

Annual Report 2016-2017



Suryavanshi
spinning mills ltd.

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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circular stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri Badrinarayan Agarwal

Executive Chairman (upto 27th May 2017)

Sri Rajender Kumar Agarwal

Managing Director

Sri Surender Kumar Agarwal

Independent Director

Sri Manish Gupta

Independent Director

Smt Sushma Gupta

Independent Director

Chief Financial Officer & Company Secretary

Sri B. Somasekhara Rao

Auditors

M/s. Brahmayya & Co.
Flat No. 403 & 404,
Golden Green Apartments,
Irrum Manzil Colony,
Hyderabad - 500082

Bankers

Andhra Bank
State Bank of India
*(erstwhile State Bank of Hyderabad before its merger
with State bank of India)*

Registered Office

6th Floor, Surya Towers,
105, S.P.Road
Secunderabad – 500 003,
Telangana
Website: www.suryavanshi.com
Email: info@suryavanshi.com
CIN: L14220TG1978PLC002390
Phone: 91-40-30512700
Fax: 91-40-30512725

Audit Committee

Sri Surender Kumar Agarwal
Sri Manish Gupta
Sri Rajender Kumar Agarwal

Stakeholders' Relationship Committee

Sri Surender Kumar Agarwal
Sri Rajender Kumar Agarwal

Nomination & Remuneration Committee

Sri Surender Kumar Agarwal
Sri Manish Gupta
Smt Sushma Gupta

ISIN: INE431C01023

Listed on BSE Limited

Scrip Code: 514140

Registrar and Share Transfer Agents

Karvy ComputerShare Private Limited
Karvy Selenium Tower B,
Plot No 31 & 32,
Gachibowli,
Financial District,
Nanakramguda,
Serilingampally,
Hyderabad – 500 032
Tel No. 040-67161606,
Fax No. 040-23420814
e-mail: einward@karvy.com
Website: www.karvycomputershare.com

FACTORY

Spinning & Medical Textile Divisions
Aliabad, Medchal Taluq,
Ranga Reddy Dist.
Telangana – 500 101

NOTICE

NOTICE is hereby given that the 38th Annual General Meeting of the Members of Suryavanshi Spinning Mills Limited will be held on **Friday, 29th day of September, 2017 at 10.30 A.M. at Sri Raja Rajeshwari Gardens, Survey No. 26, Sikh Village, Near Diamond Point Hotel, Secunderabad – 500009** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2017 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Sri Rajender Kumar Agarwal, who retires by rotation and, being eligible, offers himself for reappointment
3. 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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s. K.S.Rao & Co., Chartered Accountants, Hyderabad, (ICAI Firm Regn. No.003109S) be and are hereby appointed as Statutory Auditors of the Company in place of M/s. Brahmayya & Co., Chartered Accountants Hyderabad (ICAI Firm Regn. No.000513S) whose tenure expires at this Annual General Meeting, at such remuneration plus reimbursement of out-of-pocket expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors.”

“RESOLVED FURTHER THAT M/s. K.S.Rao & Co., Chartered Accountants, shall hold office for the period of five years from the conclusion of this Thirty Eighth Annual General Meeting of the Company till the conclusion of Forty Third Annual General Meeting of the Company (subject to ratification of the appointment by members at every Annual General Meeting held after this Annual General Meeting).”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such

acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

SPECIAL BUSINESS:

4. 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 196, 197, 198 read Schedule V to the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for time being in force) and subject to approvals of Banks and such other approvals as may be required from any other authorities, consent of the Company be and is hereby accorded to re-appoint Mr. Rajender Kumar Agarwal as a Managing Director for a period of three(3) years from 13.02.2017 to 12.02.2020 who shall be liable to retire by rotation and on such terms and conditions including remuneration as mentioned below:

- a) Basic Salary: Rs.1,40,000/- per month
- b) Commission: @ 1% (one percent) of Net Profits of the Company or 50% of the basic salary, whichever is less.
- c) Perquisites: In addition to salary and commission as stated above Sri R.K. Agarwal, shall be entitled to the following perquisites:

