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Annual Report
2008-09



SURYAAMBA SPINNING MILLS LIMITED



SURYAAMBA SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sri R. Surender Reddy	Chairman
Sri Ravinder Kumar Agarwal	Director
Sri Pundlik Sampatrao Thakare	Director
Sri Sanjiv A. Agrawal	Director
Sri Vithaldas Agarwal	Director
Sri Virender Kumar Agarwal	Managing Director
Smt. Seema Rani Agarwal	Joint Managing Director
Sri Mayank Agarwal	Whole-time Director (w.e.f. 01.08.2009)

MANAGER (Finance)

Sri Nitin B. Halbe

REGISTERED OFFICE

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

CORPORATE OFFICE

A-101, Kanha Apartment,
128, Chhanoi, Katol Road,
Nagpur, 440 013, Maharashtra.

AUDITORS

M/s. Brahmayya & Co.,
Flat No.403 & 404,
Golden Green Apartments,
Irrammanzil Colony,
Hyderabad - 500 082.

REGISTRAR & TRANSFER AGENTS

Sathguru Management Consultants Pvt.Ltd.,
Plot No.15, Hindi Nagar,
Panjagutta, Hyderabad - 500 034.

BANKERS

State Bank of India
Industrial Finance Branch,
Hyderabad.

Axis Bank Limited
Begumpet Branch,
Hyderabad.

FACTORY

Mouza-Nayakund,
Near Ramtek,
Nagpur District,
Maharashtra.

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SURYAAMBA SPINNING MILLS LIMITED

Notice of the Second Annual General Meeting

NOTICE is hereby given that the Second Annual General Meeting of the Members of SURYAAMBA SPINNING MILLS LIMITED will be held on Monday, 14th September 2009, at 3.00 P.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2009 and Balance Sheet as on that date together with the Schedules and Annexure thereto and the Reports of the Directors and Auditors' thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March 2009.
3. To declare dividend on Cumulative Redeemable Preference Shares for the financial year ended 31st March 2009.
4. To appoint a director in place of Sri Vithaldas Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Sri Pundlik Sampatrao Thakare, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Brahmayya & Co. Chartered Accountants as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Special Business:

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 read with the enabling provisions of Articles of Association of the Company, Smt. Seema

Rani Agarwal, who has been appointed as an Additional Director on the Board and who holds office upto the commencement of this Annual General Meeting, be and is hereby appointed as a Director of the Company".

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and 314 read with Schedule XIII of the Companies Act, 1956 (subject to the statutory modifications, re-enactments thereof for the time being in force), and enabling provisions of the Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded to approve, confirm and ratify the appointment of Smt. Seema Rani Agarwal as a Joint Managing Director of the Company made by the Board of Directors in their meeting held on 24th December, 2008 to hold office for a period of 3 years with effect from 1st January 2009 to 31st December, 2011 on the following terms and conditions:

Salary: Rs. 80,000/- per month.

Commission: At the rate of 1% of the net profit of the Company or 40% of Annual Salary whichever is less.

Perquisites: In addition to the salary and commission as stated above Smt. Seema Rani Agarwal shall be entitled to the following perquisites:

Category A:

- a) **Housing:** 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.
- b) **Medical Reimbursement:** Expenses incurred for self and her family subject to ceiling of one month's salary per year or three month's salary in a period of three years whichever is less.
- c) **Leave Travel Concession:** For self and family once in a year incurred in accordance with the rules of the Company.



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- d) Club Fee: Fees of clubs subject to a maximum of two clubs, admission and life membership fee not being allowed.
- e) Personal Accident insurance of an amount of premium of which not to exceed Rs. 4,000/- per month.

Category B:

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

Category C:

The Company shall provide a car with driver and a telephone at the residence. Car for use on Company's business and, telephone and other communication facilities at residence will not be considered as perquisites.

RESOLVED ALSO THAT in absence or inadequacy of profits in any financial year, the above remuneration will be paid to Smt. Seema Rani Agarwal subject to the provisions of Part II of Schedule XIII of the Companies Act, 1956".

