

Annual Report
2012-13



SURYALATA SPINNING MILLS LIMITED



Om Unit - II Process Equipment



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri R Surender Reddy	Chairman
Sri Vithaldas Agarwal	Managing Director
Sri Mahender Kumar Agarwal	Joint Managing Director
Sri Yash Agarwal	Executive Director
Sri K Lakshmikanth Reddy	Director
Sri R S Agarwal	Director
Sri K R Suresh Reddy	Director
Sri K K Sinha	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

REMUNERATION COMMITTEE

Sri K R Suresh Reddy, Chairman
Sri K Lakshmikanth Reddy, Member
Sri R S Agarwal, Member

INVESTOR GRIEVANCE COMMITTEE

Sri K R Suresh Reddy, Chairman
Sri Vithaldas Agarwal, Member
Sri Mahender Kumar Agarwal, Member

REGISTRAR & TRANSFER AGENTS

M/s.Karvy Computershare Private Limited
Plot No.17 to 24, Vithal Rao Nagar
Madhapur, Hyderabad- 500 081

AUDITORS

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

ISIN: INE132C01027 **CIN:** L18100AP1983PLC003962

Listed on **Bombay Stock Exchange Limited (BSE)**
Stock code : **5 1 4 1 3 8**

FACTORIES

Marchala Village
Kalwakurthy Mandal
Mahaboobnagar District
Andhra Pradesh - 509 320

Urukondapet Village
Midjil Mandal
Mahaboobnagar District
Andhra Pradesh - 509 320

Book Closure Dates: 5th August, 2013 to 10th August, 2013 (Both days inclusive)

NOTICE

NOTICE is hereby given that the **30th Annual General Meeting** of the Members of **SURYALATA SPINNING MILLS LIMITED** will be held on **Saturday, 10th August, 2013 at 10.30 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, the statement of Profit and Loss on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on Cumulative Redeemable Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of **Sri R Surender Reddy**, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Sri K R Suresh Reddy**, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Brahmayya & Co., Chartered Accountants, Hyderabad (Registration No. 000513S) be and are hereby re-appointed as Statutory 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 as shall be fixed by the Board of Directors.

SPECIAL BUSINESS

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 Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with schedule XIII thereof as amended upto date, approval of members of the Company be and is hereby accorded to revise the remuneration payable to **Sri Vithaldas Agarwal, Managing Director** with effect from 1st July, 2013 for a period of three years, subject to the re-appointment of Sri Vithaldas Agarwal, after his current tenure, on the following terms:

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 provide 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 XIII of the Companies Act, 1956”.

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

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309,311 and

other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereof as amended up to date, consent of the members of the Company be and is hereby accorded to revise the remuneration payable to **Sri Mahender Kumar Agarwal, Joint Managing Director** of the Company with effect from 1st July, 2013 for a period of three years, subject to the re-appointment of **Sri Mahender Kumar Agarwal**, after his current tenure, on the following terms:

1. **Salary:** ₹. 2,50,000 /- 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 and / or allowances:** In addition to the salary and commission as stated above, Sri Mahender Kumar Agarwal, Joint Managing Director shall be entitled to the following perquisites and / or allowances:

CATEGORY 'A'

Following perquisites and / or allowances given in Category A will be allowed to him in addition to the salary, restricted to an amount of ₹. 9,60,000/- (Rupees Nine Lakhs Sixty Thousand only) per annum.

1. **Medical Reimbursement:** Medical expenses incurred for self and family subject to a ceiling of one month's salary per year or three month's salary in a period of three years.
2. **Leave Travel Concession:** For self and family once in a year incurred in accordance with the rules of the Company.
3. **Club Fee:** Fee of clubs subject to a maximum of two clubs, admission and life (corporate) membership fee for any one club.

The following perquisites referred to in the Category B shall not be considered and

included for computation of the ceiling on perquisites.

CATEGORY 'B'

1. Contribution by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
2. Payment of Gratuity subject to an amount equal to half a month's salary for each completed year of service.
3. The Company shall provide 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 Mahender Kumar Agarwal, Joint Managing Director subject to the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956".

9. **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 Sections 198,269,309,311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereof as amended up to date, consent of the members of the Company be and is hereby accorded to revise the remuneration payable to **Sri Yash Agarwal, Executive Director** of the Company with effect from 24th July, 2013 for a period of three years, subject to the re-appointment of **Sri Yash Agarwal, Executive Director**, after his current tenure, on the following terms:

1. **Salary:** ₹. 1,50,000/- per month.
2. **Commission:** At the rate of 1% of the net profits of the company with effect from the Financial year 2013-14.

3. **Perquisites and / or Allowances:** In addition to the salary and commission as stated above Sri Yash Agarwal, Executive Director shall be entitled to the following perquisites and / or allowances:

CATEGORY 'A'

Following perquisites and / or allowances given in Category A will be allowed in addition to the salary, restricted to an amount of ₹. 6,50,000/- (Rupees Six Lakhs Fifty Thousand only) per annum.

1. **Medical Reimbursement:** Medical expenses incurred for self and family subject to a ceiling of one month's salary per year or three month's salary in a period of three years.
2. **Leave Travel Concession:** For self and family once in a year incurred in accordance with the rules of the Company.
3. **Club Fee:** Fee of clubs subject to a maximum of two clubs, admission and life (corporate) membership fee for any one club.

The following perquisites referred to in the Category B shall not be considered and included for computation of the ceiling on perquisites.

CATEGORY 'B'

1. Contribution by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
2. Payment of Gratuity subject to an amount equal to half a month's salary for each completed year of service.
3. The Company shall provide 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 Yash Agarwal, Executive Director** subject to the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956".