PART – A

- i) Rent free furnished residential accommodation with all facilities and amenities including such services such as gas, electricity, water etc. or House Rent Allowance to the extent of 40% of the basic salary whichever is higher.
- ii) Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's basic salary in a year or three month's basic salary over a period of three years.
- iii) Leave Travel Concession: For self and family once in a year in accordance with the Rules of the Company.
- iv) Fees of clubs: Subject to a maximum of two clubs provided that no life membership or admission fees are paid.
- v) Personal Accident Insurance: Premium not to exceed Rs. 4,000/- (Rupees Four Thousand) per annum

PART – B

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company, if any.
- ii) Gratuity payable shall not exceed half a month's basic salary for each completed year of service.

PART – C

- i) Provision of car for use of Company's business and telephone and other communications at residence.

“RESOLVED FURTHER THAT the appointment of Sri Rajender Kumar Agarwal be subject to retirement by rotation and when reappointed as a Director immediately on retirement by rotation, shall continue to hold his office of Managing Director and such reappointment shall not be deemed to constitute a break in his appointment as Managing Director.”

“RESOLVED FURTHER THAT where in any financial year during the currency of tenure of Sri Rajender Kumar Agarwal, Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances, as specified above as a minimum remuneration subject to provisions of Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

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

“RESOLVED THAT the consent of the company be and is hereby accorded in terms of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), to the mortgaging and/or charging by the Board of Directors of the Company (hereinafter referred to as Board) of all the movable and immovable properties of the Company, where so ever situated, present and future, of the whole of the undertaking of the company together with power to take over the management of the business and concern of the company in certain events on FIRST CHARGE BASIS ranking pari passu with the other term lenders in favour of

1. Andhra Bank, Sultan Bazar Branch, Hyderabad to secure its Rupee Term Loan of Rs.24.55 Crores
2. State Bank of India (*erstwhile State Bank of Hyderabad before its merger with State bank of India*) to secure its Rupee Term Loan of Rs.7.98 Crores and on SECOND CHARGE BASIS ranking pari passu among the second charge holders in favour of
1. Andhra Bank, Sultan Bazar Branch, Hyderabad to secure its working capital facilities of Rs. 23.66 Crores
2. State Bank of India (*erstwhile State Bank of Hyderabad before its merger with State bank of India*) of Rs. 8.18 Crores to secure working capital facilities

together 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 to Andhra Bank and State Bank of India (*erstwhile State Bank of Hyderabad before its merger with State bank of India*) under their letter of sanctions / loan agreements entered / to be entered into by the Company in respect of the said financial assistance.

Provided however that the above mortgage on the second charge basis in favour of Andhra Bank and State Bank of India (*erstwhile State Bank of Hyderabad before its merger with State bank of India*) to secure their working capital facilities shall rank second and subservient to the charges created / to be created by the Company in favour of Andhra Bank & State Bank of India (*erstwhile State Bank of Hyderabad before its merger with State bank of India*) to secure the term loans sanctioned / to be sanctioned by them.

“RESOLVED FURTHER THAT the Company do hereby authorize 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
For **Suryavanshi Spinning Mills Limited**

Place: Secunderabad
Date : 01.09.2017

R.K. Agarwal
Managing Director

NOTES:

1. The register of members and share transfer books of the Company will be closed from 23rd September, 2017 to 29th September, 2017 (both days inclusive) for the purpose of Annual General Meeting.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. The holder of the proxy shall prove his/her identity at the time of attending the meeting.
3. A member holding more than 10% of the total share capital may appoint a single person as Proxy and such person shall not act as Proxy for any other person or member. The Instrument appointing the proxy should be deposited at the registered office of the company not less than forty-eight hours before the commencement of 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. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
6. Members may note that the Notice of the 38th AGM and the Annual Report for FY 2016-17, copies of audited financial statements, directors' report etc., will also be available on the website of the company, www.suryavanshi.com for download. Members holding shares in electronic mode are therefore requested to keep their email address 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 M/s Karvy Computershare Private Limited, Karvy

Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana.