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

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, read with the enabling provisions of Articles of Association of the Company, Sri Mayank Agarwal, who has been appointed as an Additional Director on the Board and who holds office upto the commencement of this Annual General Meeting, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and 314 read with Schedule XIII of the Companies Act, 1956 (subject to the statutory modifications, re-enactments thereof for the time being in force), and enabling provisions of the Articles of

Association of the Company, consent of the Members of the Company be and is hereby accorded to approve, confirm and ratify the appointment of Sri Mayank Agarwal as a Wholtime Director of the Company made by the Board of Directors in their meeting held on 27th July, 2009 to hold office for a period of 3 years with effect from 1st August 2009 to 31st July, 2012 on the following terms and conditions:

RESOLVED FURTHER THAT pursuant to provisions of Section 198, 269, and 309 read with Schedule XIII of the Companies Act, 1956 (subject to the statutory modifications, re-enactment thereof for the time being in force) and as per the enabling provisions of the Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded for the appointment of Sri Mayank Agarwal as Whole-time Director of the Company for a period of 3 years with effect from 1st August 2009 to 31st July, 2012 on the following terms and conditions:

Salary: Rs. 64,300/- per month.

Commission: At the rate of 1% of the net profit of the Company or 40% of Annual Salary whichever is less.

Perquisites: In addition to the salary and commission as stated above Sri Mayank Agarwal shall be entitled to the following perquisites:

Category A:

- a) **Housing:** 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.
- b) **Medical Reimbursement:** Expenses incurred for self and his family subject to ceiling of one month's salary per year or three month's salary in a period of three years, whichever is less.
- c) **Leave Travel Concession:** For self and family once in a year incurred in accordance with the rules of the Company.



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- d) Club Fee: Fees of clubs subject to a maximum of two clubs, admission and life membership fee not being allowed.
- e) Personal Accident insurance of an amount of premium of which not to exceed Rs. 4,000/- per month.

Category B:

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

Category C:

The Company shall provide a car with driver and a telephone at the residence. Car for use on Company's business and, telephone and other communication facilities at residence will not be considered as perquisites.

RESOLVED ALSO THAT in absence of or inadequacy of profits in any financial year, the above remuneration will be paid subject to the provisions of Part II of Schedule XIII of the Companies Act, 1956".

- 9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 16 & 94 and other applicable provisions, if any, of the Companies Act, 1956, (subject to the statutory modifications, re-enactments thereof for the time being in force), the Authorised Share Capital of the Company be and is hereby increased from the existing Rs.5,00,00,000/- (Rupees Five Crores only) to Rs. 7,00,00,000/- (Rupees Seven Crores only) divided in to 50,00,000 Equity Shares of Rs.10/- each ranking pari-passu in all respects with the existing Equity Shares of the Company and 2,00,000 Preference Shares of Rs.100/- each, by creation of 5,00,000 new Equity Shares of Rs.10/- each and 1,50,000 new Preference

Shares of Rs. 100/- each, consequently the Clause No. V of the Memorandum of Association of the Company be substituted with the following new Clause (V).

(V). The authorised share capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crores only) divided into 50,00,000 equity shares of Rs.10/- each and 2,00,000 preference shares of Rs.100/- each, with the power to increase, reduce, sub-divide, consolidate, convert into equity shares in accordance with the provisions of the Law from time to time.

