

32nd
ANNUAL REPORT
2012 - 2013



Priyadarsini Limited
(Formerly known as Priyadarshini Spinning Mills Limited)

C O N T E N T S

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|-------------------------------|--|
| Board of Directors | Mr.Kowsaledra Rao Cherukuri, Executive Vice Chairman Mr.K.Rama Mohana Rao, Director Mr.David L.Sinate,(Exim Bank Nominee) Mr.H.N.Vishweshwar, (Syndicate Bank Nominee) Mr.D.Venkatratnam, Director Mr.J.Boyi Reddy Director |
| Company Secretary | Mr. Ramesh Bandari |
| Audit Committee | Mr .D.Venkataratnam Mr. K. Rama Mohana Rao Mr. J.Boyi Reddy |
| Shareholders Committee | Mr.D.Venkata Ratnam Mr.C.Kowsalendra Rao Mr.K.Rama Mohana Rao |
| Remuneration Committee | Mr. D.Venkataratnam Mr. K.Rama Mohana Rao Mr. J.Boyi Reddy |
| Statutory Auditors | M/s P. Srinivasan & Co., Chartered Accountants H.NO.12-13-422, Street No.1 (Lane Opp. to Bank of Baroda) Tarnaka, Secunderabad - 17 |
| Bankers | State Bank of India Union Bank of India Syndicate Bank Bank of India Andhra Bank Exim Bank HDFC |
| Regd. Office | Survey No 726 & 744 SadasivPet, SadasivPet Mandal Medak District-502291 |
| Corporate Office | H.No: 262/3RT, 3 rd Floor, M.N.Reddy Classic Building, S.R.Nagar-500038. |
| Mktg. Division | G-9, Nahar & Seth Indl. Estate Plot No.29, B/D, Chakala Road Andheri (East) Mumbai -400 093. |

WORKS

| | | |
|--|--|---|
| Unit-I Sadashivpet Medak District A.P – 502291 | Wind Mill Ramagiri Anantapur District A.P – 515001 | Gas Power Project Y.Kottapalli Village, P.Gannavaram Mandal East Godavari Dist. A.P – 533240. |
|--|--|---|



NOTICE

Notice is hereby given that the 32nd Annual General Meeting of Member's of Priyadarsini Limited to be held on Monday the 30th September, 2013 at 9.30.A.M at the Registered office: Priyadarsini Limited factory premises Survey No 726 & 744 Sadasivpet, Sadasivpet Mandal, Medak District-502291.

ORDINARY BUSINESS:

1. To Consider and adopt the Audited Balance Sheet as at 30th June, 2013, the Statement of Profit and Loss for the 15 Months ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To Appoint a Director in place of Mr.K.Rama Mohana Rao, who retires by rotation and being eligible, offers himself for re – appointment.
3. To Appoint a Director in place of Mr.D.Venkata Ratnam, who retires by rotation and being eligible, offers himself for re – appointment.
4. To Appoint Auditors to hold office till the conclusion of next Annual General Meeting and to fix their Remuneration, M/S.P.Srinivasan & Co., Chartered Accountants the Retiring Auditors of the Company are eligible for re – appointment.

**By order of the Board of Directors
For Priyadarsini Limited**

**Place: Hyderabad
Date: 26.08 2013**

**Ramesh Bandari
Company Secretary**

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself/herself and such proxy need not be a member of the Company. But a proxy so appointed shall not have right to speak at the Meeting. Proxy forms, to be valid, shall be lodged with the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 28.09.2013 to 30.09.2013 (Both days inclusive).
3. As per the provisions of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund. Thereafter, the shareholders shall not be able to claim any unpaid dividend from the said fund or from the Company. Therefore, the shareholders who have not encashed the dividend warrant(s) so far for the financial year ended March 31, 2006 are requested to make their claim to the Company.
4. Members holding Shares in physical form are requested to intimate any change in their address quoting their registered folio number to the Registrars and Share Transfer Agents namely M/s XL Softech Systems Limited, Plot No.3, Sagar Society, Road No.2, Banjar Hills, Hyderabad – 500034.
5. Members holding shares in electronic form are requested to intimate any change in their address to the depository participant (DP) with whom the de-mat account is maintained.
6. Members are requested to bring admission slip duly filled in along with their copies of Annual Report to the Meeting.
7. Members are also requested to send their queries, if any, on the accounts well in advance, so as to enable the Company to place relevant records and information at the time of Annual General Meeting.
8. Brief profile of the Directors who retire by rotation is given in the Corporate Governance report attached to this notice

**By order of the Board of Directors
For Priyadarsini Limited**

**Place: Hyderabad
Date: 26.08. 2013**

**Ramesh Bandari
Company Secretary**



DIRECTORS REPORT

To the Members,

The Directors of your Company present the 32nd Annual Report together with the audited statement of accounts for the 15 Months ending 30th June, 2013.

