

**SURYALAKSHMI
COTTON MILLS
LIMITED**



**39th
Annual Report
2001-2002**

Suryalakshmi Cotton Mills Limited**Board of Directors**

Sri L.N.Agarwal
 Sri U.K.Agarwal
 Sri Paritosh K. Agarwal
 Sri R. Surender Reddy
 Sri C. Narsi Reddy
 Sri V. Ramachandra Rao
 Dr. A. Nageswara Rao
 Sri M.P. Desai
 Sri Navrang Lal Tibrewal

Chairman and Managing Director
 Additional Managing Director
 Executive Director

IDBI Nominee

Company Secretary

Sri E.V.S.V.Sarma

G.M.(Finance)

Sri P.S.Subramanyam

Auditors

M/s. Brahmayya & Co.
 Hyderabad

Bankers

State Bank of India
 Industrial Finance Branch
 Hyderabad

State Bank of Hyderabad
 Commercial Branch
 Secunderabad

State Bank of Mysore
 Sarojini Devi Road
 Secunderabad

Registered Office

6th Floor, Surya Towers
 105, S.P. Road
 Secunderabad - 500 003

Factories**Yarn Divisions**

Pillalamarri Road
 Mahabubnagar Dist.
 Andhra Pradesh - 509 002
 Amanagallu
 Mahabubnagar Dist.
 Andhra Pradesh - 509 321

Denim Division

Ramtek Mauda Road
 Village Nagardhan
 Tehsil Ramtek
 Nagpur
 Maharashtra - 440 010



Suryalakshmi Cotton Mills Limited

NOTICE

NOTICE is hereby given that the **39th Annual General Meeting** of the Members of Suryalakshmi Cotton Mills Limited will be held on Saturday, the 31st August, 2002 at I Floor, Surya Towers, 105, S.P. Road, Secunderabad - 500003 at 11.00 A.M. to transact the following business:

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March, 2002 and Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Dr.A.Nageswara Rao, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Sri V.Ramachandra Rao, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS :

5. **TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT the Authorised Capital of the Company be reduced from Rs.25,00,00,000/- (Rupees Twenty Five Crores only) to Rs.20,00,00,000/- (Rupees Twenty Crores only) by cancelling 5,00,000 (Five Lakhs only) 10% Cumulative Convertible Preference Shares (CCPS) of Rs.100/- each forming part of the Authorised Capital which have not been taken or agreed to be taken by any person and that the conditions in this behalf contained in the Memorandum and Articles of Association of the Company be altered accordingly."

"RESOLVED FURTHER THAT the Authorised Capital of the Company be and is hereby increased from Rs.20,00,00,000/- (Rupees Twenty Crores only) to Rs.26,72,00,000/- (Rupees Twenty Six Crores and Seventy Two Lakhs only) divided into 2,00,00,000 (Two Crores only) Equity Shares Rs.10/- each and 6,72,000 (Six Lakhs Seventy Two Thousand only) 0.1 % Cumulative Redeemable Preference Shares of Rs.100/- each (CRPS) by creation of 6,72,000 (Six Lakh Seventy Two Thousand only) CRPS with such rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being with power to increase and / or reduce the Capital of the Company and to divide the shares in the capital for the time being in accordance with the provisions of the Companies Act, 1956."

6. **TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:**

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following Clause V.

- V. The Authorised Share Capital of the Company is Rs.26,72,00,000/- (Rupees Twenty Six Crores Seventy Two Lakhs only) divided into 2,00,00,000 (Two Crores only) equity shares of Rs.10/- each and 6,72,000 (Six Lakhs Seventy Thousand only) 0.1% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each with such rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being with power to increase and/or reduce the Capital of the Company and to divide the shares in the capital for the time being in accordance with the provisions of

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the Companies Act, 1956, or any other statutory enactments in force from time to time into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions including that of redemption and/or conversion (including deemed redemption/conversion) as may be determined by/or in accordance with the regulations of the Company or any statutory enactment/order/notification as may be in force from time to time and to vary, modify or abrogate any such rights, privileges and/or conditions in such manner as may for the time being be provided by the regulations of the company or any statutory enactment /order/notification as may be in force from time to time."

