

Annual Report 2013-14



 **SURYALATA SPINNING MILLS LIMITED**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri R Surender Reddy

Sri Vithaldas Agarwal

Sri Mahender Kumar Agarwal

Sri K Lakshmikanth Reddy

Sri R S Agarwal

Sri K R Suresh Reddy

Sri Yash Agarwal

Smt. Madhavi Agarwal

Sri K K Sinha

Chairman

Managing Director

Joint Managing Director

Director

Director

Director

Executive Director

Additional Director (w.e.f. 12th May, 2014)

Director (Operations)

Sri K Nageswara Rao

General Manager (Finance)

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Sri R Surender Reddy, Chairman

Sri R S Agarwal, Member

Sri K R Suresh Reddy, Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

(w.e.f. 12th May, 2014)

Sri K R Suresh Reddy, Chairman

Sri Vithaldas Agarwal, Member

Sri Mahender Kumar Agarwal, Member

NOMINATION & REMUNERATION COMMITTEE

(w.e.f. 12th May, 2014)

Sri K R Suresh Reddy, Chairman

Sri K Lakshmikanth Reddy, Member

Sri R S Agarwal, Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

(w.e.f. 12th May, 2014)

Sri R Surender Reddy, Chairman

Sri Vithaldas Agarwal, Member

Sri Mahender Kumar Agarwal, Member

AUDITORS

M/s. Brahmayya & Co.,

Flat No. 403 & 404,

Golden Green Apartments,

Irramanzil Colony, Hyderabad - 500 082.

BANKERS

State Bank of India, IFB, Hyderabad

IDBI Bank Limited, Chennai

REGISTERED OFFICE

Surya Towers, 1st Floor,

105, Sardar Patel Road

Secunderabad - 500 003.

Tel: 040-27774200, Fax: 040-27846859

Email: cs@suryalata.com

Website: www.suryalata.com

CIN L18100TG1983PLC003962

ISIN INE132C01027

Listed on Bombay Stock Exchange Limited (BSE)

Scrip Code 5 1 4 1 3 8

FACTORIES

Marchala Village

Kalwakurthy Mandal

Mahaboobnagar District

Telangana - 509 320

Urukondapet Village

Midjil Mandal

Mahaboobnagar District

Telangana - 509 320

REGISTRAR & TRANSFER AGENTS

M/s.Karvy Computershare Private Limited,

Plot No.17 to 24, Vithal Rao Nagar,

Madhapur, Hyderabad- 500 081.

Book Closure Dates: 31st July, 2014 to 6th August, 2014 (Both days inclusive)

NOTICE

NOTICE is hereby given that the **31st Annual General Meeting** of the Members of **SURYALATA SPINNING MILLS LIMITED** will be held on **Wednesday, 6th August, 2014 at 10.30 A.M. at Kamat Lingapur Hotel 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500016, Telangana** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss Account for the Financial Year ended 31st March, 2014 and Balance Sheet as at that date together with reports of Auditors and the Board of Directors.
2. To declare dividend on Cumulative Redeemable Preference Shares for the financial year ended 31st March, 2014.
3. To declare dividend on Equity Shares of the Company for the financial year ended 31st March, 2014.
4. To appoint a Director in place of **Sri K K Sinha, (DIN 03383960)** who retires by rotation and being eligible, offers himself for re-appointment.
5. To Consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution relating to appointment of Statutory Auditors of the Company:

“RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit & Auditors) Rules, 2014 M/s. Brahmayya & Co., Chartered Accountants, Hyderabad (Firm Registration No. 000513S) be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the

conclusion of next Annual General Meeting of the Company, at such remuneration plus service tax as applicable and reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties as the Board of Directors may fix in this behalf.”

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 203 and other applicable provisions, if any of the Companies Act, 2013 read with schedule V and rules made thereunder as amended upto date, consent of the Members be and is hereby accorded for re-appointment of Sri Vithaldas Agarwal as the Managing Director of the Company for a further period of **5 years with effect from 1st July, 2014 to 30th June, 2019** on the following terms and conditions:

1. Salary: ₹ 2,75,000/- per month.
2. Commission: At the rate of 2% of the net profits of the Company with effect from the financial year 2013-14.
3. Perquisites: In addition to the salary and commission as stated above Sri Vithaldas Agarwal, Managing Director shall be provided a car with driver, telephone and other communication facilities at residence for use of Company's business.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the above remuneration will be paid as a minimum remuneration to Sri Vithaldas Agarwal, Managing Director subject to the provisions

of section II of Part II of Schedule V of the Companies Act, 2013."

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

"RESOLVED THAT pursuant to the provisions of Section 13, 61 and 64 of the companies Act, 2013 and other applicable provisions, if any, and the provisions of the Memorandum of Association of the Company, 40,00,000 (Forty Lacs only) unissued Equity Shares of ₹ 10/- (Rupees Ten only) each aggregating ₹ 4,00,00,000/- (Rupees Four Crore Only) forming part of the Authorised Share Capital of the Company be and are hereby cancelled and reclassified by concurrently creating 4,00,000 Redeemable Preference Shares of ₹ 100/- (Rupees Hundred only) each aggregating ₹ 4,00,00,000/- (Rupees Four Crore Only) with total Authorised Share Capital of the Company remaining same at ₹ 17,00,00,000/- (Rupees Seventeen Crores only).