FINALCIAL RESULTS

(Rs. In Lakhs)

| | Current year Ended 30.06.2013 | previous year Ended 31-03-2012 |
|--|----------------------------------|-----------------------------------|
| 1. Sales and other Income | 11873.65 | 18974.13 |
| 2. Profit before interest and depreciation | 938.09 | (2141.55) |
| 3. Interest and Finance Charges | 1081.09 | 1728.76 |
| 4. Depreciation | 754.62 | 793.54 |
| 5. Profit/(loss) after interest and Depreciation | (2773.80) | (4663.85) |
| 6. Provision for Taxation | | |
| a) Current Tax | - | - |
| b) Fringe Benefit Tax | - | - |
| c) Deferred Tax charge | 1100 | 369.29 |
| 7. Prior period item | - | - |
| 8. Net Profit(loss) After tax | (3873.80) | (4294.56) |
| 9. Profit and Loss A/c Balance | (6336.56) | (2462.76) |
| APPROPRIATIONS | | |
| 1. Surplus/(deficit)carried forward to Balance Sheet | (6336.56) | (2462.76) |

REVIEW OF OPERATIONS :

During the year under review, the company has achieved a turnover of Rs. 11873.65 lakhs against Rs.18974.13 in the previous year. Thus registering a negative growth of 37.42%. The company has incurred a loss of Rs. 3873.80 Lakhs against a loss of Rs. 4294.56 Lakhs in the previous year.

The poor operative results are due to down trend in the Textile Industry from the beginning of the operative financial year which is mainly on the account of volatility in the cotton market, severe power cut, low production and un-remunerative sale prices. The operations of the company could not meet the interest cost.

The Management is taking effective steps to cut the cost and improve production. The bankers have also been approached for restructuring the limit coupled with reduction in the rate of interest.

TEXTILE INDUSTRY

Textiles is the oldest industry in the country and it is the most labour intensive industry. This sector gives direct employment to 35 million people and indirect employment to 45 million people covering mostly women and rural poor. This industry contributes for the growth of the country in terms of job creation in rural areas, export earnings, besides meeting the basic needs of the people.

The capacity of the Industry is much more than the domestic requirements. The fall in exports due to recession in developed countries has resulted in poor price realization from the domestic market. The unprecedented huge price fluctuations of raw materials and demand recession for all Textile products have seriously affected and drove the industry to register huge losses during the year.

In order to bail out the ailing industry the Spinning Mills Associations have approached the Textile Ministry pleading for reliefs. Recently the Government has agreed to provide some relief which includes :Debt Restructuring for Rs.35,000 Crores.RBI to relax conditions to avoid Textile units being classified as NPAS while opt for debt restructuring.Moratorium on payment of principal and interest on term loans for a period of two years.Sanction of working capital term loan representing the uncovered portion in the cash credit loan account and Interest relief.

OUTLOOK ON OPPORTUNITIES, RISK AND CONCERN:

The fundamental growth drivers of Indian economy remain strong despite the economic turmoil in the world. There would be growing opportunities in the international market as well as domestic market. The consumption is growing in response to growing per capita income, population and



strong retail push. With regards to textile industry, there are significant opportunities in the domestic market as more consumers are buying readymade garments and also consumption of the cloth per capita continues to increase due to growth in the economy which is adding to the purchasing power of the Consumers.

Macroeconomic factors increase in interest rates are the major risk factors presently for the textile industry. Increase in interest rates will affect the profitability, since the industry is capital intensive.

ADEQUACY OF INTERNAL CONTROLS

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorized use of disposition, and that transactions are authorized, recorded, and reported correctly. The internal control system is supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures.

The internal control system is designed to ensure that the financial and other records are liable for preparing financial statements and other data and for maintaining accountability of assets. The audit Committee comprising independent Directors will review the internal control system on quarterly basis.

EXPORTS:

On the export front, your Company's export turnover of Rs.1081.02 lakhs during the year 2012-2013 for 15 months as Compared to Rs.1572.83 Lakhs in the previous year for 12 months thereby registering a decline of 29.42%.

