



ANNUAL REPORT 1999 - 2000

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SURYALATA SPINNING MILLS LIMITED

SURYALATA SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sri C Narsi Reddy	Chairman
Sri R Surender Reddy	Director
Sri K S Purohit	Director
Sri K Srinivasa Reddy	Director
Sri Vithaldas Agarwal	Managing Director
Sri Mahender Kumar Agarwal	Joint Managing Director
Sri Veerender Kumar Agarwal	Executive Director

Financial Controller

Sri L.Sivananda

Auditors

M/s Brahmayya & Co.,
920, Tilak Road,
Hyderabad - 500 001.

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

Marchala Village
Kalwakurthy Mandal
Mahabubnagar Dist.,
Andhra Pradesh

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

SURYALATA SPINNING MILLS LIMITED

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of Suryalata Spinning Mills Limited will be held on **Monday the 29th May, 2000** at Padmashali Kalyana Mandapam, 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, 2000 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 K.S.Purohit** who retires by rotation and being eligible offers himself for re-appointment.
3. To declare Dividend on Cumulative Redeemable Preference Shares.
4. To declare dividend on Equity Shares.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT in supersession of the resolution passed by the members in the Annual General Meeting held on 24th August, 1999 and pursuant to the provisions of Sections 198, 269, 309, 310, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Financial Institutions, the remuneration payable to **Sri Vithaldas Agarwal, Managing Director** be and is hereby revised to Rs. 60,000/- per month w.e.f. 1-4-2000 to 31-08-2004."

"RESOLVED FURTHER THAT all the other terms and conditions of his appointment approved by the members of the Company in the Annual General Meeting held on 24th August, 1999, do remain unaltered."

7. To consider and if thought fit to pass the following resolution with or without any modifications as a special resolution.

"RESOLVED THAT in supersession of the resolution passed by the members in the Annual General Meeting held on 24th July, 1997 and pursuant to the provisions of Sections 198, 269, 309, 310, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Financial Institutions, the remuneration payable to **Sri M.K.Agarwal, Joint Managing Director** be and is hereby revised to Rs. 47,500/- per month w.e.f. 1st April, 2000 to 31st December, 2000.

"RESOLVED FURTHER THAT all the other terms and conditions of his appointment approved by the members of the Company in the Annual General Meeting held on 24th July, 1997 do remain unaltered."

8. To consider and if thought fit to pass the following resolution with or without any modifications as a Special resolution.

"RESOLVED THAT in supersession of the resolution passed by the members in the Annual General Meeting held on 24th July, 1997 pursuant to the provisions of Sections 198, 269, 309, 310, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Financial Institutions, the remuneration payable to **Sri V.K.Agarwal, Executive Director** be and is hereby revised to Rs.37,500/- per month w.e.f. 01.04.2000 to 26.05.2002.

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"RESOLVED FURTHER THAT all the other terms and conditions of his appointment approved by the members of the Company in the Annual General Meeting held on 24th July, 1997 do remain unaltered."

9. To consider and if thought fit to pass the following resolution with or without any modifications as a special resolution.

"RESOLVED THAT pursuant to the Provisions of Sections 198, 269, 309, 310, 314, Schedule XIII and other applicable Provisions, if any, of the Companies Act, 1956, and subject to the approval of Financial Institutions, consent of the members be and is hereby accorded to the Company for the re-appointment of **Sri M. K. Agarwal as Joint Managing Director** of the Company for a further period of Five years w.e.f. 1st January, 2001 subject to the overall control of the Managing Director and the Board of Directors on the following terms of remuneration and perquisites from 1-1-2001 to 31-12-2005.

1. Salary :
Rs.47,500/- per month.
2. Commission :
At the rate of 1% of the net profits of the Company or 50% of Annual Salary whichever is less.
3. Perquisites :
In addition to the salary and commission as stated above Sri M. K. Agarwal shall be entitled to the following perquisites.

CATEGORY-A

- i) Rent free furnished residential accommodation with all facilities and amenities including such services as Gas, Electricity, Water etc., or HRA to the extent of 40% of the salary.

- ii) Reimbursement of Medical Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months salary in a period of three years.
- iii) Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company.
- iv) Club Fees subject to a maximum of two clubs, admission and life membership fees not being allowed.
- v) Personal Accident Insurance of an amount, the premium of which shall not exceed Rs.4,000/- per annum.

CATEGORY-B

- i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
- ii) Payment of Gratuity subject to an amount equal to half a month's salary for each completed year of service.

CATEGORY-C

The Company shall provide a car with driver and a telephone at the residence.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the above remuneration will be paid as minimum remuneration in terms of Section II of Part II of Schedule XIII to the Companies Act, 1956."

10. To consider and if thought fit to pass the following resolution with or without any modifications as a Special Resolution.

