



SURYAAMBA SPINNING MILLS LIMITED



11th

**ANNUAL
REPORT 17-18**





**Factory site
at
Nagpur
Nayakund**



Plant & Machinaries



BOARD OF DIRECTORS

| | |
|----------------------------|------------------------------|
| Mr. Virender Kumar Agarwal | Chairman & Managing Director |
| Mrs. Seema Rani Agarwal | Joint Managing Director |
| Mr. Mayank Agarwal | Wholetime Director |
| Mr. Amit Goela | Independent Director |
| Mr. Manish Kumar Gupta | Independent Director |
| Mr. Sushil Kapadia | Independent Director |

CHIEF FINANCIAL OFFICER

Mr. Gajanan N. Chhawsaria

COMPANY SECRETARY & COMPLIANCE OFFICER

CS Deepa Dudani

AUDITORS

M/s. S. Venkatadri & Co.,
1408, Babukhan Estate,
Basheer Bagh, Hyderabad- 500 001

BANKERS

State Bank of India
Industrial Finance Branch,
Bharat Nagar, Nagpur- 440 033

REGISTRAR & TRANSFER AGENTS

M/s. Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31 & 32
Financial District, Nanakramguda, Serilingampally
Mandal, Hyderabad-500 032
Ph. No: 040-23420814 Fax No: 040-23420818
E-mail: einward.ris@karvy.com

REGISTERED OFFICE

1st Floor, Suryatowers, 105, S P Road
Secunderabad TG- 500 003, Phone:040-27813360
Website: www.suryaamba.com

FACTORY

Survey No.300, Mauza -Nayakund, Parseoni Road
Dist. Nagpur, Maharashtra- 441 105

CIN : L18100TG2007PLC053831
ISIN : INE360J01011
GSTN : 27AALCS4199Q1Z8
Listed on : Bombay Stock Exchange
Limited, Mumbai
Scrip Code : 533101

AUDIT COMMITTEE

| | |
|-------------------------|----------|
| Mr. Amit Goela | Chairman |
| Mr. Sushil Kapadia | Member |
| Mrs. Seema Rani Agarwal | Member |

**STAKEHOLDERS'
RELATIONSHIP COMMITTEE**

| | |
|-------------------------|----------|
| Mr. Amit Goela | Chairman |
| Mr. Sushil Kapadia | Member |
| Mrs. Seema Rani Agarwal | Member |

**NOMINATION AND
REMUNERATION COMMITTEE**

| | |
|------------------------|----------|
| Mr. Amit Goela | Chairman |
| Mr. Manish Kumar Gupta | Member |
| Mr. Sushil Kapadia | Member |

| CONTENTS | Page |
|---|-------------|
| Message from Chairman | 02 |
| Notice | 03 |
| Directors' Report | 16 |
| Management Discussion and Analysis Report | 40 |
| Corporate Governance Report | 44 |
| Certificate by the CEO and CFO | 57 |
| Auditors Certificate on Corporate Governance | 58 |
| Auditor's Report | 59 |
| Balance Sheet | 66 |
| Statement of Profit & Loss | 67 |
| Cash Flow Statement | 69 |
| Notes to the Financial Statements | 71 |
| Significant Accounting Policies | 71 |
| Attendance Slip and Proxy Form | 127 |

MESSAGE FROM CHAIRMAN

Dear Shareholders,

It is my honor and privilege to interact with you as the Chairman of the Board at Suryaamba Spinning Mills Limited and on behalf of the Board of Directors, it gives me great pleasure to present to you Eleventh Annual Report of the Company for the financial year ended 31st March 2018 and to share an update on the overall performance of your Company in 2017-18.

The Financial year 2017-18 was a defining year for Indian economy. Demonetization (or note ban) did have dampening effects on the economy. However, even as its negative impact was fading by the time 2017-18 began, the announcement of another reform- the goods and services tax, was to be implemented by 01st July, 2017. It is one of the biggest indirect tax reforms which India has ever witnessed. I strongly believe that GST is a progressive step which will transform the fiscal architecture of modern India with regard to matters of taxation and enhance the overall business environment.

The year under review had a decent volume and profit growth as compared to previous year. As mandated by Ministry of Corporate Affairs, our Company has adopted Indian Accounting Standards for the first time.

Two key factors have been impacting the financial performance for all industry players including us. Firstly, the unusual cotton prices. Secondly, the continuing strength of the Indian currency impacts all exports adversely. Both these factors have had and will continue to have a significant bearing on our financial performance as well.

Apart from peaks and valleys, the overall performance for 2017-18 was satisfactory. We were able to achieve this as a result of an effective category choice making framework and the strategic building blocks we have put in place - strengthening the core, creating the portfolio of the future, managing costs, and investing in people and process capability ahead of the growth curve.

Change and adaptability is the key to success in the ever evolving textile market globally. I am confident that if we are able to adapt to the changing market, the future will be extremely rewarding for all our stakeholders.