WIND MILL:

During the year under review, the 1.8 M.W Wind power Mill has generated 3171776 units as against 2167219 units in the previous year.

GAS POWER PROJECT

The 3.2 M.W. Gas based power project of the Company has not generated power during the current year due to non-availability of Gas.

FIXED DEPOSITS:

The fixed Deposits outstanding as on 30.06.2013 amounted to Rs 362.15 Lakhs

INSURANCE:

The properties of the Company including its building, plant and machinery and stocks as required have been adequately insured.

CORPORATE GOVERNANCE:

The Company is in conformity with the code of Corporate Governance enunciated in clause 49 of the Listing agreement with Stock Exchanges. A separate report on Corporate Governance is annexed hereto and form part of Directors' Report together with a certificate from the Auditors of the Company confirming compliance of the Conditions of Corporate Governance.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to section 217(2AA) of the Companies Act, 1956, your Director's Confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed:
- ii) Such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company at the end of the financial year and of the profit of the Company for that year
- iii) The proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:
- iv) The annual accounts have been prepared on a going concern basis.

DIRECTORS:

As per the provisions of the Companies Act, 1956 and Article of Association of the Company, two of your Directors Mr.K.Rama Mohana Rao and Mr.D.Venkata Ratnam, retire by rotation and being eligible offer themselves for re – appointment.

STATUTORY AUDITORS:

M/S.P.Srinivasan & Co., Chartered Accountants, the Statutory Auditors of the Company retire at the Conclusion of the ensuing Annual General Meeting and are eligible for re – appointment.

CONSERVATION OF ENERGY:

Conservation of energy, Technology Absorption & Foreign exchange earnings and outgo and information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are annexed hereto and form part of this report.

**PARTICULARS OF EMPLOYEES:**

In terms of sub – section (2A) of section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended, the Company has no employee drawing salary exceeding Rs. 24.00 Lakhs per annum or Rs.2.00 Lakhs per month during the year under review.

HUMAN RELATIONS:

During the period under review the industrial relations continued to be cordial at all the units.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to offer their sincere thanks for continued assistance and cooperation extended to the Company by various departments of the Central and State Governments, Government Agencies, Financial Institutions, Banks, and other statutory authorities.

Your Directors also take this opportunity to offer their sincere thanks to shareholders, customers, creditors and other related organizations, for their continued support and Cooperation.

Your Directors also wish to thank the employees at all levels for the co-operation extended by them.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 26.08.2013

C.K.Rao
Executive Vice chairman

D.Venkata Ratnam
Director



ANNEXURE TO DIRECTOR'S REPORT

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

1. CONSERVATION OF ENERGY:

The Company has taken various steps over the previous years to conserve energy wherever possible. This process continues to remain a thrust area. Energy audit and inter unit studies are carried out on a regular basis for taking necessary steps for reduction of energy consumption.

The Required information regarding Energy Consumption is given in the prescribed Form – A.

2. TECHNOLOGY ABSORPTION:

The required information is given in the Prescribed Form – B.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The foreign exchange earnings & outgo during the year under review are as follows.

- i). Foreign Exchange used : Rs. 30.77 Lakhs
- ii). Foreign Exchange Earned : Rs. 1081.02 Lakhs

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A. Power and Fuel Consumption:

| | 2012-2013(for 15 months) | 2012-2011 |
|--------------------------------|--|-----------|
| 1. Electricity : | | |
| a) Purchased : | | |
| i. Units (in lakhs of KWH) | 228.98 | 335.12 |
| Total amount (Rs.in lakhs) | 1381.02 | 1411.56 |
| Average Rate : (Rs./Unit) | 6.03 | 4.21 |
| ii. IEX | | |
| Units (in lakhs of KWH) | 37.64 | - |
| Total amount (Rs.in lakhs) | 286.77 | - |
| Average Rate : (Rs./Unit) | 7.62 | - |
| b) Own Generation : | | |
| i) Through Diesel Generators | | |
| Units (in lakhs of KWH) | 0.06 | 0.67 |
| Units per Litre of Diesel Oil | 2.47 | 2.04 |
| Average Cost: Rs. /Unit | 21.42 | 22.15 |
| ii) Through Wind Mills | | |
| Units generated (in lakhs KWH) | 31.72 | 21.67 |
| Value (Rs.lakhs) | 199.72 | 89.78 |
| Average Rate (Rs./Unit) | 6.29 | 4.14 |
| 2. Coal | (Quality : 'B,C & D' Round used in boiler for fiber/yarn dyeing) | |
| Quantity (Tons) | 883.46 | 2543.71 |
| Total Amount (Rs. in lakhs) | 61.04 | 132.95 |
| Average Rate (Rs./Kg) | 6.91 | 5.23 |
| 3. Others | | |
| Other Fuel (tons) | 3689.114 | - |
| Toatal amount(Lakhs) | 97.09 | - |
| Average Rate(Rs./kgs) | 2.63 | - |

