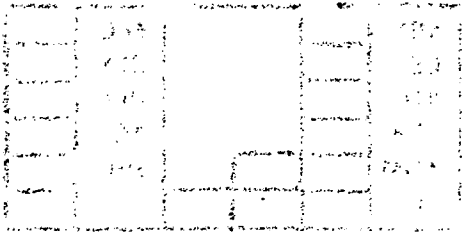




SURYAVANSHI
SPINNING MILLS LTD

*18th Annual
Report
1996-97*

reportjunction.com





SURYAVANSHI SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sri B.N.Agarwal

Chairman & Managing Director

Sri R.Surender Reddy

Sri B.N.Rathi

Dr.Akkineni Nageswara Rao

Sri C.Narsi Reddy

Sri C.B.Mouli

Nominee of ICICI

Sri Rajender Kumar Agarwal

Joint Managing Director

Sri J.K.Agarwal

Executive Director

Sri D.K.Agarwal

General Manager(Finance)

Sri K.V.N.Raju

Company Secretary

Sri B.R.S.Reddy

Auditors

M/s.Brahmayya & Co.
Hyderabad
Andhra Pradesh.

Factories

Bhongir
Nalgonda Dist.
Andhra Pradesh - 508116

Bankers

Andhra Bank
Hyderabad

State Bank of Hyderabad
Secunderabad

Aliabad
Medchal Tq.
Ranga Reddy Dist.
Andhra Pradesh - 500114

ICICI Banking Corporation Limited
Hyderabad

Registered Office

6th Floor, Surya Towers,
105, Sardar Patel Road,
Secunderabad 500003.

Rajna
Pandhurna (Tq.)
Chindwara Dist.
Madhya Pradesh - 480340



SURYAVANSHI SPINNING MILLS LIMITED

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Suryavanshi Spinning Mills Limited will be held on Friday the 26th September, 1997 at 11.00 A.M. at Padmashali Seva Samajam, 2-12-66, West Marredpally, Secunderabad - 500 026 to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1997 and the Balance sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares of the company for the year ended 31st March, 1997.
3. To appoint a Director in place of Dr. Akkineni Nageswara Rao, Director who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Sri C. Narsi Reddy, Director who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution.

"RESOLVED THAT in supersession of the Resolutions passed by the Members in the Annual General Meeting held on 25-07-1994 subject to the provisions of sections 198, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956(including any statutory modifications or enactment thereof for the time being in force) the Company

hereby approves the revision in the remuneration payable to Sri B.N.Agarwal, Chairman and Managing Director of the Company for the remainder of the tenure of his term from 01.04.1997 to 31.01.1999 as set out below:

- a) Basic Salary: Rs.60000/- per month.
- b) Commission @ 1% (one percent) of Net Profits of the Company or 50% of the salary whichever is less.
- c) Perquisites: In addition to salary and commission as stated above, Sri B.N.Agarwal, shall be entitled to the following perquisites.

PART - 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) Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii) Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- iv) Fees of clubs, subject to a maximum of two clubs provided that no life membership or admission fees is paid.
- v) Personal Accident Insurance: Premium not to exceed Rs.4000/- (Rupees Four thousand) per annum.

PART - B:

- i) Contribution to Provident Fund, Super annuation Fund or Annuity Fund as per the Rules of the Company.



SURYAVANSHI SPINNING MILLS LIMITED

- ii) Gratuity payable shall not exceed half month's salary for each completed year of service.

PART - C:

- i) Provision of car for use of company's business and telephone at residence.

"FURTHER RESOLVED THAT where in any financial year during the currency of the tenure of Sri. B.N. Agarwal, Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above as a minimum remuneration".

7. To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution.

"RESOLVED THAT in supersession of the Resolutions passed by the Members in the Annual General Meeting held on 25-08-1995 subject to the provisions of Sections 198, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956(including any statutory modifications or enactment thereof for the time being in force) the Company hereby approves the revision in the remuneration payable to Sri R.K. Agarwal, Joint Managing Director of the Company for the remainder of the tenure of his term from 01.04.1997 to 30.10.2000 as set out below:

- Basic Salary: Rs. 50000/- per month.
- Commission @ 1% (one percent) of Net Profits of the Company or 50% of the salary whichever is less.
- Perquisites: In addition to salary and commission as stated above, Sri R.K. Agarwal, shall be entitled to the following perquisites.

PART - A

- 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.
- Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- Fees of clubs, subject to a maximum of two clubs provided that no life membership or admission fees is paid.
- Personal Accident Insurance: Premium not to exceed Rs. 4000/- (Rupees Four thousand) per annum.

PART - B

- Contribution to provident Fund, Super annuation Fund or Annuity Fund as per the Rules of the Company.
- Gratuity payable shall not exceed half month's salary for each completed year of service.

PART - C

- i) Provision of car for use of Company's business and telephone at residence.

"FURTHER RESOLVED THAT where in any financial year during the currency of the tenure of Sri R.K Agarwal, Joint Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above as a minimum remuneration".