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles 3 of the Articles of Association of the Company be and is hereby altered by substituting the following Clause (i) of Article 3 (a) in lieu of existing Clause thereof:

3 (a) (i) 'The authorized share capital of the Company is Rs.7, 00,00,000/- (Rupees Seven Crores only) divided into 50,00,000 Equity Shares of Rs.10/- each and 2,00,000 Preference Shares of Rs.100/- each, whether Cumulative Redeemable, Non-cumulative Redeemable, with a power to increase, reduce, subdivide, consolidate, convert into equity shares in accordance with the provisions of the law from time to time'."

for and on behalf of the Board
for Suryaamba Spinning Mills Limited

Place : Nagpur Virender Kumar Agarwal
Date : 27th July, 2009 Managing Director



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NOTES:

- 1 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote thereat instead of himself/herself. Such proxy need not be a member. The instrument appointing a proxy should however be deposited at the registered office of the company not less than 48 hours before the commencement of the Meeting.
- 2 An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business set out under item nos. 7, 8, 9 and 10 are annexed.
- 3 The Registrar of Members and Share transfer books will remain closed from 11th September 2009 to 14th September 2009 (both days inclusive).
- 4 Dividend on Equity Shares and Preference Shares as recommended by the Directors for the Financial Year ended on 31st March 2009 when declared at the meeting will be paid on or after 20th September 2009. The final dividend on Equity Shares, if declared will be paid:
 - a) To all the beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository (India) Limited as of the close of the business hours on 10th September, 2009;
 - b) To all the Shareholders in respect of shares held in physical form after giving effect to valid transfer requests lodged with the Company on or before the close of the business hours on 10th September 2009.
- 5 Members are requested to notify immediately any change of address to their depository participants in respect of their holding in Electronic Form and to Company's Registrar and Transfer Agent, i.e. M/s. Sathguru Management Consultant Pvt. Ltd., Unit: Suryaamba Spinning Mills Ltd. at

the address given elsewhere in this Annual Report in respect of their Physical Folio, if any.

- 6 The information required to be provided under the Listing Agreement entered into with the Stock Exchange regarding the Directors who are proposed to be appointed / re-appointed are given at the Explanatory Statement and in the report on Corporate Governance.
- 7 Members are requested to bring their copy of annual report with them at the time of attending the Annual General Meeting.
- 8 Members desiring any further information as regards the Accounts or Operations of the company are requested to write to the Company so as to reach at least one week prior to the date of Meeting for consideration of the management to deal at the meeting.

EXPLANATORY STATEMENT

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

Item No. 7

Board of Directors have co-opted Smt. Seema Rani Agarwal on the Board as an Additional Director in their meeting held on 24th December, 2008 and also appointed her as a Joint Managing Director of the Company for a period of three years with effect from 1st January 2009, on terms and payment of remuneration as specified in the resolution.

In terms of the provisions of Section 260 of the Companies Act, 1956 she holds office upto the commencement of this Annual General Meeting. The Company has received a notice in writing from a member, proposing her candidature to the office of Director of the Company under the provisions of Section 257 of the Act.

Smt. Seema Rani Agarwal aged about 41 years is a Graduate in Arts has been working as Chief Executive Officer (CEO) of the Company since 1st March, 2008. Later she has been inducted on the Board and appointed as a Joint Managing Director with effect from 1st January, 2009. Her great experience in the field of business has



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resulted in the development of business acumen. Her experience is very helpful in running the unit economically & smoothly. Keeping in view of her rich expertise, her appointment will be in the interest of the Company. She is not holding directorships in any other Companies. Remuneration Committee has approved the remuneration of the appointee. Board of Directors recommends her appointment.

Sri Vithaldas Agarwal, Sri Virender Kumar Agarwal, Sri Mayank Agarwal and Smt. Seema Rani Agarwal, being relative to each other, are considered to be concerned or interested in the above resolution.

Item No. 8

Board of Directors have co-opted Sri Mayank Agarwal on the Board as an Additional Director in their meeting held on 27th July, 2009 and appointed him as Whole-time director of the Company for a period of three years with effect from 1st August, 2009, on terms specified in the resolution.

In terms of the provisions of Section 260 of the Companies Act, 1956 he holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member proposing his candidature to the office of Director of the Company under the provisions of Section 257 of the Act.

Sri Mayank Agarwal is graduating in Industrial Engineering and has one year industrial experience. As he is of less than 25 years old, his appointment as Whole-time Director requires the approval of members by Special Resolution as required under Schedule XIII to the Companies Act, 1956. He is not holding directorships in any other Companies. Remuneration Committee has approved the remuneration of the appointee. Board of Directors recommends his appointment as a Director as well as a wholetime Director of the Company.