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the

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Companies Act, 1956 to the Board of Directors of the Company to create mortgage and/or charge over all the immovable and movable properties of the Company, both present and future, wheresoever situate and the whole of the undertaking of the Company or such of them, to secure the term loan sanctioned by the State Bank of India(SBI) upto Rs.400 lakhs together with the interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies,

payable by the Company vide its loan agreement(s) to be entered into between the Company and SBI."

PROVIDED FURTHER THAT the above mortgage/charge shall rank pari passu with the term loans sanctioned/ to be sanctioned by IDBI.

For Suryalata Spinning Mills Limited

Place : Secunderabad
Date : 17-04-2000

Vithaldas Agarwal
Managing Director

NOTES

1. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
2. 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.
3. An instrument of proxy in order to be valid and effective, shall be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
4. The members are requested to notify immediately any change in their addresses to the Company.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from **26th May, 2000 to 29th May, 2000** (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 29th May, 2000.**
As per the recent amendment unclaimed dividend for the year 1995-96 will be transferred to the Investor Education and Protection Fund after the expiry of 7 years from the date they became due.

SURYALATA SPINNING MILLS LIMITED

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956

ITEM NO. 6 & 8

Sri Vithaldas Agarwal, Managing Director is being currently paid a remuneration of Rs.50,000/- per month with the applicable perquisites as per the resolution passed by the members in the Annual General Meeting held on 24th August, 1999.

Sri V.K. Agarwal, Executive Director is being currently paid a remuneration of Rs.30,000/- per month together with the applicable perquisites as per the resolution passed by the members in the Annual General Meeting held on 24th July, 1997.

Considering the additional responsibilities being shouldered by Sri Vithaldas Agarwal, Managing Director and Sri V.K. Agarwal, Executive Director and the current levels of remuneration prevailing in the industry the Board of Directors at their meeting held on 17.04.2000, approved, subject to approval of members and Financial Institutions, the revision in remuneration payable to Sri Vithaldas Agarwal from Rs. 50,000/- to Rs.60,000/- per month and Sri V.K. Agarwal from Rs.30,000 to Rs.37,500/- per month with all other terms remaining unaltered.

The Board recommends the resolutions to the members for their approval.

This statement may also be treated as an abstract of the terms of revision in remuneration of Sri Vithaldas Agarwal and Sri V.K. Agarwal pursuant to Section 302 of the Companies Act, 1956.

Except Sri Vithaldas Agarwal and Sri V.K. Agarwal by themselves and Sri M.K. Agarwal, Jt. Managing Director being their relative, none of the other Directors is interested or concerned whether directly or indirectly, in the said resolution.

ITEM NO. 7 & 9

Sri M.K. Agarwal, Joint Managing Director is being currently paid a remuneration of Rs.40,000/- per month together with the applicable perquisites as per the resolution passed by the members in the Annual General Meeting held on 24th July, 1997.

Considering the additional responsibilities being shouldered by Sri M.K. Agarwal and the current levels of remuneration prevailing in the industry the Board of Directors at their meeting held on 17.04.2000, approved, subject to approval of members and Financial Institutions the revision in remuneration payable to Sri M.K. Agarwal from Rs.40,000 to Rs.47,500/- per month with other terms remaining unaltered.

The Board recommends the resolution to the members for their approval.

Members of the Company are aware that the present term of Sri M.K. Agarwal as Joint Managing Director of the Company will expire by 31st December, 2000. In spite of the recession and sluggish market conditions in the Textile Industry, your Company has been able to tide over the difficulties due to dynamic leadership, guidance and managerial experience of Sri M.K. Agarwal as Joint Managing Director. Hence, the Board of Directors of the Company at its meeting held on 17th April, 2000 unanimously resolved to re-appoint him as Joint Managing Director, subject to the approval of the financial Institutions and members, for a further period of 5 years w. e. f. 1st January, 2001.

The Board recommends the resolution to the members for their approval, in the best interests of the Company. This statement may also be treated as an abstract of the terms of revision in remuneration and re-appointment of

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Sri M K Agarwal pursuant to Section 302 of the Companies Act, 1956.

Except Sri M. K. Agarwal by himself and Sri Vithaldas Agarwal Managing Director and Sri V. K. Agarwal, Executive Director being his relatives, none of the other Directors is interested or concerned, whether directly or indirectly in the said resolution.

ITEM NO. 10

State Bank of India(SBI) has sanctioned financial assistance for augmenting the net working capital of the Company. This financial assistance is to be secured by a first pari passu charge over the immovable properties of the Company present and future. Section 293(1)(a) of the Companies Act, 1956 provides interalia that the Board of Directors of a Public Company shall not, without consent of such Company in General Meeting lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Since the

mortgage by the Company over its immovable properties as aforesaid in favour of Financial Institutions/Banks may be regarded as disposal of the Company's properties/ undertaking, it is necessary for the Members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Accordingly your approval is solicited for the above resolution enabling the Company to create the mortgage as above.

The Board recommends the resolution for approval of the members.

