



SREE
AKKAMAMBA
TEXTILES LIMITED
TANUKU
64th ANNUAL REPORT
2017 - 2018

SREE AKKAMAMBA TEXTILES LIMITED

Venkatarayapuram, Tanuku.

Board of Directors

Sri P.Narendranath Chowdary
Sri M.S.R.V.K. Rangarao
Sri M. Narendranath
Sri J. Murali Mohan
Sri N.V. Somaraju
Sri J. Suresh

Chairman
Managing Director

C.F.O.

Sri N. Satyanarayana

General Manager (Finance & Admn.)

Bankers :

Andhra Bank
State Bank of India

Auditors :

M/s. Brahmaya & Co.,
Chartered Accountants
Vijayawada.

Registered Office & Mills :

Venkatarayapuram,
Tanuku - 534 215
Andhra Pradesh.

Cost Auditors :

M/s. Narasimha Murthy & Co.,
Hyderabad.

Company CIN :

U51909AP1954PLC000525

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Notice to Shareholders

NOTICE is hereby given that 64th Annual General Meeting of the Company will be held on 25th July, 2018 at 10.00 AM at the Registered Office of the Company at Venkatarayapuram, Tanuku, Andhra Pradesh, to transact the following business.

ORDINARY BUSINESS:

1. To consider and adopt the Statement of Profit and Loss for the year ended 31st March, 2018 and Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on the equity shares.
3. To appoint a Director in place of Sri P.Narendranath Chowdary who retires by rotation and being eligible offers himself for re-appointment.
4. To ratify the appointment of M/s. Brahmayya & Co., Vijayawada (Reg.No.000513S) as statutory auditors of the Company for the year 2018-19 and to fix their remuneration.

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 the provisions of Section 73 and other applicable provisions of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014, the consent of the Members be and is hereby accorded to the Board of Directors of the company for accepting Fixed Deposits from Members within the limits prescribed in the Act."
"RESOLVED FURTHER THAT the Board of Directors or any person authorized thereof be and is hereby authorized to take all such steps as per the provisions of the Companies Act, 2013 and Rules made thereunder in this regard to give effect to this Resolution".
6. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sec.148 of the Companies Act, 2013 and other applicable provisions if any and rules made there under, the Company hereby ratifies the payment of remuneration of Rs.70,000/- (Rupees Seventy thousand only) per annum to M/s.Narasimha Murthy & Co., Cost Accountants, Hyderabad, who were appointed as Cost Auditors by the Board at its meeting held on 21st May, 2018 for conducting the Cost Audit for the year 2018-19 in respect of the products viz., Cotton and Blended Yarns".
7. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:
"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri J.Murali Mohan (DIN: 00114341),

Independent Director of the Company whose term of office shall expire on 31-03-2019, be and is hereby re-appointed as an Independent Director of the Company to hold office for a further period of five consecutive years from 1st April, 2019 to 31 March, 2024."

8. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri J.Suresh (DIN:01343147), Independent Director of the Company, whose term of office shall expire on 31-03-2019, be and is hereby re-appointed as an Independent Director of the Company to hold office for a further period of five consecutive years from 1st April, 2019 to 31 March, 2024".

9. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri N.V.Somaraju (DIN:00352229), Independent Director of the Company, whose term of office shall expire on 31-03-2019, be and is hereby re-appointed as an Independent Director of the Company to hold office for a further period of five consecutive years from 1st April, 2019 to 31 March, 2024."

(BY ORDER OF THE BOARD)

Registered Office:
Venkatarayapuram,
TANUKU - 534 215,
21st May, 2018

for SREE AKKAMAMBA TEXTILES LTD.

(M.S.R.V.K.RANGARAO)
Managing Director

NOTES:

1. A member entitled to attend and vote can appoint a proxy to attend and vote instead of himself and that a proxy need not be a member. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company. A member holding more than ten percent of the total share capital of the company may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.
2. The Register of Members of the Company will remain closed from 20th July, 2018 to 25th July, 2018 (both days inclusive).
3. Members are requested to intimate to the Company, changes if any, in their registered addresses at an early date.
4. Dividends, if sanctioned, at the meeting will be payable to those shareholders, whose names are on the Company's Register on 25th July, 2018.

5. As per the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the un-claimed Dividend in respect of Dividend for the year 2009-10 has been transferred to Investor Education and Protection Fund as envisaged in Section 125 (2) (c) of the Companies Act, 2013. Shareholders, who have not encashed the Dividends, may make a request to the Company for the payment of un-encashed Dividend amount in respect of Dividend declared from the years 2010-11 onwards in order to enable the Company to proceed with their request in case the dividend warrants remain un-encashed.