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

Place: Secunderabad
Date : 22nd May 2013

R. Surender Reddy
Chairman

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. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **5th August, 2013 to 10th August, 2013** for the purpose of payment of dividend, if approved by the members. (Both days inclusive).
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2006 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 un-paid Dividend/Due Date for transfer to IEPF Account
2005 - 06	08 th September, 2006	1,50,587/-	14 th November, 2013
2006 - 07	26 th September, 2007	1,82,847/-	01 st November, 2014
2007 - 08	Not Applicable (As Dividend was not declared)		
2008 - 09	Not Applicable (As Dividend was not declared)		
2009 - 10	23 rd September, 2010	1,15,506/-	29 th September, 2017
2010 - 11	15 th September, 2011	1,78,770/-	21 st October, 2018
2011 - 12	12 th September, 2012	95,715/-	18 th October, 2019

Members who have not en-cashed the dividend warrant(s) so far for the financial year ended 31st March, 2006 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.

5. 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.
6. The Company's Equity shares are listed at Bombay Stock Exchange Ltd., Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai - 400 001 and the company has paid the Listing Fees to the said Stock Exchange.
7. 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.
8. Pursuant to Clause 49 of the Listing Agreement, brief profile of the Directors appointed/ Re-appointed is given in the Corporate Governance Report.
9. Members are requested to bring their copy of the Annual Report to the meeting.

Explanatory Statement-Pursuant to Section 173(2) of Companies Act, 1956

Item 7: Revision of the remuneration of Sri Vithaldas Agarwal, Managing Director of the Company.

Sri Vithaldas Agarwal is Promoter 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 revise the remuneration payable to Sri Vithaldas Agarwal, Managing Director, in line with the industry norms with effect from 1st July, 2013 for a period of three years.

The revision of remuneration to Sri Vithaldas Agarwal has been approved by the remuneration committee and further the revision requires, the approval of members in general meeting pursuant to Section 269, 311 read with Schedule XIII to the Companies Act, 1956.

I. Additional Disclosure about the appointee as per Schedule XIII Part II of the Companies Act, 1956:

1. 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 and Indian Textile Industry is one of the leading textile industries in the world.

2. Date of commencement of commercial production :

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

3. Financial performance:

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

(₹. in Lakhs)

Item	2011-12	2010-11	2009-10
Income from Operations (Gross)	26314.30	24843.87	17028.64
Profit/Loss Before tax	655.64	3098.40	892.51
Profit/Loss after Tax	423.01	1979.28	572.24

4. Export performance and net foreign exchange earnings:

Export performance of the Company for the last three years is as follows:

(₹. in Lakhs)

Item	2011-12	2010-11	2009-10
FOB value of goods exported	8983.28	6125.43	148.11

5. Foreign investments or collaborators, if any:

Foreign investments in the Company as on 31st March 2013 are 14,569 equity shares. These shares are held by NRIs/OCBs.

At present the Company does not have any Collaboration, neither technical nor Financial.

II. Information about the appointee:

1. Background details

Sri Vithaldas Agarwal has been associated with the Company since 1983. He is from the family experienced in textile industry over five decades. He is having vast experience in Textile Industry of about 30 years. He is the promoter director of the Company. He was

appointed as Managing Director of the Company in the Annual General Meeting held on 25th July, 1994 with effect from 1st September, 1994, and from there onwards Company is benefited from his valuable guidance in its journey towards success.

2. Past remuneration

Presently he is drawing the following remuneration:

(Amount in ₹.)

Salary (including HRA)	Perquisites	Commission	Contribution to PF	Total
30,60,000	Nil	25,35,025	Nil	55,95,025

3. Recognition or awards : Nil

4. Job profile and his suitability

Sri Vithaldas Agarwal, Managing Director has been taking care of production, administration and other operational affairs of the Company. Since his tenure as Managing Director, he has steered the Company with total dedication, hard work and effective leadership resulting in the profitable growth of the Company's operations.

5. Remuneration proposed

It is proposed to pay the remuneration as decided by the Board of Directors.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

Compared to the remuneration profile of position and person with respect to this Industry and size, he is entitled to the above remuneration.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Except Sri Mahender Kumar Agarwal, Joint Managing Director of the Company Sri Yash Agarwal, Executive Director and Sri Vithaldas Agarwal himself, none of the others have any pecuniary relationship directly or indirectly with the Company or with any other managerial personnel.

III. Other information:

1. Reasons for inadequate profits

Textile Sector is going through tough competition and has pruned gross margins due to unhealthy competition.

2. Steps taken or proposed to be taken for improvement

In tune with the changing trend, the Company has already further expanded its production capacity to meet the growing demands in the market.

3. Expected increase in productivity and profits in measurable terms

Company is poised to increase turnover and profitability by 15% to 20%.

Board of Directors recommends the resolution for your approval.

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

Details stated above and as contained in resolutions under Item No.7 may be regarded as an abstract of the Memorandum of Interest under Section 302 of the Companies Act, 1956 and that pursuant to the provisions of Section 309 of the Companies Act, 1956, the terms of the appointment specified in the resolution is placed before the members for their approval.

Item 8: Revision of remuneration payable to Sri Mahender Kumar Agarwal, Joint Managing Director.

Sri Mahender Kumar Agarwal is the Promoter Director of the Company and he steered the Company with a total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the Company's operations.

It is proposed to revise the remuneration payable to Sri Mahender Kumar Agarwal, Joint Managing Director in line with the industry norms with effect from 1st July, 2013 for a period of three years.

The revision of remuneration to Sri Mahender Kumar Agarwal has been approved by the remuneration committee and further the revision requires, the approval of members in general meeting pursuant to Section 269, 311 read with Schedule XIII to the Companies Act, 1956.

I Additional Disclosure about the appointee as per Schedule XIII Part II of the Companies Act, 1956:

1. 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 and Indian Textile Industry is one of the leading textile industries in the world.