None of the Directors is deemed to be interested or concerned in the aforesaid resolution.

For Suryalata Spinning Mills Limited

Place : Secunderabad

Date : 17-04-2000

Vithaldas Agarwal

Managing Director



SURYALATA SPINNING MILLS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the Seventeenth Annual Report on the Business and operations of the Company together with the Financial Results for the year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	1999-2000	1998-99
Gross Sales	9709.61	8018.93
Net Sales	8251.96	6670.92
Net Profit/(loss)		
for the year	242.91	(77.23)
Less : Provision for Tax	28.05	-
Profit/(loss) after Tax	214.86	(77.23)
Add :		
1. Prior period adjustment (net)	(0.36)	5.69
2. Short provision of Income Tax	—	(0.83)
3. Profit brought forward from last year	12.00	51.37
4. Investment Allowance Reserve withdrawn	29.75	33.00
Surplus available	256.25	12.00
Less :		
1. Provisions for Dividend		
(a) Equity Dividend	27.04	—
(b) Preference Dividend	75.00	—
(c) Corporate Dividend Tax	11.22	—
2. Transfer to		
(a) General Reserve	15.00	—
(b) Preference Share redemption reserve	125.00	—
Balance carried forward to		
Balance Sheet	2.99	12.00

OPERATIONS

Your Directors are happy to report that during the year under review the Company has achieved a total turnover of Rs.97.10 Crores, registering an increase of 21.08% over the previous year and made a net profit of Rs.242.91 lakhs compared to a loss of Rs.77.23 lakhs made during the previous year. This better performance was made possible because of improved market conditions and various cost cutting methods adopted by the Company.

DIVIDENDS

Preference Shares

Your Directors recommend the payment of accumulated preference dividend (15%) for the year 1998-1999. The Company during the year has paid an interim preference dividend (15%) for the year 1999-2000. The Board has not recommended any final dividend for the year 1999-2000.

Equity Shares

Your Directors are happy to recommend a Dividend @ 8% on the paid-up Equity Capital of the Company for the year 1999-2000.

EXPANSION PROGRAMME AND CAPITAL EXPENDITURE

Your Company has undertaken Expansion Programme by increasing the spindleage by about 12000 spindles at both the units at Kalwakurthy and Ramtek. For this purpose your Company has approached Industrial Development Bank of India (IDBI) for the necessary financial assistance. IDBI has sanctioned a term loan of Rs.1425 lakhs under Corporate Finance Scheme. The major portion of the expansion has already been completed and commercial operations commenced in the month of March, 2000.

During the year under review the Company has incurred Rs.725.59 lakhs as capital expenditure including the work in progress.



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EXPORTS

Your Company is concentrating on export market and has already identified new customers. During the year under review your Company's exports amounted to Rs.159.45 lakhs (FOB). The Company's products have been received well by the market and prospects of increasing the exports are bright.

FUTURE OUTLOOK

The expected improvement in the market conditions has started materialising during the year. With the help of Technology Upgradation Fund (TUF) the conditions in Textile Industry may improve further.

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 the Annexure - I and forms part of this report.

DIRECTORS

In terms of Article 108 of the Articles of Association of the Company Sri K.S.Purohit, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for his re-appointment.

The present term of Jt. Managing Director Sri Mahender Kumar Agarwal expires on 31-12-2000 and the Board unanimously recommends his re-appointment for a further period of 5 years w.e.f. 1-1-2001.

DEPOSITS

There are no over dues as on 31st March, 2000.

AUDITORS

The Statutory Auditors of the company M/s Brahmayya & Co. Chartered Accountants, Hyderabad will retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for 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 the 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 (SBI), UTI Bank Limited, Insurance Companies, Central and State Government agencies for their support and cooperation extended to the Company from time to 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

Place : Secunderabad
Dated : 17-04-2000

C Narsi Reddy
Chairman

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 (I) of Section 217 of the Companies Act, 1956.

FORM - A

Form for disclosure of particulars with respect to conservation of energy

A. Power & Fuel Consumption	1999-2000	1998-1999
1. ELECTRICITY		
a) Purchased		
Unit (No.)	85,89,574	1,11,27,018
Total Amount (Rs.)	3,42,28,754	4,09,38,494
Rate/Unit (Rs.)	3.98	3.68
b) Own Generation		
i) Through Diesel Generator		
Unit (No.)	1,41,19,494	1,07,66,018
Unit per Ltr. of Diesel Oil (No.)	3.76	3.58
Cost/Unit (Rs.)	3.11	2.66
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 (Please give details)	Not used	Not used

B. Consumption per Unit of Production (Kg.)

	Standards	Current Year	Previous Year
Electricity (No. of units)	—	2.13	2.22
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)	1,59,45,481	—
ii) Foreign Exchange Used (Rs.)		
1. Raw Material	—	—
2. Machinery	—	—
iii) Foreign Travel (Rs.)	—	—
iv) Commission	—	—