7. 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 of the Companies Act, 1956 the Articles of Association of the Company be and is hereby amended as follows :

The existing Articles 6 and 7 be substituted by the following Articles :

Article 6 :

The Authorised Share Capital of the Company is Rs.26,72,00,000/- (Rupees Twenty Six Crores Seventy Two Lakhs only) divided into 2,00,00,000 (Two Crores only) equity shares of Rs.10/- each and 6,72,000 (Six Lakhs Seventy Two Thousand only) 0.1% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each with such rights, privileges and conditions provided by any statutory enactment for the time being in force as may be provided by these Articles or by special resolution passed at a General Meeting duly convened or held for the purpose.

Article 7 :

CUMULATIVE REDEEMABLE PREFERENCE SHARES :

Subject to the provisions of the Companies Act, 1956 and any other Statutory Enactment / Order / Notification as may be in force from time to time and these Articles,, the Company shall have power to issue Cumulative Redeemable Preference Shares carrying fixed rate of dividend at the time of the issue of such Cumulative Redeemable Preference Shares in accordance with the provisions of the Companies Act, 1956 or any other Statutory Enactment / Order / Notification as may be in force from time to time, these Regulations and any Special Resolution of the Company in General Meeting.

The Cumulative Redeemable Preference Shares shall confer on their holders the following rights and be subject to the following restrictions :

- a) The Shares shall carry a right to a fixed cumulative preferential dividend in relation to the capital paid-up on them from the date of allotment.
- b) The holders of the said shares shall have a right to attend General Meetings of the Company and vote on resolutions directly affecting their interest or where the dividends in respect thereof are in arrears for not less than two years on the date of the meeting, on all resolutions at every meeting of the Company.
- c) The holders of the said shares shall have a preferential right to be paid the arrears of dividend payable up to the date of winding up or the repayment of capital, as the case may be, along with the preferential right to be repaid in respect of the repayment of capital, and that, in case of winding up, they

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shall not have any right to participate in the receipt of distribution of surplus assets of the company along with the holders of capital not entitled to the preferential right to be paid in respect of dividend or to be repaid in respect of repayment of capital."

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 Resolution passed by the Members in the General Meeting held on 30.09.1999 and subject to the provisions of sections 198, 269, 309, 314 and other applicable provisions if any of the Companies Act, 1956 read with schedule XIII thereof as amended upto date, and the consent of the Term Lenders, the consent of the Company be and is hereby accorded to revision in the remuneration payable to Shri L.N. Agarwal as Chairman and Managing Director for the remaining period of the term of his employment i.e., from 26.06.2002 to 21.06.2004 as under:

I. **SALARY** : Rs.1,50,000/- per month

II. **COMMISSION** :

At the rate of 1% of the Net Profit of the Company or 50% of annual salary whichever is lower.

III. **PERQUISITES**

In addition to the salary and commission as stated above Shri L.N.Agarwal shall be entitled to the following perquisites

CATEGORY - A

(i) **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 30% of the salary.

(ii) **MEDICAL REIMBURSEMENT** :

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

(iii) **LEAVE TRAVEL CONCESSION** :

For self and family once in a year incurred in accordance with the Rules of the Company.

(iv) **CLUB FEES** :

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

(v) **PERSONAL ACCIDENT INSURANCE** :

Of an amount the premium of which shall not exceed Rs.4,000/- per annum.

CATEGORY - B

i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.

ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

CATEGORY - C

i) 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 FURTHER THAT in the absence of or inadequacy of profits in any year Shri L.N.Agarwal be paid the above remuneration as minimum remuneration subject to provisions of Paragraph 1(A) of Section II, Part II of Schedule XIII of the Companies Act, 1956."

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9. 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 Resolution passed by the Members in the General Meeting held on 28.09.1998 and subject to the provisions of sections 198, 269, 309, 314 and other applicable provisions if any, of the Companies Act, 1956 read with schedule XIII thereof as amended upto date, and consent of the term lenders, the consent of the Company be and is hereby accorded to revision in the remuneration payable to Shri U.K.Agarwal, Additional Managing Director for the remaining period of the term of his employment i.e., from 26.06.2002 to 28.09.2003 as under:

I. SALARY : Rs.1,20,000/- per month

II. COMMISSION

At the rate of 1% of the Net Profit of the Company or 50% of annual salary whichever is lower.