2. Date of commencement of commercial production :

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

3. Financial performance:

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

(₹. in Lakhs)

Item	2011-12	2010-11	2009-10
Income from Operations (Gross)	26314.30	24843.87	17028.64
Profit/Loss Before tax	655.64	3098.40	892.51
Profit/Loss after Tax	423.01	1979.28	572.24

4. Export performance and net foreign exchange earnings:

Export performance of the Company for the last three years is as follows:

(₹. in Lakhs)

Item	2011-12	2010-11	2009-10
FOB value of goods exported	8983.28	6125.43	148.11

5. Foreign investments or collaborators, if any:

Foreign investments in the Company as on 31st March 2013 are 14,569 equity shares. These shares are held by NRIs/OCBs.

At present the Company does not have any Collaboration, neither technical nor Financial.

II. Information about the appointee:

1. Background details

Sri Mahender Kumar Agarwal has done a Degree in Bachelor of Commerce. He is from the family experienced in textile business over five decades. He has been associated with the Company since 1986. He is having vast experience in Textile Industry for the past 26 years. He is the promoter director of the Company.

2. Past remuneration

Presently he is drawing the following remuneration:

(Amount in ₹.)

Salary	Perquisites	Commission	Contribution to PF	Total
23,52,000	2,88,000	25,35,025	2,01,600	53,76,625

3. Recognition or awards : Nil

4. Job profile and his suitability

Sri Mahender Kumar Agarwal, Joint Managing Director has been taking care of production, administration and other operational affairs of the Company. Since his tenure as Joint Managing Director, he 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, Suryalata Spinning Mills Limited always kept its spirit high both in words and in action due to the untiring efforts of Sri Mahender Kumar Agarwal.

5. Remuneration proposed:

It is proposed to pay the remuneration as decided by the Board of Directors.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Compared to the remuneration profile of position and person with respect to this Industry and size, he is entitled to the above remuneration.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Except Sri Vithaldas Agarwal, Managing Director of the Company, Sri Yash Agarwal, Executive Director and Sri Mahender Kumar Agarwal himself, none of the others have any pecuniary relationship directly or indirectly with the Company or with any other managerial personnel.

III. Other information:

1. Reasons for inadequate profits

The Company has significantly expanded its Textile business and the Segment has normally a long gestation period. Textile Sector is going through tough competition and has pruned gross margins due to unhealthy competition.

2. Steps taken or proposed to be taken for improvement

In tune with the changing trend, the Company has already further expanded its production capacity to meet the growing demands in the market.

3. Expected increase in productivity and profits in measurable terms.

Company is poised to increase turnover and profitability by 15% to 20%.

Board of Directors recommends the resolution for your approval.

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

Details stated above and as contained in resolutions under Item No.8 may be regarded as an abstract of the Memorandum of Interest under Section 302 of the Companies Act, 1956 and that pursuant to the provisions of Section 309 of the Companies Act, 1956, the terms of the appointment specified in the resolution is placed before the members for their approval.

Item 9: Revision of remuneration payable to Sri Yash Agarwal, Executive Director.

Sri Yash Agarwal is the Promoter Director of the Company. He has done Master of Engineering (Engineering Management) from Cornell University, New York and graduated in Bachelor of Science in Industrial Engineering from Purdue University, state of Indiana, USA. He has been associated with the Company from 27-07-2009 as Chief Executive (Operations) and Executive Director w.e.f 24-07-2010.

Keeping in view of the valuable services rendered by him, it is proposed to revise the remuneration payable to Sri Yash Agarwal, Executive Director in line with the industry norms with effect from 24th July, 2013 for a period of three years.

The revision of remuneration to Sri Yash Agarwal has been approved by the remuneration committee and further the revision requires, the approval of members in general meeting pursuant to Section 269, 311 read with Schedule XIII to the Companies Act, 1956.

I. Additional Disclosure about the appointee as per Schedule XIII Part II of the Companies Act, 1956:

1. 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 and Indian Textile Industry is one of the leading textile industries in the world.

2. Date of commencement of commercial production :

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

3. Financial performance:

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

(₹. in Lakhs)

Item	2011-12	2010-11	2009-10
Income from Operations (Gross)	26314.30	24843.87	17028.64
Profit/Loss Before tax	655.64	3098.40	892.51
Profit/Loss after Tax	423.01	1979.28	572.24

4. Export performance and net foreign exchange earnings:

Export performance of the Company for the last three years is as follows:

(₹. in Lakhs)

Item	2011-12	2010-11	2009-10
FOB value of goods exported	8983.28	6125.43	148.11

5. Foreign investments or collaborators, if any:

Foreign investments in the Company as on **31st March 2013** are **14,569** equity shares. These shares are held by NRIs/OCBs.

At present the Company does not have any Collaboration, neither technical nor Financial.

II. Information about the appointee:
1. Background details

Sri Yash Agarwal has done Master of Engineering (Engineering Management) from Cornell University, New York and graduated in Bachelor of Science in Industrial Engineering from Purdue University, state of Indiana, USA. He is from the family experienced in textile business over five decades. He has been associated with the Company from 27-07-2009 as Chief Executive (operations) and Executive Director w.e.f. 24-07-2010. His hardwork and dedicated services in development of overseas market resulting to establish the Company in the Global Market.

2. Past remuneration

Presently he is drawing the following remuneration:

(Amount in ₹.)

Salary	Perquisites	Commission	Contribution to PF	Total
14,40,000	2,40,000	Nil	1,72,800	18,52,800

3. Recognition or awards : Nil
4. Job profile and his suitability

Sri Yash Agarwal Executive Director has been taking care of overseas marketing, production and other operational affairs of the Company. He has steered the overseas marketing with total dedication, hardwork, countinuous travel, fast decision making and effective leadership resulting to growth of topline & bottomline operations of the Company.

5. Remuneration proposed:

It is proposed to pay the remuneration as decided by the Board of Directors.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Compared to the remuneration profile of position and person with respect to this Industry and size, he is entitled to the above remuneration.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Except Sri Vithaldas Agarwal, Managing Director of the Company, Sri Mahender Kumar Agarwal, Joint Managing Director and Sri Yash Agarwal himself, none of the others have any

pecuniary relationship directly or indirectly with the Company or with any other managerial personnel.