ANNEXURE TO NOTICE:

Explanatory Statement as required under section 102 (1) of the Companies Act, 2013.

Item No.5:

As per the provisions of the Companies Act, 2013, the company can accept fixed deposits only from its members. As such your Board of Directors considers it advisable to continue acceptance of Fixed Deposits from Members which would enable the Company to augment its Financial Resources for working capital requirements.

Your Directors therefore recommend the resolution for your approval.

Directors and Key Managerial Personnel may be deemed to be interested in the resolution in the event they place Fixed Deposits with the Company.

Item No.6:

The Board on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s.Narasimha Murthy & Co., the Cost Auditors to conduct the audit of the Cost records of the company for the financial year ending 31 March, 2019 and remuneration of Rs.70,000/- plus applicable taxes, out-of-pocket and travelling expenses have been fixed for this purpose.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the financial year 2018-19 by way of Ordinary Resolution is being sought from the members.

Your Directors therefore recommend the Resolution for approval.

None of the Directors or Key Managerial Personnel of the company or their relatives are concerned or interested in the resolution.

ITEN No.7:

Sri J.Murali Mohan joined as a Director on the Board on 30-09-1985.

Sri J.Murali Mohan is a Graduate in Chemical Engineering and Post Graduate in Business Management and an Industrialist with considerable experience. He is the Managing Director of M/s.Jocil Ltd. He is the Chairman of the Audit Committee constituted by the Board of your Company and holds 4000 Equity Shares in the company.

The tenure of office of Sri J.Murali Mohan as an Independent Director of this company expires by 31 March, 2019. Being eligible for re-appointment for a further period of 5 years. in terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Sri J.Murali Mohan is proposed to be re-appointed as an Independent Director to hold office for a term of five consecutive years from 1st April, 2019 to 31 March, 2024.

In the opinion of the Board, Sri J.Murali Mohan fulfils the conditions specified in the Act and the rules made thereunder for his re-appointment as an Independent Director of the Company and is independent of the management. Considering his vast knowledge and experience and that his continued association would be of immense benefit to the Company, it is desirable to continue to avail services of Sri J.Murali Mohan as an Independent director. Accordingly, the Board recommends the resolution in relation to re-appointment of Sri J.Murali Mohan as an Independent Director, for the approval by the Members of the Company.

Except Sri J.Murali Mohan, the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the Resolution.

ITEM No. 8:

Sri J.Suresh joined as a Director on the Board on 28-07-2008. He is also a Member of the Audit Committee constituted by the Board of the Company. He holds no equity shares in the company.

The tenure of office of Sri J.Suresh as an Independent Director of this company expires by 31 March, 2019. Being eligible for re-appointment for a further period of 5 years. in terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Sri J.Suresh is proposed to be re-appointed as an Independent Director to hold office for a term of five consecutive years from 1st April, 2019 to 31 March, 2024.

In the opinion of the Board, Sri J.Suresh fulfils the conditions specified in the Act and the rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Considering his knowledge and experience and that his continued association would be of immense benefit to the Company, it is desirable to continue to avail services of Sri J.Suresh as an Independent director. Accordingly, the Board recommends the resolution in relation to re-appointment of Sri J.Suresh as an Independent Director, for the approval by the Members of the Company.

Except Sri J.Suresh, the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the Resolution.

ITEM No. 9:

Sri N.V.Somaraju joined as a Director on the Board on 20-12-1988. Sri N.V.Somaraju is a Graduate in Science. He is also a Member of the Audit Committee constituted by the Board of the Company. He holds 1000 Equity Shares in the Company.

The tenure of office of Sri N.V.Somaraju as an Independent Director of this company expires by 31 March, 2019. Being eligible for re-appointment for a further period of 5 years. in terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Sri N.V.Somaraju is proposed to be re-appointed as an Independent Director to hold office for a term of five

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consecutive years from 1st April, 2019 to 31 March, 2024.

In the opinion of the Board, Sri N.V.Somaraju fulfils the conditions specified in the Act and the rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Considering his knowledge and experience and that his continued association would be of immense benefit to the Company, it is desirable to continue to avail services of Sri N.V.Somaraju as an Independent director. Accordingly, the Board recommends the resolution in relation to re-appointment of Sri N.V.Somaraju as an Independent Director, for the approval by the Members of the Company.

Except Sri N.V.Somaraju, the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the Resolution.

(BY ORDER OF THE BOARD)

Registered Office:
Venkatarayapuram,
TANUKU - 534 215,
21st May, 2018

for SREE AKKAMAMBA TEXTILES LTD.