III. PERQUISITES

In addition to the salary and commission as stated above Shri U.K.Agarwal shall be entitled to the following perquisites.

CATEGORY - A

(i) 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 30% of the salary.

(ii) MEDICAL REIMBURSEMENT :

Expenses incurred for self and his family subject to a ceiling of one month's salary

per year or three months' salary in a period of three years.

(iii) LEAVE TRAVEL CONCESSION :

For self and family once in a year incurred in accordance with the Rules of the Company.

(iv) CLUB FEES :

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

(v) PERSONAL ACCIDENT INSURANCE :

Of an amount the premium of which shall not exceed Rs.4,000/- per annum.

CATEGORY - B

iii) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.

iv) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

CATEGORY - C

ii) 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 FURTHER THAT in the absence of or inadequacy of profits in any year Shri U.K.Agarwal be paid the above remuneration as minimum remuneration subject to provisions of Paragraph 1(A) of Section II, Part II of Schedule XIII of the Companies Act, 1956."

10. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

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"RESOLVED THAT in supersession of the Resolution passed by the Members in the General Meeting held on 30.09.2000 and subject to the provisions of sections 198, 269, 309, 314 and other applicable provisions if any, of the Companies Act, 1956 read with schedule XIII thereof as amended upto date and consent of the term lenders, the consent of the Company be and is hereby accorded to revision in the remuneration payable to Shri Paritosh K. Agarwal, Executive Director for the remaining period of his employment i.e., from 26.06.2002 to 22.09.2005 as under:

I. **SALARY** : Rs.1,00,000/- per month

II. **COMMISSION**

At the rate of 1% of the Net Profit of the Company or 50% of annual salary whichever is lower.

III. **PERQUISITES**

In addition to the salary and commission as stated above Shri Paritosh K. Agarwal shall be entitled to the following perquisites

CATEGORY - A

(i) **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 30% of the salary.

(ii) **MEDICAL REIMBURSEMENT** :

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

(iii) **LEAVE TRAVEL CONCESSION** :

For self and family once in a year incurred in accordance with the Rules of the Company.

(iv) **CLUB FEES** :

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

(v) **PERSONAL ACCIDENT INSURANCE** :

Of an amount the premium of which shall not exceed Rs.4,000/- per annum.

CATEGORY - B

v) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.

vi) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

CATEGORY - C

iii) 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 FURTHER THAT in the absence of or inadequacy of profits in any year Shri Paritosh K. Agarwal be paid the above remuneration as minimum remuneration subject to provisions of Paragraph 1(A) of Section II, Part II of Schedule XIII of the Companies Act, 1956."

11. **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 resolution passed by the members in the General Meeting held on 30.08.1997 and subject to the approval of the Central Government, the consent and approval of the Company be and is hereby accorded

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under section 314 and other applicable provisions if any of the Companies Act, 1956 to the revision in the remuneration payable to Mr. Ritesh Kumar Agarwal as Chief Executive of the Company to Rs.80,000/- per month (with effect from 26.06.2002) plus other permissible perquisites as per the rules of the Company."

12. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) and of the enabling provisions of Memorandum and Articles of Association of the Company and subject to the approval of Securities and Exchange Board of India (SEBI) and subject also to the consents, permissions and sanctions of such other appropriate authorities, Institutions or Bodies as may be necessary, consent, authority and approval of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter called "The Board" which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this resolution) with power to delegate such authority to issue and allot through private placement basis aggregating upto 6,71,600 (Six Lakhs Seventy One Thousand Six Hundred only) 0.1% Cumulative Redeemable Preference Shares of Rs.100/- each to Industrial Development Bank of India (IDBI) and IFCI Limited (IFCI)."

"RESOLVED FURTHER THAT the Cumulative Redeemable Preference Shares be issued and allotted to IDBI and IFCI

against part of the sacrifice made to be made on account of the reduction in the rate of interest by IDBI to the extent of Rs.4,00,00,000/- and IFCI to the extent of Rs.2,71,60,000/- on the Term Loans sanctioned / Debentures subscribed by them."

