



ANNUAL REPORT 2000-2001



SURYALATA SPINNING MILLS LIMITED

SURYALATA SPINNING MILLS LIMITED

Board of Directors

Sri C Narsi Reddy	Chairman
Sri R Surender Reddy	Director
Sri K S Purohit	Director
Sri K Srinivasa Reddy	Director
Sri K Lakshmikanth Reddy	Director
Sri Vithaldas Agarwal	Managing Director
Sri Mahender Kumar Agarwal	Joint Managing Director
Sri Veerender Kumar Agarwal	Executive Director

Company Secretary

Sri B Muralidhara Rao

Auditors

M/s. Brahmayya & Co.,
Flat Nos. 403 & 404
Golden Green Apartments
Erramanzil Colony, Somajiguda
Hyderabad - 500 082.

Registered Office

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

Bankers

State Bank of India
Industrial Finance Branch
Hyderabad

UTI Bank Limited
Begumpet
Hyderabad

Factories

Marchala Village
Kalwakurthy Mandal
Mahabubnagar District
Andhra Pradesh

Mouza - Nayakund
(Near) Ramtek
Nagpur District
Maharashtra

SURYALATA SPINNING MILLS LIMITED

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of SURYALATA SPINNING MILLS LIMITED will be held on Friday, the 20th July, 2001 at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad - 500 026 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 2001 and the Balance Sheet as on that date and the reports of the Directors' and Auditor's thereon.
2. To declare dividend on Equity Shares.
3. To declare Dividend on Cumulative Redeemable Preference Shares.
4. To appoint a Director in place of **Sri C. Narsil Reddy** who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Sri K. Srinivasa Reddy** who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, 'Sri K. Lakshmikanth Reddy' be and is hereby appointed as Director of the Company, whose period of office shall be liable to retire by rotation."

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 Annual General Meeting held on 29th May, 2000 and pursuant to the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof as amended up to date and subject to the approval of the Financial Institutions, the remuneration payable to **Sri Vithaldas Agarwal, Managing Director** be and is hereby revised to Rs.70,000/- per month w.e.f. 1st June, 2001."

"RESOLVED FURTHER THAT all the other terms and conditions of his appointment approved by the members of the Company in the Annual General Meeting held on 29th May, 2000 do remain unaltered."

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 Annual General Meeting held on 29th May, 2000 and pursuant to the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof as amended up to date and subject to the approval of the Financial Institutions, the remuneration payable to **Sri Mahender Kumar Agarwal, Joint Managing Director** be and is hereby revised to Rs. 55,000/- per month w.e.f. 1st June, 2001."

"RESOLVED FURTHER THAT all the other terms and conditions of his appointment

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approved by the members of the Company in the Annual General Meeting held on 29th May, 2000 do remain unaltered."

10. 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 Annual General Meeting held on 29th May, 2000 and pursuant to the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof as amended up to date and subject to the approval of the Financial Institutions, the remuneration payable to **Sri Veerender Kumar Agarwal, Executive Director** be and is hereby revised to Rs.45,000/- per month w.e.f. 1st June, 2001 to 26th May, 2002."

"RESOLVED FURTHER THAT all the other terms and conditions of his appointment approved by the members of the Company in the Annual General Meeting held on 29th May, 2000 do remain unaltered."

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

"RESOLVED THAT pursuant to the Provisions of Sections 198, 269, 309, 310, 314 and other applicable Provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof as amended up to date and subject to the approval of the Financial Institutions, consent of the members be and is hereby accorded to the Company for the re-appointment of **Sri Veerender Kumar Agarwal as Executive Director** of the Company for a period of 5 years w.e.f. 27.05.2002 on the following terms and conditions :

1. Salary:
Rs.45,000/- per month
2. Commission :
At the rate of 1% of the net profits of the Company or 50% of annual salary whichever is less.
3. Perquisites :
In addition to the salary and commission as stated above Sri Veerender Kumar Agarwal, shall be entitled to the following perquisites.

CATEGORY-A

- i) 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.
- ii) Reimbursement of Medical Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three month's 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 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. 4000/- 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 a month's salary for each completed year of service.

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CATEGORY-C

The Company shall provide a car with driver and a telephone at the residence."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the above remuneration will be paid as minimum remuneration in terms of Section II of Part II of Schedule XIII of the Companies Act, 1956."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

- i) The following new Article 50A with marginal note as indicated, be inserted after the existing Article 50:

50A Register and Index of Members

The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media.

The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of the Companies Act, 1956 and any

amendment or reenactment thereof. The Company shall have power to keep in any State or Country outside India, a Register of Members for the residents in that State or Country.

- ii) The following new Article 20A with marginal note as indicated be inserted after the existing Article 20:

20A Dematerialisation of Securities

For the purpose of this Article, unless the context otherwise requires:

A. Definitions

Beneficial Owner : 'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

Bye-laws : 'Bye-laws' means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996;

Depositories Act : 'Depositories Act' means the Depositories Act, 1996, and any statutory modification or reenactment thereof for the time being in force;

Depository : 'Depository' means a Company formed and registered under the Companies Act, 1956 (1 of 1956) ('the Act') and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

Record : 'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations : 'Regulations' means the regulations made by SEBI;

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SEBI : SEBI means the Securities and Exchange Board of India;

Security : 'Security' means such security as may be specified by SEBI from time to time;

Shareholder or Member : 'Shareholder' or 'Member' means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and/or Preference Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository;

B. Dematerialisation of Securities :

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.