7. E-Voting:

- (i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its Members, the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (KCPL) on all resolutions set forth in this Notice. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
- (ii) In order to enable its Members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in the Notice of AGM, the Company has also enclosed a ballot form with the Annual Report for 2016-17.
- (iii) The facility for voting through polling paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting/ballot form shall be able to vote at the Meeting through polling paper.
- (iv) A Member can opt for only single mode of voting i.e. either through e-voting or by Ballot Form. If a Member casts votes by both modes then voting done through e-voting shall prevail and vote by Ballot shall be treated as invalid. The members who have cast their vote by remote e-voting/ballot form may also attend the Meeting but shall not be entitled to cast their vote again.
- (v) The Board of Directors of the Company has appointed Smt Rashida Adenwala, a Practising Company Secretary, Partner, R & A Associates, Hyderabad as Scrutinizer to voting process (e-voting, ballot and poll) in a fair and transparent manner and she has communicated her willingness to be appointed and will be available for same purpose.

- (vi) **Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 22nd September 2017.**
- (vii) **A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 22nd September 2017 only shall be entitled to avail the facility of remote e-voting, ballot form as well as voting at AGM through polling paper.**
- (viii) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 22nd September 2017, may obtain the User ID and password by writing to Karvy at evoting@karvy.com or contact 040-67161606 or Toll Free No.1800 3454 001. However, if the person is already registered with Karvy for remote e-voting then the existing user ID and password can be used for casting vote.
- (ix) The remote e-voting facility will be available during the following period:
Commencement of remote e-voting: From 9.00 a.m. (IST) on 26th September 2017
End of remote e-voting: Up to 5.00 p.m. (IST) on 28th September 2017
 The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting Module shall be disabled by Karvy upon expiry of aforesaid period.
- (x) The Scrutinizer, after scrutinising the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.suryavanshi.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to BSE Limited.
- (xi) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 29th September 2017.
- (xii) **Instructions and other information relating to remote e-voting:**
- A. **In case of Members receiving Notice through mail:**
- Open e-mail and open PDF File viz. "Suryavanshi Spinning Mills Ltd.pdf" with your client ID or folio No. as password. The said PDF File contains your user ID and password for e-voting. Please note that the password is an initial password.
 - Use the following URL for e-voting: From Karvy website: <http://evoting.karvy.com>
 - Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.
 - Enter the login credentials. In case of physical folio, User ID will be EVEN number followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - After entering the details appropriately, click on LOGIN.
 - You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update any contact details like mobile, email etc., on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - You need to login again with the new credentials.
 - On successful login, the system will prompt you to select the EVENT i.e., **Suryavanshi Spinning Mills Limited.**

- i. On the voting page, enter the number of shares as on the cut-off date under FOR/ AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/ AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN. If the shareholder does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
 - j. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
 - k. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - l. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the Resolution.
 - m. Once the vote on the Resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
 - n. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authorization letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to rashida@rna-cs.com with a copy marked to evoting@karvy.com.
 - o. In case of any queries relating to e-voting, members may please refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact **Mr. V Raghunath**, Deputy Manager, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Contact no. 040-67161606, Toll free No. 1800 345 4001, email id: raghu.veedha@karvy.com, evoting@karvy.com.
- B. In case of members receiving notice through post/courier:**
- (i) E-voting Event Number (EVEN), User ID and Password is provided.
 - (ii) Please follow all steps mentioned above in Sr. No. (xii)(A)(b) to (xii)(A)(n) to cast your vote by electronic means.
- (xiii) Instructions and other information relating to Ballot Form:**
- (i) A Member desiring to exercise voting by using Ballot Form shall complete the enclosed Ballot Form with assent (FOR) or dissent (AGAINST) and send it to the Scrutinizer, Smt Rashida Adenwala, a Practising Company Secretary, Partner, R & A Associates, Hyderabad, duly appointed by the Board of Directors of the Company. Ballot Forms deposited in person or sent by post or courier will be accepted at the Registered Office of the Company.
 - (ii) Please convey your assent in Column “FOR” or dissent in the column “AGAINST” by placing a tick (✓) mark in the appropriate column in the Ballot Form only. The assent / dissent received in any other form / manner will not be considered.
 - (iii) Duly completed and signed Ballot Forms shall reach the Scrutinizer on or before **Thursday, September 28th 2017 (5.00 p.m. IST)**. The Ballot Forms received after the said date / time shall be strictly treated as if the reply from the Member has not been received.
 - (iv) Unsigned / incomplete Ballot Forms will be rejected. Scrutinizer’s decision on validity of the Ballot Form shall be final.