III. Other information:

1. Reasons for inadequate profits

The Company has significantly expanded its Textile business and the Segment has normally a long gestation period. Textile Sector is going through tough competition and has pruned gross margins due to unhealthy competition.

2. Steps taken or proposed to be taken for improvement

In tune with the changing trend, the Company has already further expanded its production capacity to meet the growing demands in the market.

3. Expected increase in productivity and profits in measurable terms.

Company is poised to increase turnover and profitability by 15% to 20%.

Board of Directors recommends the resolution for your approval.

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

Details stated above and as contained in resolutions under Item No.9 may be regarded as an abstract of the Memorandum of Interest under Section 302 of the Companies Act, 1956 and that pursuant to the provisions of Section 309 of the Companies Act, 1956, the terms of the appointment specified in the resolution is placed before the members for their approval.

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 30th Annual Report together with the Audited Annual Accounts for the financial year ended 31st March, 2013.

Financial Results

The financial performance of the Company for the year ended 31st March, 2013 is summarized below:

(₹. in Lakhs)

Particulars	Current Year 2012 – 13	Previous Year 2011 – 12
Gross Sales/Turnover	28,372	25,661
Net Sales/Turnover	26,947	25,256
Profit before Interest, Depreciation and Tax	3,245	1,938
Exceptional item*	439	-
Interest	872	654
Depreciation	747	629
Profit Before Tax	1,187	655
Less : Provision for Tax for the year (Net)	232	200
Deferred Tax Liability	147	32
Profit After Tax	808	423
Add: Profit brought forward from last year	488	692
Amount available for appropriation	1,296	1,115
Appropriations:		
Transfer to		
(a) General Reserve	500	500
(b) Dividend on Equity Shares	55	55
(c) Dividend on Preference Shares	55	55
(d) Dividend distribution tax	18	18
(e) Balance carried to Balance sheet	668	487

★ Exceptional item ₹. 439 Lakhs is fuel surcharge adjustment charges for financial years 2010-11 and 2011-12.

Operations

The Net turnover of the Company for the Financial Year 2012-13 was ₹. **26,946.89** Lakhs compared to ₹. 25,256.40 Lakhs in the previous year. The production during the year was **165.77 Lakh kgs.** of yarn (169.31 Lakh kgs. in the previous year).

The Company has earned a Profit before Tax of ₹. **1,187.32** Lakhs in comparison to ₹. 655.64 Lakhs in the previous year. The Company earned a profit after tax of ₹. **808.66** Lakhs as against ₹. 423.01 Lakhs in the previous year.

Capital Expenditure

During the year under review, the company has incurred ₹. **6000.33 Lakhs** towards the capital expenditure for increase of production capacity at Urukondapet unit and commenced commercial production of expansion project from **29th October 2012**. The Company total capacity increased to **89,376 Spindles**.

Exports

The export turnover of your Company during the current year was ₹. **9,821 Lakhs** against the previous year export turnover of 12,347 Lakhs. Your Company has been exporting yarn to various countries like Turkey, Italy, Taiwan, Iran, Peru, Brazil, USA, Argentina and continues to explore new markets to improve the performance.

Future Outlook

A note on the future outlook of your Company is presented under Management Discussion and Analysis, which forms part of this Report.

Dividends

Your Directors have recommended the payment of Dividend on the Cumulative Redeemable Preference Shares as per the terms and conditions of the Issue for the Financial Year 2012-13. The said Dividend will absorb a sum of ₹. 54,75,141/-. The corporate dividend tax will be ₹. 9,30,500/-. Your Directors have recommended the payment of Dividend on the Equity Shares at 15% (i,e) ₹.1.50/- per share of ₹. 10/- each for the year 2012-2013. The dividend will absorb a sum of ₹. 55,00,500/- and the dividend tax will be ₹. 9,34,810/-.

Deposits

During the year under review, the Company has made the repayment / premature repayment of unsecured deposits after complying with the applicable rules. There were no overdue deposits as on 31st March 2013.

Directors

In accordance with the provisions of the Companies Act, 1956 and in terms of Articles of Association of the Company the following Directors namely **Sri R Surender Reddy** and

Sri K R Suresh Reddy, retire by rotation at the ensuing Annual General meeting and being eligible, offered themselves for re-appointment.

Board of Directors recommends the above re-appointments.

Directors Responsibility Statement

Pursuant to the requirements under section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, the Board of Directors of your Company hereby confirms:

- i) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2013 the applicable accounting standards have been followed along with proper explanations relating to material departures; if any.
- ii) That your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) Your Directors has prepared the accounts for the financial year ended 31st March, 2013 on a going concern basis.

Corporate Social Responsibility

As an evolved and concerned corporate citizen, Suryalata believes that corporate social responsibility (CSR) initiatives are a way to pay back societal debts and obligations. We do not see CSR as charity nor even as a responsibility, but as an opportunity to change and help the society. Our CSR activities are conceived to bridge gaps in society and help transform communities around our workplace.

During the year Suryalata has provided donations to various charitable institutions such as Akshaya Vidya Foundation, Sai Geetha Ashram and Sri Balaji Seva Samithi etc.

Auditors

M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, Statutory Auditors of the Company, retires at the ensuing Annual General meeting and is eligible for re-appointment.

Auditors' Report

The Auditors' Report to the shareholders does not contain any qualification or adverse remark.

The Audit Committee of the Company has reviewed the audited financial statements for the year under review at its meeting held on 22nd May, 2013 and recommended the same for the approval of directors.

Cost Auditors

Pursuant to the directives from the Central Government and the provisions of Section 233B of the Companies Act 1956, Smt. Aruna Prasad, Cost Accountant, Chennai has been appointed as Cost Auditors of the Company for the financial year 2012-13.