The above explanatory statement may be treated as an abstract of the terms of appointment required to be sent to all the members of the Company under Section 302 of the Companies Act, 1956.

Sri Vithaldas Agarwal, Sri Virender Kumar Agarwal, Smt. Seema Rani Agarwal and Sri Mayank Agarwal, being relative to each other, are considered to be concerned or interested in the above resolution.

Item No. 9 & 10

The present Authorised Share Capital of the Company consist of Rs. 5.00 Crores comprising 45 Lakhs Equity Shares of Rs. 10/- each and 50,000 Preference Shares of Rs. 100/- each. The Company, in order to meet its growth objectives and to strengthen its financial position, may be required to generate long term resources by issuing securities. The Board of Directors have considered it necessary and desirable to increase the Authorised Capital of the Company so that there will be scope for raising finance for the requirements of the Company by the issue of further Capital if and when considered necessary.

It is therefore deemed appropriate to increase the Authorised Share Capital of the Company from Rs. 5 crore to Rs. 7 crore and for that purpose, the Memorandum of Association and the Articles of Association of the Company are proposed to be suitably altered as set out at Item Nos. 9 & 10 of the accompanying Notice.

The provisions of the Companies Act, 1956 requires the Company to seek the approval of the Members for increase in the authorised share capital and for the alteration of capital clause of the Memorandum of Association and the Articles of Association of the Company.

The Board of Directors accordingly recommend the resolutions set out at Item Nos. 9 & 10 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions except to the extent to which they may participate in the enhanced capital.

for and on behalf of the Board
for Suryaamba Spinning Mills Limited

Place : Nagpur Virender Kumar Agarwal
Date : 27th July, 2009 Managing Director



SURYAAMBA SPINNING MILLS LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their 2nd Annual Report on the business and operations together with Audited Annual accounts of your Company for the Financial year ended 31st March 2009.

FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	2008-09	2007-08 (for 9 months)
Sales and other Income	8649.62	6214.66
Profit Before interest and Depreciation	454.85	294.66
Interest and Finance Charges	182.69	128.93
Depreciation	180.31	133.76
Profit after Interest and Depreciation	91.84	31.97
Provision for Taxation		
(a) Current Tax	56.50	18.20
(b) Deferred Tax	23.15	5.01
Balance of Profit (or Loss)	12.20	8.76
Appropriations		
Transfer to General Reserve	0.25	-
Dividend on Equity Share	22.28	
Dividend on Preference Share	2.40	2.14
Dividend Tax	4.19	0.36
Preference Share Redemption Reserve	15.00	-
Surplus carried over to Balance Sheet	179.88	211.81

Note: Information for previous period pertains to nine months from 1.07.2007 to 31.03.2008.

Operations

This is the first full year of operations of the Company and previous period accounts include nine Months operational figures from 1st July 2007 to 31st March 2008 and hence the results are not comparable. During the year, your company has achieved a total turnover of Rs.8,649.62 Lacs (previous year is Rs.6,214.66 Lacs). The Company has earned a Profit before Tax of Rs.93.45 Lacs as against Rs. 31.97 Lacs for the previous year.

Exports

The export turnover (through merchant export) of your Company during the year was Rs.395.12 Lacs as against Rs.1,920.51 Lacs for the previous year. The decline in exports is due to slowdown in demand



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in export markets due to recessionary trends prevailing across US and European countries. Your company has been exporting yarn to various countries like Turkey, Italy, Taiwan, Iran, Brazil, USA, Argentina, etc. and continues to explore new markets to improve the performance.