- (v) A Member may request duplicate Ballot Form, if so required, by writing to the Company at its Registered Office or by sending an email on **info@suryavanshi.com** by mentioning their Folio No. / DP ID and Client ID. However, the duly filled in duplicate Ballot Form should reach the scrutinizer not later than **Thursday, September 28th 2017 (5.00 p.m. IST)**.
8. The Companies Act, 2013 provides for the facility of nomination to the holders of Shares 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. (The forms are available at the Regd. Office).
9. Members are requested to notify immediately any change in their addresses to the Company.
10. The members are requested to bring their copy for the annual report with them at the time of attending Annual General Meeting.
11. A route map showing directions to reach the venue of the 38th AGM is given at the end of the Notice.
- By order of the Board
- For Suryavanshi Spinning Mills Limited**
- Place: Secunderabad
Date : 01.09.2017
- R.K.Agarwal**
Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

M/s. Brahmayya & Co., Chartered Accountants, Hyderabad have been the Statutory Auditors of the Company for the past several years and were last reappointed by the members at the Thirty Seventh Annual General held on 30/09/2016.

As per the provisions of the Companies Act, 2013 ("the Act"), no listed Company shall appoint an Audit Firm (including its affiliate firms) as Auditors for more than two terms of five consecutive years. The Act also provided for a transition period of three years from the commencement of the Act i.e., 1st April, 2014.

Accordingly, the term of the present Auditors, M/s. Brahmayya & Co., Chartered Accountants expires at the conclusion of this Annual General Meeting. The Audit Committee and the Board of Directors place on record their appreciation for the professional services rendered by M/s. Brahmayya & Co., during their association with the Company as its Auditors.

For the purpose of appointment of new Auditors, the Audit Committee along with the Management invited proposals from the reputed firms of Chartered Accountants and had detailed discussion with representatives of those firms. The Committee considered various parameters such as reputation of the firm, knowledge and experience of the partners, understanding of the Company business, technical assessment of audit skills and the Audit fees and based on

these detailed analysis, recommended M/s. K.S.Rao & Co., Chartered Accountants, Hyderabad (ICAI Firm Regn. No.003109S) as the Company's new Statutory Auditor. The Board of Directors based on the recommendation of the Audit Committee proposes the appointment of the M/s. K.S.Rao & Co., Chartered Accountants, Hyderabad (ICAI Firm Regn. No.003109S) as the Statutory Auditors of the Company to the members for their approval

If approved by the members, the appointment of M/s. K.S.Rao & Co., Chartered Accountants, Hyderabad (ICAI Firm Regn. No.003109S), as the Statutory Auditor will be for a period of five years commencing from the conclusion of Thirty Eighth Annual General Meeting of the Company till the conclusion of Forty Third Annual General Meeting (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General meeting).

M/s. K.S.Rao & Co., Chartered Accountants, Hyderabad (ICAI Firm Regn. No.003109S) have confirmed that their appointment, if made would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as Statutory Auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors recommends the resolution at Item No.3 of the Notice for your approval.