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8. **To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution.**

“RESOLVED THAT in supersession of the Resolutions passed by the Members in the Annual General Meeting held on 25-07-1994 subject to the provisions of Sections 198, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or enactment thereof for the time being in force) the Company hereby approves the revision in the remuneration payable to Sri J.K. Agarwal, Executive Director of the Company for the remainder of the tenure of his term from 01.04.1997 to 27.06.1998 as set out below:

- a) Basic Salary: Rs.40000/- per month.
- b) Commission @ 1% (one percent) of Net Profits of the Company or 50% of the salary whichever is less.
- c) Perquisites: In addition to salary and commission as stated above, Sri J.K. Agarwal, shall be entitled to the following perquisites.

PART - 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) Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- iii) Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- iv) Fees of clubs, subject to a maximum of two clubs provided that no life membership or admission fees is paid.

- v) Personal Accident Insurance: Premium not to exceed Rs.4000/- (Rupees Four thousand) per annum.

PART - B:

- i) Contribution to Provident Fund, Super annuation Fund or Annuity Fund as per the Rules of the Company.
- ii) Gratuity payable shall not exceed half month's salary for each completed year of service.

PART - C:

- i) Provision of car for use of company's business and telephone at residence.

“FURTHER RESOLVED THAT where in any financial year during the currency of the tenure of Sri J.K. Agarwal, Executive Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above as a minimum remuneration”.

9. **To consider and, if thought fit, to pass the following resolution with or without modification(s) as an Ordinary 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 Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages and charges in addition to the existing mortgages and charges and hypothecation(s) created by the Company as the Board may determine on the assets of the company both present and future together with power to takeover the management of the Company in certain events to and in favour of

1. The Industrial Credit and Investment Corporation of India Limited (The ICICI)
2. State Bank of India (SBI)



SURYAVANSHI SPINNING MILLS LIMITED

- a. to secure the Corporate Loan of Rs.500 Lacs sanctioned by the ICICI.
- b. to secure the External Commercial Borrowings of US\$ 6 Million, sanctioned by SBI.

Together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and other monies payable by the Company to the ICICI and SBI under their respective loan agreements entered into/to be entered into in respect of the said borrowings.

"RESOLVED FURTHER THAT the Company do hereby confirm and ratify the execution of the documents for creation of mortgage /charge in favour of ICICI and the Board of Directors of the Company be and is hereby further authorised to finalise with the SBI, the documents for creating the aforesaid mortgage and/or charges and to do all such acts and things as may be necessary for the creation of mortgage/ charge in favour of SBI".

10. **To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution.**

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the

Companies Act, 1956 the Articles of Association of the Company be altered as follows:

The existing Article No.99 be substituted by the following:

"Unless otherwise determined by the Company in general meeting, each Director other than the Managing Director and Whole-time Director (s), shall be paid sitting fees for attending a Board Meeting or a meeting of the Committee of the Board such sum as may be fixed by the Board of directors from time to time subject to the provisions of the Sections 309 and 310 of the Act. The Board of Directors may allow and pay to any director all travelling, hotel and other incidental expenses properly incurred by them in attending and returning from meetings of the Board of Directors or any committee thereof or general meeting(s) of the Company or otherwise in connection with the business of the company.

11. **To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution.**

"RESOLVED THAT the consent of the company be and is hereby accorded to pay sitting fee of Rs.1000/- per director other than wholetime Director for each board meeting or committee meeting attended by him in addition to the reimbursement of actual travel and incidental expenditure incurred by him".

BY ORDER OF THE BOARD
For SURYAVANSHI SPINNING MILLS LTD

Place : Secunderabad
Date : 27.06.1997

(B.R.S.REDDY)
Company Secretary



SURYAVANSHI SPINNING MILLS LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.
2. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
3. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
4. The Register of Members and Share transfer books of the company will remain closed from Tuesday the 16th September, 1997 to Friday the 26th September, 1997 (both days inclusive).
5. The members are requested to notify change, if any, in their addresses to the
6. Non-resident shareholders are requested to send their latest mandate and also communicate their NRE/NRO A/C Number with name and address of their Bank in India to enable the company to send their dividend warrants to the concerned Bank.
7. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends up to and for the financial year 1992-93 have already been transferred to General Revenue Account of the Central Government and the unclaimed dividends for the financial year 1993-94 will be transferred to General Revenue Account of the Central Government in terms of the provisions of the Section 205A of the Companies Act, 1956
8. Shareholders desiring any further information as regards the Accounts are requested to write to the company so as to reach it atleast one week prior to the date of the meeting for consideration of the Management to deal at the meeting.

Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the special business items.

Item Nos. 6, 7 & 8

The Members approved the remuneration payable to Sri B.N.Agarwal, Chairman and Managing Director, Sri J. K Agarwal, Executive Director and Sri R.K.Agarwal, Joint Managing Director as Rs 25000/-, Rs.15000/- and Rs 20000/- per month plus usual benefits at their Annual General Meetings held on 25.07.1994 & 25.08.1995 respectively.