Finally, I would like to take this opportunity to thank to our shareholders, partners, employees, customers and other stakeholders for their firm belief in the Company. I would also express my gratitude for your ongoing trust and support, and on behalf of the entire team.

NOTICE

Notice is hereby given that the 11th Annual General Meeting of the members of SURYAAMBA SPINNING MILLS LIMITED will be held on Friday, 24th August, 2018 at 11.30 A.M. at D & J Grande Hotel, 4-3-51/C, K.S. Lane, Hanuman Tekdi, Sultan Bazar, Hyderabad-500095, India to transact the following business:

ORDINARY BUSINESS:**Item No. 1- Adoption of Financial Statements**

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Directors and Auditors thereon.

Item No. 2- Declaration of Dividend on Preference Shares

To declare dividend on 8% Cumulative Redeemable Preference Shares (CRPS) for the financial year ended 31st March, 2018.

Item No. 3- Declaration of Dividend on Equity Shares

To declare dividend on Equity Shares at the rate of 10% on the face value of ₹10/- each i.e. ₹ 1 (one) per share for the financial year ended 31st March, 2018.

Item No. 4- Appointment of Mr. Mayank Agarwal as a director liable to retire by rotation

To appoint a Director in place of Mr. Mayank Agarwal (DIN: 02749089), Whole Time Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.

Item No.5- Ratification of Appointment of Auditors

To ratify the appointment of Statutory Auditors and fix their remuneration 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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) the appointment of M/s. S. Venkatadri & Co, (Firm Registration No.004614S), Chartered Accountants, Hyderabad as Statutory Auditors of the Company to hold office from the conclusion of the 8th Annual General Meeting of the Company to the conclusion of the 13th Annual General Meeting to be held in 2020, on a remuneration as may be mutually agreed upon by the Board of Directors and the Auditors, be and is hereby ratified."

SPECIAL BUSINESS:**Item No.6- Ratification of remuneration to Cost Auditors**

To ratify the remuneration to Cost Auditors 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 148(3) other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s G. R. Paliwal & Co., Cost Accountants, Nagpur having Firm Registration No.100058, appointed by the

Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records maintained by the Company in respect of Textiles Products for the financial year ending 31st March, 2019, amounting to ₹ 50,000 (Rupees Fifty thousand only) taxes as applicable and re-imbursement of out of pocket expenses incurred by them in connection with the aforesaid audit, be and is hereby ratified and confirmed.

Item No.7- Revision in the remuneration of Mr. Virender Kumar Agarwal (DIN: 00013314), Managing Director of the Company

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

"RESOLVED THAT in partial modification of resolution passed at the Tenth Annual General Meeting of the Company held on 2nd September, 2017 and subject to the applicable provisions of Sections 196, 197, 198 and 203 read with Schedule V to the Companies Act 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Company be and is hereby accorded for change in the terms of remuneration payable to Mr. Virender Kumar Agarwal, Managing Director of the Company, effective 1st April 2018, till the remaining period of his tenure, as stated in the Explanatory Statement attached to this Notice."

"RESOLVED FURTHER THAT all other terms and conditions of appointment, as approved earlier by the shareholders at the annual general meeting held on 2nd September, 2017 and which are not dealt with in this resolution, shall remain unaltered."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item No.8- Revision in the remuneration of Mrs. Seema Rani Agarwal (DIN: 01430206), Joint Managing Director of the Company

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

"RESOLVED THAT in partial modification of resolution passed at the Tenth Annual General Meeting of the Company held on 2nd September, 2017 and subject to the applicable provisions of Sections 196, 197, 198 and 203 read with Schedule V to the Companies Act 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Company be and is hereby accorded for change in the terms of remuneration payable to Mrs. Seema Rani Agarwal, Joint Managing Director of the Company, effective 1st April 2018, till the remaining period of her tenure, as stated in the Explanatory Statement attached to this Notice."

"RESOLVED FURTHER THAT all other terms and conditions of appointment, as approved earlier by the shareholders at the annual general meeting held on 2nd September, 2017 and which are not dealt with in this resolution, shall remain unaltered."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item No.9- Approval of remuneration of Mr. Mayank Agarwal (DIN: 02749089), Whole time Director of the Company

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 applicable provisions of Sections 196, 197, 198 and 203 read with Schedule V to the Companies Act 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Company be and is hereby accorded for the remuneration payable to Mr. Mayank Agarwal, Whole time Director of the Company, effective 1st August 2018, till the remaining period of his tenure, as stated in the Explanatory Statement attached to this Notice."