Future Outlook

The economy is showing sign of recovery. Major markets for Indian Textile and Clothing (T & C) export are the USA and Europe and they are showing sign of recovery. The domestic market has shown some signs of healthy growth because of the fact that few manufacturing facilities operating abroad are slowing down due to recession. The home-textiles and garment segments are reflecting sound growth both in the domestic and international markets due to good demand of apparels. There is a substantial scope for further growth in these segments. It was expected that the new government will take adequate steps to provide relief to the textile industry. Your Company believes that the competition in the emerging markets will be met by developing production systems based on cost efficiency, high productivity, quality assurance, etc.

Deposits

There were no overdue deposits as on 31st March 2009.

Dividend

Your Directors have recommended payment of dividend on Cumulative Redeemable Preference Shares as per the terms and conditions of the issue. The dividend will absorb a sum of Rs.2.39 Lakhs.

Your Directors are also pleased to recommend a dividend of 10% on the Equity Share capital of the Company for the Financial Year ended 31st March 2009. The dividend will absorb a sum of Rs. 22.28 Lakhs.

Redemption/Issue of Preference Shares:

During the year, your Company has redeemed 9,129 - 12% Cumulative Redeemable Preference Shares of Rs. 100/- each.

Transfer to Reserves

Your Company proposes to transfer Rs.0.25 Lakhs to General Reserve Account and Rs.15 Lakhs to Preference Share Redemption Reserve Account of the Company for the year.

Capital Expenditure

During the year under review, your company has incurred Rs.86.97 Lacs (Previous Year Rs.77.56 Lacs) towards capital expenditure (including capital work - in- progress).

Directors

The Directors Sri Vithaldas Agarwal and Sri Pundlik Sampatrao Thakare retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Board of Directors recommends their re-appointment.

During the year, Board of Directors co-opted Smt.Seema Rani Agarwal as an Additional Director and appointed her as a Joint Managing Director with effect from 1st January, 2009. It is proposed to regularize and ratify her appointment in the ensuing 2nd Annual General Meeting.

Directors Responsibility Statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to the Directors Responsibility Statement, the Board of Directors of your Company confirms:

- i) That in the preparation of annual accounts for the year ended 31st March 2009, the applicable accounting standards have been followed and there has been no material departure.
- ii) That your directors have 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 ended on 31st March, 2009 and of the profit for the year under review.



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- iii) That your directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) Those annual accounts for the financial year ended 31st March 2009 have been prepared on a going concern basis.

Listing

Post-demerger of the Company, the Equity Shares of the Company are proposed to be listed at the Bombay Stock Exchange Limited under direct listing. Accordingly, the Bombay Stock Exchange Limited has sanctioned listing permission on the Equity Shares of the Company. The trading in Equity Shares are pending for want of exemption from the Securities and Exchange Board of India and which exemption is expected very soon.

Auditors

The auditors M/s. Brahmayya & Co. Chartered Accountants, Hyderabad, Statutory Auditors of the company will retire at the ensuing 2nd Annual General Meeting and they have signified their willingness to accept re-appointment and have confirmed their eligibility under Section 224 (1B) of the Companies Act 1956.

Auditors Qualification

No Qualification was made by the Auditors in their report on the accounts for the period ended 31st March 2009.

Corporate Governance

Corporate Governance Report, Management Discussion and Analysis Report and Certificate from Auditors of your Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the

Listing Agreement with the Stock Exchange are attached to this Report and forms part of this report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning 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 -1 and form part of the report.

Employees

No employee was in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars and employee) Rule, 1975 and hence the prescribed information is not required to be given.

Acknowledgement

The Board of Directors pleased to place on record their appreciation of the cooperation and support extended by State Bank of India, Axis Bank Ltd., various State and Central Government agencies, Stock Exchange and other Agencies. The Board would like to thank the Company's shareholders, Customers, Suppliers for the support and the confidence, which they have reposed in its management. The Board also wishes to place on record its appreciation of the valuable services rendered by all the employees of the company.

for and on behalf of the Board
for Suryaamba Spinning Mills Limited

Virender Kumar Agarwal Seema Rani Agarwal
Managing Director Joint Managing Director

Place : Nagpur
Date : 29th June, 2009