The Cost Audit Report for the financial year 2012-13 shall be submitted to the Central Government within the stipulated period.

Corporate Governance

A detailed Report on Corporate Governance, Management Discussion and Analysis Report and the Certificate from the Auditors of your Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Report.

Conservation of energy, technology absorption, foreign exchange earnings and outgo.

The information as required under Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors)

Rules, 1988, are provided in the annexure forming part of this Report.

Employees

Your Company has no employee whose remuneration exceeds the limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence, the information required under the said section, read with the Companies (Particulars of the Employees) Rules, 1975, has not been given in the Report.

Human Resources

During the year, Industrial relations continued to be cordial throughout the year. Your Company firmly believes that a dedicated workforce constitute the primary source of sustainable competitive advantage. Accordingly, human resource development continues to receive focused attention. Your Directors wish to place on record their appreciation of the dedicated and commendable services rendered by the staff and workforce of the Company, without whose efforts, such an impressive performance may not have been possible.

Acknowledgments

The Board of Directors places on record its gratitude to IDBI Bank Limited, State Bank of India, Insurance Companies and Government Authorities for their assistance and co-operation. The Board also acknowledges the support of the shareholders of the Company. The Board also places on record their deep sense of appreciation for the committed services of all the employees of the Company.

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

Place : Secunderabad
Date : 22nd May 2013

R.Surender Reddy
Chairman

ANNEXURE TO DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors Report for the year ended 31st March, 2013.

A. Conservation of energy

- (a) **Energy conservation measures taken:** Synchronized Maintenance schedules, installed Horizon series screw Compressor, conducted regular energy audits and taken immediate steps to curtail power consumption.
- (b) **Additional investments and proposals, if any, being implemented for reduction of consumption of Energy:** Nil
- (c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:** Nil
- (d) Total energy consumption and energy consumption per unit of production as per Form A is given below:

FORM – A

Form for disclosure of particulars with respect to conservation of energy:

I.	Power & Fuel consumption	2012 – 13	2011 – 12
1.	ELECTRICITY		
a)	Purchased Unit (No.)	4,96,76,122	4,92,13,740
	Total Amount (₹.)	28,80,30,864	18,16,13,318
	Rate/Unit (₹.)	5.80	3.69
	* Excluding FSA Charges ₹. 439.30 Lakhs levied for Financial year 2010-11 and 2011-12 considered as exceptional items.		
b)	Own Generation		
i)	Through Generator Unit (No.)	Nil	Nil
	Unit per Ltr. of Oil (No.)	Nil	Nil
	Cost/Unit (₹.)	Nil	Nil
ii)	Through Steam turbine/Generator	Not Used	Not Used
2.	COAL (Specify quality and where used)	Not Used	Not Used
3.	FURNACE OIL	Not Used	Not Used
4.	OTHERS/INTERNAL GENERATORS	Not Used	Not Used
II.	Consumption per Unit of Production (Kg.)		
	Electricity (No. Of Units)	3.00	2.91
	Furnace Oil	Not Used	Not Used
	Coal	Not Used	Not Used
	Others	Not Used	Not Used

B. Technology absorption:

Efforts made in technology absorption as per Form B:

FORM – B
Form for disclosure of particulars with respect to absorption
I. Research and Development (R&D)

In order to meet the changed competitive conditions due to globalization and liberalization of the economy, there is an urgent need for upgrading the technology levels currently prevailing in the industry. All these call for the preparation and implementation of proper action plan in which all the stakeholders i.e., the government, the weavers and the other interest groups get fully involved.

In an effort to adopt cutting edge technology, your Company gives particular importance in the research, aiming at the better quality and increased market value.

1. Specific areas in which R & D carried out by the Company : The company is having good R & D infrastructure and it is introducing new products on regular basis.
2. Benefits derived as a result of the above R & D : High quality products have been developed, due to which the demand for the products of the Company has considerably gone up.
3. Future plan of action : To develop more value added products and improve further quality of the products.
4. Expenditure on R&D : Expenditure on in-house R & D has been shown under respective heads of Expenditure in the Profit & Loss Account as no separate account is maintained.

II. Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : The Company has adapted indigenous technology and made innovation on the same.
2. Benefits derived as a result of the above efforts, e.g. Product development, import substitution etc., : Product improvement, increase in yield and quality has resulted increase in turnover.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial year), following information may be furnished. : No technology has been imported during the last five years.
 - (i) Technology imported : Nil
 - (ii) Year of Import : Not applicable
 - (iii) Has Technology been fully absorbed : Not applicable
 - (iv) If not fully absorbed, area where this has not taken place reasons therefor and future plans of action. : Not applicable

C. Foreign exchange earnings and outgo:

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for production, service, and export plans. : Exports exploration activities mainly include development of exports to new markets and increasing exports to traditional markets.
2. Total foreign exchange used and earned :

	(₹. in Lakhs)	
	2012 – 13	2011 – 12
(i) Foreign Exchange earned		
FOB Value of Exports	8,055.66	8,983.28
(ii) Foreign Exchange Used		
Import of Capital Goods	1,557.68	0.00
Raw materials	0.00	0.00
Spares	48.71	35.05
Foreign Travel	13.95	14.19
Commission on export sales	253.22	79.79

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

Place : Secunderabad
Date : 22nd May 2013

R. Surender Reddy
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

ORGANISATION - PROFILE

Suryalata Spinning Mills Limited is one of the largest producers of Synthetic blended Yarns. The company produce 100% PSF, 100% VSF, Mélange, P/V blended yarns with counts ranging from 8s to 60s. The company is having two manufacturing units on Kalwakurthy – Jadcherla Road, only an hour away from the Hyderabad International Airport and the distance between the units is 5 Kms. The Company had total installed capacity of 89,376 spindles, Kalwakurthy unit has an installed capacity of 36,288 spindles with a production capacity of 30MT's per day and Urukondapet unit has an installed capacity of 53,088 spindles with a production capacity of 45MT's per day. Both the manufacturing units are certified "ISO 9001:2008" and also "Oeko-tex standard 100".