(M.S.R.V.K.RANGARAO)
Managing Director

Directors' Report :

Your Directors have pleasure in presenting the 64th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2018.

FINANCIAL RESULTS:

	This Year Rs.	Previous year Rs.
Profit/(Loss) for the year	(3,24,87,102)	1,16,,66,244
Add: Balance brought forward from prev. year	7,02,82,973	6,30,66,743
	3,77,95,871	7,47,32,987
Less: Provision for taxation :		
- Current	-	24,26,494
- Deferred	(3,67,80,710)	43,89,509
- for earlier years	-	-
Add: Excess provision for earlier year	-	-
Add: MAT credit entitlement	-	23,78,613
Total available for appropriation	7,45,76,581	7,02,95,597
Less: Amount utilized for Buy back of shares	39,92,770	
Tax paid on Buy back of shares	9,21,212	-
Transfer to Capital Redemption Reserve	3,55,450	-
Dividend paid for 2016-17	17,36,352	
Tax on Dividend for 2016-17	3,53,480	
Tax on Dividend of earlier year	-	12,624
Balance carried forward	6,72,17,317	7,02,82,973
	7,45,76,581	7,02,95,597

Dividend:

Your Directors recommend a Dividend of 10% for the year ended 31st March, 2018.

Performance:

During the year under review, your company achieved a turnover of Rs.106.74 crores as compared to Rs.110.95 crores in the previous year showing a decline of about 4% over the previous year owing to low price realization for the Yarn and lower capacity utilization due to more absenteeism. On the other hand, the cotton prices were high during the year under

Sree Akkamamba Textiles Ltd.,

review resulting in a loss of Rs.3.25 crores as against the profit of Rs.1.17 crores achieved in the previous year.

Capital investment:

During the year under review, the company has procured 6 nos. of LK64Z Combers, LUWA Humidification system for comber shed, Cotton contamination cleaning machine, VXL Waste Collection System, LD2 Draw Frame, End milling machine etc. against the Term Loan sanctioned by Andhra Bank in the previous year.

Outlook for the Current Year:

The market conditions for Cotton Yarn are expected to improve slightly due to marginal increase in export price realizations owing to strengthening of Dollar currency against the Rupee. However, the drop in capacity utilization levels due to more absenteeism and shortage of labour are becoming the major cause of concern and your company is taking all necessary steps to minimize the impact.

Fixed Deposits:

The details of Fixed Deposits accepted by the company from its members under section 73(2) of the Companies Act, 2013 are as under:

i)	Deposits accepted/renewed during the year:	Rs.7,80,27,000/-
ii)	Remained unpaid or unclaimed as at the end of the year:	Rs.29,71,000/-
iii)	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:	NIL
iv)	The details of deposits which are not in compliance with the requirements of Chapter V of the Act:	NIL

Conservation of Energy, Technology Absorption and Foreign Exchange earning and outgo:

Information pursuant to Section 134(3) (m) of the Companies Act, 2013 read with rule 8 of The Companies (Accounts) Rules, 2014 is given in Annexure 'A' forming part of this Report.

Particulars of Employees:

None of the employees have drawn the salary in excess of the amount specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Directors' responsibility statement:

Pursuant to section 134 (3)(c) of the Companies Act, 2013, your Directors state that -

- a. In the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. The directors had selected such accounting policies 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 state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- c. The proper and sufficient care has been taken for maintenance of accounting records in accordance with provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. The annual accounts of the company have been prepared on a going concern basis; and
- e. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Extract of Annual Return:

An extract of Annual Return in Form MGT-9 as on 31 March, 2018 is attached as Annexure- B to this report.

Board Meetings held during the year:

During the year under review, 4 meetings of the Board of Directors of the Company were held on 20-05-2017, 26-07-2017, 25-11-2017 and 03-02-2018.

Nomination and Remuneration Policy:

The Board of Directors of your company has, on recommendation of the Nomination & Remuneration Committee, adopted a Nomination & Remuneration Policy which lays down the framework in relation to the criteria for selection and appointment of Board members and remuneration of Directors/Key Managerial Personnel and Senior Management of the company. This policy can be accessed on the company's website www.akkamamba.com.

Particulars of loans, guarantees or investments:

During the year under review, the company has neither given any loans/ guarantees nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013.

Related party transactions:

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 are furnished in Annexure-C (in form AOC 2) forming part of this report.

Material changes and commitments affecting the financial position of the Company which have occurred between end of the financial year and the date of Report:

There were no material changes and commitments affecting the financial position of the Company between end of the financial year (31st March, 2018) and the date of the Report (21st May, 2018).

Risk Management Policy:

The company has not developed any risk management policy, as in the opinion of the Board,