C. Option for Investors :

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall

intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

D. Securities in Depositories to be in Fungible Form :

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

E. Rights of Depositories and Beneficial Owners :

- i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
- ii. Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;
- iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

F. Depository to furnish Information :

Notwithstanding anything to the contrary contained in the Act or these Articles,

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where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

G. Option to opt out in respect of any security :

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

H. Sections 83 and 108 of the Act not to apply :

Notwithstanding anything to the contrary contained in the Articles -

- i. Section 83 of the Act shall not apply to the shares with a Depository;
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

I. Register and Index of Beneficial Owners :

The Register and Index of Beneficial Owners, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index

of Members and Security holders as the case may be for the purposes of these Articles.

J. Intimation to Depository :

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

K. Stamp Duty on Securities held in Dematerialised Form :

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

L. Applicability of the Depositories Act :

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

M. Company to recognise the rights of registered holders as also the beneficial owners in the records of the Depository :

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by

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a Court of competent jurisdiction or as by law required, be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

- iii) The following new Article 54A with marginal note as indicated be inserted after the existing Article 54:

54A Nomination of Shares

- i) Every holder of shares in or holder of debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in or debentures of the Company shall vest in the event of his death.
- ii) Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or as the case may be on the death of the joint holder becomes entitled to all the rights in the shares or debentures of the

Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

- iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of the debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority."

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

"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956, (including any statutory modification(s) or reenactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent is hereby accorded to the Board to delist the equity shares of the Company from The Delhi Stock Exchange Association Limited."

By order of the Board

Place : Secunderabad
Date : 06.06.2001

B. Muralidhara Rao
Company Secretary

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NOTES

- Any member entitled to attend and vote at 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.
- An instrument of proxy in order to be valid and effective, shall be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- Explanatory statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
- The Register of Members and Share Transfer Books of the Company will remain closed from **16th July, 2001 to 20th July, 2001** (both days inclusive) for the purpose of payment of dividend, if declared, to those members whose names appear in the Register of Members as on **20th July, 2001**.
- Unclaimed dividends of the following years will be transferred to the Investor Education and Protection Fund of 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	24.07.1997	11.09.2004
1997-98	25.09.1998	13.11.2005
1999-2000	29.05.2000	17.07.2007

Members who have not encashed their dividend warrants pertaining to the above years may have their warrants revalidated by sending them to the Registered office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund of the Central Government, no claim shall lie in respect thereof.

- 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 to enable the management to keep the information ready at the meeting.
- The shares of the Company are presently listed on the Stock Exchanges at Hyderabad, Mumbai and Delhi and the Company has paid listing fees to all the above Stock Exchanges.
- Members who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
- Shareholders may now avail the nomination facility under Section 109A of the Companies Act. The relevant nomination form is annexed.
- Members are requested to notify immediately any change in their addresses to the Company.
- Shareholders are requested to bring their copy of the Annual Report to the meeting.

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EXPLANATORY STATEMENT

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

ITEM NO. 7

Sri K. Lakshmikanth Reddy was appointed as an Additional Director under section 260 of the Companies Act, 1956 and would hold office till the date of Eighteenth Annual General Meeting. The Company has received notices from the shareholders under section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- signifying their intention to propose Sri K. Lakshmikanth Reddy, for the office of Director.

None of the Directors other than Sri K. Lakshmikanth Reddy is in any way, concerned or interested in the said resolution.

ITEM NO. 8

Sri Vithaldas Agarwal, Managing Director is being paid a remuneration of Rs.60,000/- per month and other applicable perquisites as per the resolution passed by the members in the Annual General Meeting held on 29th May, 2000.

Keeping in view, the valuable contribution made by Sri Vithaldas Agarwal towards the success of the Company and the current levels of remuneration prevailing in the industry, the Board of Directors at their meeting held on 6th June, 2001, passed a resolution, subject to approval of members and Financial Institutions, for the revision in remuneration payable to Sri Vithaldas Agarwal from Rs. 60,000/- to Rs.70,000/- per month with other terms remaining unaltered.

The Board of Directors recommends the resolution for your approval.

This statement may also be treated as an

abstract of the terms of revision in remuneration of Sri Vithaldas Agarwal, pursuant to Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Sri Vithaldas Agarwal by himself and Sri Mahender Kumar Agarwal, Joint Managing Director and Sri Veerender Kumar Agarwal, Executive Director, being his relatives, are interested in the said resolution.

ITEM NO. 9

Sri Mahender Kumar Agarwal, Joint Managing Director is being paid a remuneration of Rs.47,500/- per month and other applicable perquisites as per the resolution passed by the members in the Annual General Meeting held on 29th May, 2000.

Keeping in view, the valuable contribution made by Sri Mahender Kumar Agarwal towards the success of the Company and the current levels of remuneration prevailing in the industry, the Board of Directors at their meeting held on 6th June, 2001, passed a resolution, subject to approval of members and Financial Institutions, for the revision in remuneration payable to Sri Mahender Kumar Agarwal from Rs. 47,500/- to Rs.55,000/- per month with other terms remaining unaltered.

The Board of Directors recommends the resolution for your approval.

This statement may also be treated as an abstract of the terms of revision in remuneration of Sri Mahender Kumar Agarwal, pursuant to Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Sri Mahender Kumar Agarwal by himself and