INDUSTRY STRUCTURE AND DEVELOPMENT

Textile Industry has an overwhelming presence in the economic life of the country. It plays significant role to the national economy because of its contribution to economic growth, exports and employment opportunities it provides. The Indian textile industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other.

During the year 2012-13, the industry faced a severe shortage in Power supplies on one hand and levying the Fuel surcharge adjustment for the power consumed in earlier years on the other. Further, the Indian Rupee depreciation also contributed to the enhanced competitiveness and financial pressure. Many textile companies have started reporting losses. The textile industry has always lived with cyclical ups and downs but in the recent past it has been an unprecedented crisis because of the serious economic slow-down in Global markets.

The Budget 2013-14 was presented under the backdrop of economy's recovery and provided relief by waiver of excise duty on Fabric. Recently, the Textile Industry has been finding

the domestic market more attractive than the export market. The demand for Synthetic yarn remained strong due to increase in the Cotton prices.

Ministry of Textiles has recommended continuation of TUFs with an allocation of Rs. 15886 Crores for the entire 12th Five Year Plan against the allocation of Rs. 15404 Crores during 11th Five Year Plan. In order to nurture and maintain its position in the global arena as the leading manufacturer and exporter of clothing, the Government of India has taking various measures in the recent past and introduced Focus Product scheme @ 2% incentive on exports, this supports to improve the margins.

FUTURE OUTLOOK

The global textile and apparel trade is recovering from the recession of 2008-09 and is expected to grow from \$510 billion to \$1 trillion by 2020 catalysed by the increased outsourcing by developed countries from lower cost countries in Asia. India's textile and apparel market size in 2009 was ₹.2.18 lakh cr (US\$4 billion) and expected to grow at a compounded annual growth rate (CAGR) of 11% to ₹.6.56 lakh cr (US\$140 billion) by 2020. The domestic apparel retail market was worth ₹.1.54 lakh cr (US\$33 billion) in 2009 and will touch ₹.4.70 lakh cr by 2020. India has the potential to increase its export share in world trade from 4.5% to 8% to reach US\$80 billion by 2020. The high growth of Indian exports is possible due to increased sourcing shift from developed countries to Asia and India's strengths as suitable alternative to China for global buyers.

SWOT Analysis:

STRENGTHS : our strengths are,

- a) Experienced management team with exposure in textile industry.
- b) Good reputation in the market due to quality and timely supplies.
- c) Emphasis on quality of product nurtured across the company.
- d) The company has established strong presence in the market for several years.

- e) The business model is simple & needs minimum marketing requirement.
- f) India has rich resources of raw materials of textile industry. It is one of the largest producers of cotton in the world and is also rich in resources of fibers like polyester, silk, viscose etc.,

WEAKNESSES

There is disadvantage in the form of increased power tariff, power shortages, other input costs, unstable government policies towards the exports, etc.

OPPORTUNITIES

In view of raising demand for Synthetic Apparels, population, sustained increase in per capita income and disposable surplus, favorable demographic profile and changing lifestyle, India is poised for healthy growth. Government of India is becoming increasingly sensitive to the needs of textile industry and taking initiatives to setup Apparel Parks under Scheme of integrated Textiles Parks (SITP) extension of TUFs and TMC in the Twelfth Five Year Plan, etc. These positive factors indicate extreme bring and positive future for the healthy growth of the Indian Textile industry and provide ample opportunities to the company.

THREATS

Raw materials constitute a significant percentage of the company's total expenses; however this is common for any spinning unit. Non-availability of power may result in sourcing the power from other grids such as Northern grids at higher rate and transmission losses costing heavily impacting the profitability. Drop in selling price may impact the profitability of the Company.

RISKS AND CONCERNS

In 2012-13 double digit inflation has increased rapidly and touched record highs. Usually, growing inflation dampens consumer demand for household goods, including textiles and apparels. If India's inflation continues to stay at such a level, there is a risk that domestic sales would be negatively impacted. We suffer on account of poor infrastructure, high transaction

cost, not so favorable labour laws, increased power tariff and fuel cost, uncertainty in the government policies, etc. Structural weaknesses need to be addressed particularly in the wake of growing threat from China and other countries

OUTLOOK

The Global Textile Market is expected to grow about 32% by 2016 over 2011. Major markets for Indian Textile and Clothing (T&C) export are the USA, Germany, Italy, Portugal, Spain, Switzerland, U.K. Belgium, and other European countries, Argentina, Brazil, Turkey, Peru, Chile and other South American Countries, Egypt, Kenya, Morocco and other African countries. The domestic market is also on the path of healthy growth because of the fact that Rupee depreciation reflected by increase cost of imports from other countries. The home-textiles and garment segments are reflecting sound growth both in the domestic and international markets due to good demand of apparels. There is a substantial scope for further growth in these segments. Your Company believes that the competition in the emerging markets will be met by developing production systems based on cost efficiency, high productivity, quality assurance, etc.,

INTERNAL CONTROLS AND THEIR ADEQUACY

The Company has a robust internal control system and is supervised periodically by competent professional managers. Periodically, the systems are reviewed and aligned to the needs of the growing needs of the Company. Both external and internal auditors, who have access to all records and information about our Company, regularly check company's internal control systems. The Board and the management review the findings and recommendations of the auditors and take corrective actions wherever necessary.

The Board considers risk assessment, identification of mitigating actions and internal control procedure to ensure that business risks are identified, managed and regularly reviewed at all levels and that Directors are periodically apprised of the key risks.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Net turnover of your Company for the Financial Year 2012–13 was ₹. 26,946.89 Lakhs in comparison to the ₹. 25,256.40 Lakhs in the previous year. The production during the year was 165.76 Lakh kgs. of yarn (169.31 Lakh kgs. in the previous year).