"RESOLVED FURTHER THAT all other terms and conditions of appointment, as approved earlier by the shareholders at the annual general meeting held on 25th September, 2015 and which are not dealt with in this resolution, shall remain unaltered."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item No.10- Shifting of the Registered Office from the State of Telangana to the State of Maharashtra and Alteration of Memorandum of Association

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 12, 13 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Rule 30 of the Companies (Incorporation) Rules, 2014, and subject to the approval of the of Regional Director or the Central Government, and such other approvals, permissions and sanctions, as may be required from time to time, consent of members for shifting of the registered office of the Company from the State of Telangana (i.e. from the jurisdiction of Registrar of Companies, Hyderabad, Telangana) to the State of Maharashtra (i.e. to the jurisdiction of Registrar of Companies, Mumbai, Maharashtra) be and is hereby accorded and Clause II of the Memorandum of Association of the Company be and is hereby altered by substituting it with the following clause:

"II. The registered office of the Company will be situated in the State of Maharashtra i.e. within the jurisdiction of Registrar of Companies of Maharashtra at Mumbai"

"FURTHER RESOLVED THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall deem to include any of its duly constituted Committee) or any officer/employee so authorized by the Board, be and is hereby authorized on behalf of the Company to make any modifications, changes, variations, alterations or

revisions stipulated by any one of the authorities, statutory or otherwise, while according approval, consent as may be considered necessary and to appoint counsels and advisors, file applications/petitions, issue notices, advertisements, obtain orders for shifting of registered office from the concerned authorities and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Shareholders of the Company."

Item No.11- Alteration of Articles of Association

To alter the Articles of Association of the Company for adoption of new set of Articles of Association in alignment with the Companies Act, 2013 and in this regard 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 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the existing Articles of Association of the Company be and is hereby replaced with the new set of Articles of Association and the said new Articles of Association be and is hereby approved and adopted as the Articles of Association of the Company in place of, in substitution and to the entire exclusion of the existing Articles of Association of the Company."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient, required or incidental thereto, in this regard and take such actions and give such directions as they may consider necessary or desirable to give effect to this resolution."

By Order of the Board
For Suryaamba Spinning Mills Limited

Place: Nagpur, Maharashtra
Date : July 20, 2018

Virender Kumar Agarwal
Managing Director
DIN : 00013314

Seema Rani Agarwal
Jt. Managing Director
DIN : 01430206

Registered Office:

1st Floor, Surya Towers, 105, S. P. Road
Secunderabad TG 500 003
Phone: (040) 27813360
E-mail: samba.ngp@gmail.com
Website: www.suryaamba.com
CIN: L18100TG2007PLC053831
ISIN: INE360J01011

NOTES

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND 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 carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person for shareholder.

Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. Members are requested to bring their copy of the Annual Report to the meeting. The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
4. The Register of Members and the Share Transfer books of the Company will remain closed from **18th August, 2018 to 24th August, 2018**, both days inclusive, for annual closing and determining the entitlement of the shareholders to the Final Dividend for 2018.
5. Members holding shares in electronic form are requested to intimate all changes pertaining to their bank particulars, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and Karvy Computershare Private Limited, Registrar and Transfer Agent, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032 Phone No.: 040-23420814, Fax No 040-23420818.
6. Members holding shares in physical form are requested to dematerialize their holding in order to eliminate all risks associated with physical shares. Members can contact the Company or Karvy Computershare Private Limited for further assistance.
7. The dividend on equity shares for the year ended 31st March, 2018, if declared at the meeting, will be paid/ dispatched on due date to those members whose names appear on the Company's Register of Members on **17th August, 2018** or on records of National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on **17th August, 2018**.
8. Members are requested to note that in terms of the provisions of Section 124 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and

Refund) Rules, 2016 dividend for the financial year ended 2010-2011 and thereafter that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act, and the applicable rules.

Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents as mentioned above, or at the Company's registered office. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund (IEPF) no claim shall lie in respect thereof with the Company.

9. Members desiring of any information as regards to the Accounts are requested to write to the Registered Office of the Company at least 7 days before the date of the meeting so as to enable the management to keep the information ready at the Annual General Meeting.
10. Members may please note that, Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company/ RTA for registration of such transfer of shares.

Members may please note that, SEBI has also made it mandatory for submission of PAN in the following cases viz., (i) Deletion of name of the deceased Member(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.

11. The Company's Equity shares are listed on the: Bombay Stock Exchange Ltd., PhirozeJeeJeebhoy Towers, Dalal Street, Mumbai - 400 001. Website: www.bseindia.com Stock Code: 533101

The Company has paid the Annual Listing Fees for the financial year 2018-19 to the BSE Limited within prescribed time.

The Company has paid Annual Custodial Fees for the financial year 2018-19 to National Securities Depository Limited and Central Depository Services (India) Limited.

12. Electronic copy of the Annual Report and Notice of 11th Annual General Meeting of the Company along with Attendance Slip, Proxy Form and instructions for e-voting are being sent to all the members whose e-mail IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report and Notice of the 11th Annual General Meeting of the Company along with Attendance Slip, Proxy Form and instructions for e-voting are being sent in the permitted mode.
13. The route map showing directions to reach the venue of the 11th AGM is annexed.