RESOLVED FURTHER THAT pursuant to Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, the existing Clause V of the Memorandum of Association of the Company as to Authorised Share Capital be and is hereby substituted in its place and stand as under:

V. The Authorised Share Capital of the Company is ₹ 17,00,00,000/- (Rupees Seventeen Crores only) divided into 50,00,000 Equity Shares of ₹ 10/- each aggregating ₹ 5,00,00,000/- (Rupees Five Crores only) and 12,00,000 Preference Shares of ₹ 100/- each aggregating to ₹ 12,00,00,000/- (Rupees Twelve Crores only), whether Cumulative Redeemable or Non-cumulative Redeemable, with the power to increase, reduce, subdivide,

consolidate, convert into equity shares in accordance with the provisions of the law from time to time.

RESOLVED FURTHER THAT Board of Directors of the company be and is hereby authorised to do all such acts and to take such steps, as may be necessary, to give effect to the resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 and rules made there under the existing sub-clause (i) of Article 3 of the Articles of Association of the Company be and is hereby altered by substituting the following new Sub-clause (i) in lieu thereof:

"3(i) The Authorised Share Capital of the Company is ₹ 17,00,00,000/- (Rupees Seventeen Crores only) divided into 50,00,000 (Fifty Lakhs only) Equity Shares of ₹ 10/- each and 12,00,000 (Twelve Lakhs only) Preference Shares of ₹ 100/- each whether Cumulative Redeemable and/or Non-cumulative Redeemable, with the power to increase, reduce, subdivide, consolidate, convert into equity shares in accordance with the provisions of the law from time to time."

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

"RESOLVED THAT in accordance with the provisions of Sections 42, 55, 62 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Rules framed there under, as may be amended from time to time and the Articles

of Association of the Company and the regulations/guidelines, if any, prescribed by any relevant authorities from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any Committee thereof constituted / to be constituted for the time being exercising the powers conferred on the Board by this Resolution) or as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer or invite to subscribe, issue and allot, such number of Preference Shares of the Company of the face value of ₹ 100/- (Rupees One Hundred only) each, for an aggregate value not exceeding ₹ 3 crore, as Cumulative Redeemable Preference Shares (“CRPS”), for cash at par, on a private placement basis, to such person or persons and in such proportion and on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT in accordance with provisions of Section 43 of the Act, the CRPS shall be non participating, carry a preferential right, vis-à-vis Equity Shares of the Company, with respect to payment of dividend and repayment in case of a winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47(2) of the Act.”

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to agree and to make such modification (s) and alteration (s) from time to time as it deems fit and to

take all such steps as it may deem necessary, desirable or expedient and to resolve all questions of doubts and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the members of the Company and the decision of the Board shall be final and conclusive.”

10. 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 160 and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made there under Smt Madhavi Agarwal, (**DIN 06866592**) who was appointed as an Additional Director in the Board Meeting held on 12th May, 2014 as per the provisions of Section 161 of the Companies Act, 2013 and who ceases to be a director on the commencement of 31st Annual General Meeting be and is hereby appointed as the Director of the Company whose office is liable to retire by rotation”.

11. 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Sri K Lakshmikanth Reddy, (DIN 00016766)**, a non-executive Director of the Company who retires by rotation and offered himself for re-appointment and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is

eligible for appointment, be and is hereby appointed as an Independent Director of the Company **with effect from 6th August, 2014 to 5th August, 2019.**"

12. 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Sri R Surender Reddy (DIN 00083972)**, a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company **with effect from 6th August, 2014 to 5th August, 2019.**"

13. 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Sri R S Agarwal (DIN 00012594)**, a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company **with effect from 6th August, 2014 to 5th August, 2019.**"

14. 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Sri K R Suresh Reddy (DIN 00074879)**, a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company **with effect from 6th August, 2014 to 5th August, 2019.**"

15. To consider and if thought fit to pass with or without modification (s) the following resolution as an **Special resolution:**

"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 23rd Annual General Meeting held on 8th September, 2006 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of ₹ 200 Crores (Rupees Two Hundred Crores) over and above the aggregate of the paid up share capital and free reserves of the Company."