Your Company has earned a Profit Before Tax of ₹. 1187.32 Lakhs in comparison to ₹. 655.64 Lakhs in the previous year. The Company earned a profit after tax of ₹. 808.66 Lakhs in comparison to ₹. 423.01 Lakhs in the previous year in spite of losses incurred by the Indian Textile Industries across the board.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

Human capital is the most valuable resource of the organization, Development of human capital has always been thrust area of the company. The success of any business lies under the qualified, trained & motivated Human resources, industrial relations are geared at developing and aligning the operatives to the overall goal of the organization. Company takes adequate steps for maintaining safety and healthy environment for the workers. Your Directors places on record their sincere appreciation for the excellent team work with which the workers and the staff of the company at all levels contribute for the better performance of the company.

CORPORATE SOCIAL RESPONSIBILITY

As an evolved and concerned corporate citizen, Suryalata believes that corporate social responsibility (CSR) initiatives are a way to pay back societal debts and obligations. We do not see CSR as charity; nor even as a responsibility; but as an opportunity to change and help the society. Our CSR activities are conceived to bridge gaps in society and help transform communities around our workplace.

At Suryalata, CSR activities are undertaken in various manners such as providing education scholarships for employees children's and to other children's in surrounding villages, conducting of health camps and providing furniture to schools, to facilitate tutors for teaching Yoga, free supply of water to improve the health conditions and impart the Indian Traditional values, etc.,

During the year, Suryalata has provided donations to install water softening plant to facilitate drinking water, contributions for temple construction and to various local religious celebrations held at Kalwakurthy, Akshaya Vidya Foundation, Tirupati, Sai Geetha Ashram etc.,

CAUTIONARY STATEMENT

The management of Suryalata Spinning Mills Limited has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India and, therefore, include amounts based on informed judgments and estimates. The management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this management discussion and analysis describing the company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable laws under regulations. The management has based these forward-looking statements on its current expectations and projections about future events. Such statements involve known and unknown risks, significant changes in the political and the economic environment in India or key markets abroad, tax laws, litigation, labor relations, exchange rate fluctuations, interest and other costs and may cause actual results to differ materially.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

“Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society”. (Sir Adrian Cadbury, UK, Commission Report: Corporate Governance 1992).

In Suryalata Spinning Mills Limited, we believe that high standards of Corporate Governance are the critical to ensure the business success. We feel proud that we have laid a foundation stone for good governance long back. The Company has always believed in conducting its affairs in a fair and transparent manner and in maintaining the highest ethical standards in its dealings with all its constituents. Suryalata mission is to constantly review its systems and procedures to achieve the highest level of Corporate Governance in the overall interest of all the stakeholders.

The Company's philosophy on Corporate Governance aims at facilitating effective management of the Company in the conduct of business and in meeting the objectives of enhancing value of the Company to its stakeholders and to provide good management. The Company endeavors to achieve optimum performance at all levels of management by adhering to good corporate governance practices, namely, the following:

- Fair and transparent business practices.
- Effective management control by Board.
- Adequate representation of promoter, executive and independent Directors on the Board.
- Monitoring of executive performance by the Board.
- Compliance of laws.
- Transparent and timely disclosure of financial and management information.

2. BOARD OF DIRECTORS

a) Composition, category of Directors and attendance record for the year 2012-13:

The Companies Act, 1956 and Clause 49 of the listing agreement with the stock exchanges govern the composition of the Board of Directors. The Board comprises a combination of Executive and Non Executive Directors. Presently it consists of Eight Directors out of which Four are Executive Directors and Four are Non-Executive Independent Directors. The Non-Executive Directors bring independent views and judgment in the decision making process of the Board.

Constitution of the Board and participation of Directors at meetings of the Board during the year 2012 – 13.

Name of the Director	Category	Board meetings attended	Attendance at last AGM held on 12th September, 2012
Sri R Surender Reddy	Non-Executive Independent	4	Present
Sri K Lakshmikanth Reddy	Non-Executive Independent	4	Present
Sri R S Agarwal	Non-Executive Independent	3	Not Present
Sri K R Suresh Reddy	Non-Executive Independent	4	Present
Sri Vithaldas Agarwal	Executive/Promoter	4	Present
Sri Mahender Kumar Agarwal	Executive/Promoter	4	Present
Sri Yash Agarwal	Executive Director	3	Present
Sri K K Sinha	Executive Director	3	Not Present

b) Number of other Companies' Directorships & Committee Membership / Chairmanship:

Name of the Director	Other Directorships	Committee Membership	Committee Chairmanship
Sri R Surender Reddy	7	9	6
Sri K Lakshmikanth Reddy	Nil	Nil	Nil
Sri R S Agarwal	7	5	2
Sri K R Suresh Reddy	1	Nil	Nil
Sri Vithaldas Agarwal	Nil	Nil	Nil
Sri Mahender Kumar Agarwal	2	Nil	Nil
Sri Yash Agarwal	Nil	Nil	Nil
Sri K K Sinha	Nil	Nil	Nil

c) Number of Board meetings held and their dates:

Four (4) Board meetings were held during the year on the following dates:

30th April 2012, 06th August 2012, 09th November 2012 and 11th February 2013.

d) Re – appointment of Retiring Directors:

In accordance with the Articles of Association of the Company **Sri R Surender Reddy**, Director and **Sri K R Suresh Reddy**, Director of the Company will retire at the 30th Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

Brief Resume of Directors seeking re-appointment

Sri R. Surender Reddy (82)

Sri R. Surender Reddy has wise experience in business and politics. He was a Member of Parliament for four terms and was a member of Andhra Pradesh Legislative Assembly also for four terms.

Names of Companies in which he is a Director.

