profit & Loss account as no separate account is maintained

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : The Company has adopted indigenous technology and made innovation on the same
2. Benefits derived as a result of the above efforts, eg. product improvement, cost reduction, product development, import substitution, etc. : Product improvement, increase in yield, and quality resulted increase in turnover.
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 : No technology has been imported during the last five years
 - a) Technology imported : Nil
 - b) Year of import : Not applicable
 - c) Has technology been fully absorbed? : Not applicable
 - d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action : Not applicable

Foreign Exchange Earnings and Outgo

- Activities relating to exports, initiatives taken to increase exports, development of new export markets for production and service, and export plans : Exports exploration activities mainly include development of exports to new markets and increasing exports to traditional markets. Future export plans include enhancing the export capabilities.



SURYALATA SPINNING MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE II

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1998.

Sl. No.	Name	Age (in years)	Qualification	Date of employment	Designation	Remuneration Rs.	Experience	Last employment held
1	Sri V.D. Agarwal	58	---	01.09.1989	Managing Director	9,63,334	32	Business
2	Sri M.K. Agarwal	34	B.Com.	01.09.1994	Joint Managing Director	7,80,040	12	Executive Director
3	Sri V.K. Agarwal	31	B.E. (Textiles)	01.09.1994	Executive Director	5,90,613	8	Wholetime Director
4	Sri B.K. Mazumdar	46	B.Sc. (Textiles)	23.11.1994	President (Tech.)	3,38,922	26	Prod. Mgr. Eastern Spn. Mills Ltd.

Notes: Remuneration shown above includes Salary, Company's contribution to Provident fund, Reimbursement of Medical expenses, Leave Travel Assistance and other perquisites.