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself / herself and 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. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. An 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 in respect of business set out under item no's 6-15.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 31st July, 2014 to 06th August, 2014 for the purpose of payment of dividend, if approved by the members. (Both days inclusive).
5. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2007 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

For the Financial year	Date of declaration	Un-claimed Dividend Amount (in ₹)	Last Date of claiming unpaid Dividend/Due Date for transfer to IEPF Account
2006 - 07	26th September, 2007	1,82,846/-	1st November, 2014
2007 - 08	Not Applicable (As Dividend was not declared)		
2008 - 09	Not Applicable (As Dividend was not declared)		
2009 - 10	23rd September, 2010	1,14,100/-	29th September, 2017
2010 - 11	15th September, 2011	1,77,645/-	21st October, 2018
2011 - 12	12th September, 2012	93,489/-	18th October, 2019
2012 - 13	10th August, 2013	1,45,889/-	15th September, 2020

Members who have not en-cashed the dividend warrant(s) so far for the financial year ended 31st March, 2007 or any subsequent financial years are requested to make their claim to the Company at its 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.

6. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars viz. M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081.
7. The Company's Equity shares are listed at Bombay Stock Exchange Ltd., Phiroze Jeejee Bhoy Towers, Dalal Street, Mumbai - 400 001 and the company has paid the Listing Fees to the said Stock Exchange for the financial year 2014-15.

8. Pursuant to Section 113 of Companies Act, 2013, Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
9. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
10. Pursuant to Clause 49 of the Listing Agreement, brief profile of the Directors appointed/ Re-appointed is given in the Corporate Governance Report.
11. Members may note that the Notice of the 31st AGM and the Annual Report for FY 2013-14 copies of audited financial statements, directors' report, auditors' report etc. will also be available on the website of the Company, www.suryalata.com for download. Members holding shares in electronic mode are therefore requested to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address mentioned in (6) above quoting their folio number(s)
12. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members' facility to exercise their right to vote at the 31st Annual General Meeting ("AGM") by electronic means and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited ("Karvy").
The voting rights of the Members shall be in proportion to the paid up value of their shares in the equity capital of the Company as on cut off date (i.e Record date) Friday, 4th July, 2014.
The e-voting facility will be available at the link <http://evoting.karvy.com> during the following voting period :
Commencement of e-voting : From 9 A.M. on 29th July, 2014 to 6 P.M. on 31st July, 2014.
13. E-voting shall not be allowed beyond 6 p.m on 31st July 2014. During the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialised form, as on 4th July, 2014 may cast their vote electronically.
14. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members along with physical copy of the Notice.
15. The Company has appointed Mr. R. Ramakrishna Gupta, practicing Company Secretary, Partner at R&A Associates, Company Secretaries, Hyderabad (Membership No FCS 5523) as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

For and on behalf of the Board
For **Suryalata Spinning Mills Limited**

R Surender Reddy
Chairman
DIN:00083972

Place : Secunderabad
Date : 12th May, 2014

Corporate Identification Number:
L18100TG1983PLC003962

Registered Office:
Surya Towers, 1st Floor, 105
Sardar Patel Road, Secunderabad - 500003
Tel: 040-27774200
Fax: : 040-27846859
Email: cs@suryalata.com
Website : www.suryalata.com

Explanatory Statement
Pursuant to Section 102(1) of Companies Act, 2013

Item # 6: To consider and approve the re-appointment of Sri Vithaldas Agarwal, Managing Director.

Sri Vithaldas Agarwal is Promoter Director and Managing Director of the Company. He has been associated with the Company since inception and taking care of the day to day operations of the Company. He has put in his total dedication and hard-work resulting into profitable growth of the Company.

It is proposed to re-appoint Sri Vithaldas Agarwal, Managing Director of the Company for the further period of 5 years with effect from 1st July, 2014 to 30th June, 2019.

Sri Vithaldas Agarwal, Managing Director has attained the age of 74 years. As per Section 196 of Companies Act, 2013 if an appointee has attained the age of 70 years, then such appointment shall be made by a special resolution along with a justification for the appointment. Sri Vithaldas Agarwal, Managing Director has steered the company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the company's operations. During the period of global recession and slowdown of the textile industry, he has been the key driving force behind the success of the company. In order to avail his un-interrupted services for the growth of the Company, Board of Directors proposes to re-appointment him for a further period of 5 years as proposed in the above resolution. Board of Directors recommends his re-appointment.

The re-appointment of Sri Vithaldas Agarwal, Managing Director requires, the approval of members in general meeting by way of special resolution pursuant to Section 196 read with Schedule V to the Companies Act, 2013.

Additional Disclosure about the appointee as per Schedule V Part II of the Companies Act, 2013:

- **Nature of industry:**

Suryalata Spinning Mills Limited is one of the largest producers of yarn. Company is basically into manufacturing of Synthetic blended yarns of Polyester / Viscose. Currently Company has two ISO certified manufacturing units with a total installed capacity of **89,376** spindles. Suryalata Spinning Mills Limited is one of the fast growing established Textile sector Company. Indian Textile Industry is one of the leading textile industries in the world.

- **Date of commencement of commercial production**

Commercial Operations of the Company have started during the year 1983.

- **Financial performance:**

Performance of the Company for the last three years are as follows:

(₹ in Lakhs)

Item	2012-13	2011-12	2010-11
Income from Operations (Gross)	28,372	25,661	24,394
Profit/Loss Before tax	1,187	655	3,098
Profit/Loss after Tax	808	423	1,979