"RESOLVED FURTHER THAT the Cumulative Redeemable Preference Shares shall confer on their holders the following rights and be subject to the following restrictions:

- a) The Shares shall carry a right to a fixed cumulative preferential dividend in relation to the capital paid-up on them from the date of allotment.
- b) The holders of the said shares shall have a right to attend General Meetings of the Company and vote on resolutions directly affecting their interest or where the dividends in respect thereof are in arrears for not less than two years on the date of the meeting, on all resolutions at every meeting of the company.
- c) The holders of the said shares shall have a preferential right to be paid the arrears of dividend payable up to the date of winding up or the repayment of capital, as the case may be, along with the preferential right to be repaid in respect of the repayment of capital, and that, in case of winding up, they shall not have any right to participate in the receipt of distribution of surplus assets of the company along with the holders of capital not entitled to the preferential right to be paid in respect of dividend or to be repaid in respect of repayment of capital."

13. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:

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"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company to make donations to the extent of Rs.25 lakhs in excess of the amount specified in Section 293(1)(e) and other applicable provisions if any of the Companies Act, 1956 to Charitable and other funds not directly relating to the business of the Company or welfare of its employees."

14. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:

"RESOLVED THAT THE Company do hereby approve in terms of section 293 (1)(a) and other applicable provisions if any, of the Companies Act, 1956 the mortgaging and/or charging by the Board of Directors of the Company of all the movable and immovable properties of the Company wheresoever situate, present and future, of the whole of the undertaking of the Company together with power to takeover the management of the business and concern of the Company in certain events to or in favour of Industrial Development Bank of India (IDBI) / IFCI Ltd., (IFCI) / State Bank of India (SBI) to secure the Rupee Term Loans / Non-Convertible Debentures privately placed / Foreign Currency Loans sanctioned by them on **FIRST CHARGE BASIS** and on

SECOND CHARGE BASIS TO :

- a) State Bank of India (SBI) of its

additional working capital facilities aggregating Rs.4590 lakhs;

- b) State Bank of Hyderabad (SBH) of its additional working capital facilities aggregating Rs.2030 lakhs;
- c) State Bank of Mysore (SBM) of its additional working capital facilities aggregating Rs.1110 lakhs;

with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, cost, charges, expenses and other monies, payable by the Company vide its loan agreement(s) entered into by the Company.

Provided that the above mortgage in favour of SBI/SBH/SBM shall rank second and subservient to the charges created/to be created by the Company in favour of IDBI/IFCI/SBI to secure the term loans sanctioned/to be sanctioned by them/ Debentures privately placed with them.

"RESOLVED FURTHER THAT the Company do hereby authorise the Board to take all necessary steps for the execution of the documents for creation of the aforesaid mortgage/charge."

By Order of the Board

Secunderabad
26th June 2002.

E.V.S.V.SARMA
Company Secretary

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NOTES:

1. The register of members and share transfer books will be closed from Thursday, the 29th August, 2002 to Saturday, the 31st August, 2002 (both days inclusive) for the purpose of Annual General Meeting.
2. **A member entitled to attend the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.**
3. **Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.**
4. The shareholders desiring any further information as regards the accounts are requested to write to the Company so as to reach it at least one week prior to the date of the meeting for consideration of the management to deal at the meeting.
5. Unclaimed dividends of the following years will be transferred to the Investor Education & Protection Fund set up by the Central Government on the dates mentioned against them :

For the Financial Year	Date of declaration	Due for transfer on
1995-96	10.09.1996	29.10.2003
1996-97	30.08.1997	18.10.2004
6. The Companies Act, 1956 has provided for the facility of nomination to the holders of Shares/Debentures/Fixed Deposits in a Company. Accordingly members can avail the facility of nomination in respect of their shares held either singly or jointly. Members desiring to avail this facility are requested to fill up the prescribed nomination form and send the same to the Registered Office of the Company.
7. The Company's application for delisting from Delhi Stock Exchange is still pending with Delhi Stock Exchange. The shares of the Company continue to be listed on the Stock Exchanges at Hyderabad, Mumbai and on the National Stock Exchange and the Company has paid upto date the listing fees to these Exchanges.
8. Members are requested to notify immediately any change in their addresses to the Company.
9. The Members are requested to bring their copy of the annual report with them at the time of attending Annual General Meeting.

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