Sri B.N.Agarwal, a Commerce graduate has more than 30 years experience in the textile industry. He looks after the day-to-day activities of the Company.

Sri R.K.Agarwal, B.E.(Mechanical) has been associated with the company in the various capacities and is presently incharge of the Rajna unit and also looks after the implementation of the textile processing house of Suryavanshi Textiles Limited in the capacity of Managing Director. Since the company is in the implementation stage, Sri R.K.Agarwal opted himself not to take any remuneration from Suryavanshi Textiles Limited.

Sri J.K.Agarwal, B.Tech(Textiles) is presently incharge of Bhongir and Aliabad units situated in the state of Andhra Pradesh.



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The present remunerations of Sri B.N.Agarwal, Chairman and Managing Director, Sri R.K.Agarwal, Joint Managing Director and Sri J.K.Agarwal, Executive Director are considered far less as compared to the current levels in the private sector and management inputs given and responsibilities shouldered by them.

Item No. 9

The Company has obtained financial assistance in the form of Corporate Loan to the tune of Rs.500 Lacs from the Industrial Credit and Investment Corporation of India Limited (The ICICI) to meet the company's incremental margin money requirements

During the last three years the Company's turnover increased from Rs. 54.23 crores to Rs. 115.22 crores and exports rose from Rs. 12.33 crores to Rs. 53.90 crores. Keeping in view the above the Board at its meeting held on 17.03.1997 revised the remuneration payable to Sri B.N.Agarwal, Sri R.K.Agarwal and Sri J.K.Agarwal as mentioned in the item Nos.6, 7 & 8 respectively and your approval is sought for the increased remuneration payable to the above Directors.

All the aforesaid revisions are in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

Sarvasri B.N.Agarwal, R.K.Agarwal, J.K.Agarwal and D.K. Agarwal being related to each other are concerned/interested in all the above resolutions.

None of the other directors is in any way interested or concerned in the above resolutions.

The text of the resolutions set out at item Nos.6,7 & 8 together with its explanatory statement may also be treated as variation of terms of Chairman and Managing Director, Joint Managing Director and Executive Director and Memorandum of interest under section 302 of the Companies Act, 1956.

As per the New ECB Policy of Government of India, your Company is eligible to avail ECBs upto twice the average amount of Annual Exports during the preceding 3 years subject to a maximum of US\$ 100 Millions without end use restrictions for general corporate objectives. The average exports during the 3 preceding years of the company comes to US\$ 10.70 millions.

The company has made an application to State Bank of India (SBI), for an External Commercial Borrowings of US\$ 6 Million to meet the cost of Plant and Machinery, repayment of high cost debts and for working capital requirements to reduce overall interest cost.

The financial assistance from the ICICI & SBI has to be secured by way of first charge on all the immovable and movable properties of the Company present and future, by equitable mortgage, ranking pari passu with the existing charges/mortgages.

In view of the urgent requirement of the funds, the Company has already subject to your approval and ratification created mortgage/charge in favour of ICICI.

Since the mortgaging by the Company of its immovable properties as aforesaid in favour of the ICICI and SBI may be regarded as disposal of the Company's properties/undertakings, it is necessary for



SURYAVANSHI SPINNING MILLS LIMITED

the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of said mortgage/charge.

Your approval and ratification is sought for the mortgage already created by the Company in favour of ICICI. Your approval is also sought for the creation of mortgage/charge in favour of SBI.

Your directors recommend the resolutions for your approval.

None of the Directors of the Company is interested in the above resolution except Sri C.B.Mouli, a Director nominated by the ICICI.

Item Nos. 10 & 11

Article 99 of the Articles of Association permits the Board of Directors to pay sitting fee of Rs. 250/- per director for attending each Board Meeting or Committee thereof apart from the reimbursement of actual travel expenses incurred by the directors other than wholetime directors.

The sitting fee which was fixed as Rs. 250/- per meeting remained stationary. Government of India vide Notification No.

GSR 581(E), dated 27-08-1993 has permitted payment upto Rs. 2,000/- per director as sitting fee for attending each meeting of the Board of Directors or Committee thereof. Considering the effect of the inflation, it is proposed to revise sitting fee to Rs. 1,000/- for each meeting attended by the director other than wholetime director(s) and also to reimburse actual travel and incidental expenditure incurred by them.

Hence, it is proposed to amend the Article No. 99 of the Articles of association and also seek your approval for the payment of above sitting fee to directors by way of special resolution. The Board recommends the resolution for your approval.

All the directors except Sri. B.N. Agarwal, Sri R.K. Agarwal and Sri J.K. Agarwal may be deemed to be interested or concerned in the above resolution to the extent of the increase in sitting fee payable to them.

BY ORDER OF THE BOARD
For SURYAVANSHI SPINNING MILLS LTD

Place : Secunderabad
Date: 27.06.1997

(B.R.S.REDDY)
Company Secretary