B. Consumption per unit of production :

| | Standard | Current Year | Previous Year |
|---------------------------------|----------|--------------|---------------|
| Yarn Production (Kgs. in lakhs) | — | 64.69 | 81.82 |
| Fibre/yarn Dyed (Kgs. in lakhs) | — | 15.48 | 26.35 |
| Electricity(Units/Kg of Yarn) | — | 3.72 | 4.36 |
| Coal(Kgs/Kg of Dyed Fibre/yarn) | — | 0.57 | 0.96 |



FORM – B

Form for Disclosure of particulars with respect to Technology Absorption: Nil

Research and Development (R&D):

With the establishment of Research & Development department, the Company is in a position to explore the development of new varieties of Yarn & with more value addition.

REPORT ON CORPORATE GOVERNANCE:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your Company firmly believes that good corporate practices underscore its drive towards competitive strength and sustained performance. These practices

are also powerful tools for building trust and long term relation ship with stakeholders of the Company. Your Company's thrust on transparency, integrity, accountability and disclosure has enabled it to accomplish best Corporate Governance practices.

2. Board of Directors:

A).Composition

The Board has 6(six) Directors Comprising One Executive Directors and 5(Five) Non-Executive Independent Directors including nominee Directors. The non-executive Directors are eminent professionals drawn from amongst persons with experience in business, finance, research and industry.

The Board is composed as per clause 49 of listing agreement entered with the stock exchanges.

The Composition of the Board is as under during the period under review

| Name of the Director | Category of Director | No. of Board Meetings Attended | Whether attended Last AGM | No of Membership of audit Committee Shareholders Grievance Committee of Public Limited Companies |
|-----------------------|-----------------------------------|--------------------------------|---------------------------|--|
| C.K.Rao | Executive Vice Chairman | 7 | Yes | 1 |
| Mr. Harish Cherukuri | Managing Director (1) | 4 | yes | 3 |
| Mr.K.Rama Mohana Rao | Independent Director | 4 | no | 5 |
| Mr.Vasudev Chaturvedi | Independent Director | - | no | 0 |
| Mr.D.Venkata Ratnam | Independent Director | 6 | yes | 1 |
| Mr.H.N.Vishweshwar | Nominee Director (Syndicate Bank) | - | no | 1 |
| Mr.P.Govardhana Naidu | Additional Director (2) | 3 | yes | 2 |
| Mr.David L Sinate | Nominee Director (Exim Bank) | 6 | no | 0 |
| Mr. J. Boyi Reddy | Director | - | - | - |

Notes:

1. Mr. Harish Cherukuri resigned as a Managing Director w.e.f.29.12.2012
2. Mr.P.Govardhana Naidu resigned as a Director w.e.f.29.12.2012
3. Mr.J.Boyi Reddy Appointed as a Director under Causal Vacancy w.e.f.26.08.2013

B) BOARD MEETING:

The Board of Directors Met Six (7) times during the year 2012 - 2013 on 14th May, 2012, 14th August, 2012, 29th September, 2012, 10th November, 2012, 29th December, 2012, 14th February, 2012, 28th May, 2012.

BOARD COMMITTEES:

The Board of Directors has constituted Three Committees of the Board:

Audit Committee:

The Committee comprises of 3(three) non-Executive independent Directors. The Committee has powers similar to those stated in the listing agreement and shall exercise most of the functions as per the terms of reference in line with the requirements of the listing agreement.

| | |
|-----------------------|----------|
| Mr. Venkataratnam | Chairman |
| Mr. K.Rama Mohana Rao | Member |
| Mr. J.Boyi Reddy | Member |

The Committee Met Six (7) times during the year 2012 - 2013 on 14th May, 2012, 14th August, 2012, 29th September, 2012, 10th November, 2012, 29th December, 2012, 14th February, 2012, 28th May, 2012.

b) Remuneration Committee:

The Committee periodically reviews and recommends payment of Salaries, commission, and other terms and conditions of the Whole-Time Directors, subject to approval of Board of Directors and subsequent approval by shareholders at a General meeting. The Committee consists of the following Non-Executive Independent