Hyderabad Race Club Limited
 Suryavanshi Spinning Mills Limited
 Suryakiran International Limited
 Surana Ventures Limited
 Bhagyanagar India Limited
 Lakshmi Finance & Industries Corpn. Limited
 Suryalakshmi Cotton Mills Limited

Sri K R Suresh Reddy (54)

Sri K. R. Suresh Reddy is a graduate from Nizam College, Hyderabad. He was a member of Andhra Pradesh Legislative assembly, from 1989 to 2009 and served as the speaker of the Andhra Pradesh Legislative assembly, for the full term of 2004-09. Re-appointment of the K.R. Suresh Reddy as an independent Director on the Board, will immensely benefit the company.

Names of companies in which he is a Director:

Padmaja Polymers Private Limited.

e) Code of Conduct:

In pursuance with the Sub – Clause (D) of Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct has been made available on our website, www.suryalata.com.

All the members of the Board and Senior Management personnel have affirmed their compliance with the Code of Conduct, as at 22nd May 2013. A declaration regarding the Code of Conduct's Compliances has been given at the end of the Corporate Governance Report, signed by the Chairman & Independent Director.

3. AUDIT COMMITTEE

a) Brief description of terms of reference:

- i) Oversight of the company's financial reporting process and disclosure of financial information.
- ii) Review of quarterly, half yearly and annual financial statements.
- iii) Recommending the appointment and removal of external Auditors and fixing of their remuneration.
- iv) Review the adequacy of internal control systems and internal audit functions.
- v) Review of Company's financial and risk management policies.

b) Composition, names of the members and Chairman:

In compliance with Clause 49 of the listing agreement and section 292A of the Companies Act, 1956, the Board of Directors of the Company has constituted an Audit Committee comprising of the following three Non-Executive Independent Directors:

Sl. No.	Name of the Member	Designation
1.	Sri R. Surender Reddy	Chairman
2.	Sri K. R. Suresh Reddy	Member
3.	Sri R S Agarwal	Member

c) Meetings and Attendance during the year:

During the year 2012 – 13, four Audit Committee meetings were held on 30th April 2012, 06th August 2012, 09th November 2012 and 11th February 2013. The attendance of each member of the Committee is given below:

SI. No.	Name	Number of Meetings attended
1.	Sri R Surender Reddy	4
2.	Sri K R Suresh Reddy	4
3.	Sri R S Agarwal	3

4. REMUNERATION COMMITTEE

a) Brief description of terms of reference:

To formulate a remuneration policy, review and recommend remuneration payable to Executive Directors of the Company.

SI. No.	Name of the Member	Designation
1.	Sri K R Suresh Reddy	Chairman
2.	Sri R S Agarwal	Member
3.	Sri K Lakshmikanth Reddy	Member

All the members of the Committee are Non-Executive and Independent Directors.

c) Attendance during the year:

During the year 2012 - 13, there was no meeting of Remuneration Committee held.

d) Remuneration policy:

To periodically review the remuneration package of Managerial Personnel and recommend suitable revision to the Board.

e) Details of remuneration paid to Directors:

A detail of remuneration paid to Managerial Persons of the Company during the year 2012 – 13 is given below:

Sri Vithaldas Agarwal – Managing Director				
Salary (including HRA) (₹.)	Perquisites (₹.)	Commission (₹.)	Contribution to PF (₹.)	Total (₹.)
30,60,000	Nil	25,35,025	Nil	55,95,025

Sri Mahender Kumar Agarwal – Joint Managing Director				
Salary (including HRA) (₹.)	Perquisites (₹.)	Commission (₹.)	Contribution to PF (₹.)	Total (₹.)
23,52,000	2,88,000	25,35,025	2,01,600	53,76,625

Sri Yash Agarwal – Executive Director				
Salary (₹.)	Perquisites (₹.)	Commission (₹.)	Contribution to PF (₹.)	Total (₹.)
14,40,000	2,40,000	Nil	1,72,800	18,52,800

A detail of Sitting Fees to the Non-Executive Directors for attending Board and Committee meetings during the financial year 2012 - 13 is given below:

Sl. No.	Name of the Director	Sitting Fees paid (₹.)
1.	Sri R. Surender Reddy	32,000
2.	Sri K. Lakshmikanth Reddy	16,000
3.	Sri R S Agarwal	24,000
4.	Sri K R Suresh Reddy	32,000

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

a) Composition and brief terms of reference:

The Shareholders/Investors Grievance Committee consists of Sri K. R. Suresh Reddy (Independent Director), Sri Vithaldas Agarwal (Managing Director) and Sri Mahender Kumar Agarwal (Joint Managing Director). The Committee periodically reviews and redresses shareholders and investors complaints pertaining to transfer of shares, non-receipt of annual reports, non-receipt of declared dividends, etc. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.

The Board of Directors has delegated the power of approving transfer of shares to the Managing Director of the Company and the details regarding the transfers are placed before the Board of Directors at the subsequent meeting for their approval.

b) Name and designation of the Compliance Officer:

Sri Vithaldas Agarwal - Managing Director, has been appointed as Compliance officer w.e.f. 25th January, 2008 in view of resignation of Company Secretary.

c) Number of Shareholders complaints received during the year: 13

d) Number of Shareholders complaints not resolved to the satisfaction of shareholders: Nil

e) Number of pending share transfers: Nil

6. GENERAL BODY MEETINGS

a) Location, date and time for last three Annual General meetings are:

Financial year	Date	Venue	Time
2011-12	12 th September, 2012	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016	10.15 A.M.
2010–11	15 th September, 2011	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016	10.15 A.M.
2009–10	23 rd September, 2010	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016	11.00 A.M.

Special Resolution passed in the previous three (3) Annual General Meetings (AGMs)

Date	No. of Special Resolutions Passed	Particulars of the Special Resolution
12 th September 2012	Nil	Nil
15 th September 2011	1 (one)	Authorizing Mr. K.K. Sinha to hold/continue the office of Chief General manager (operations).
23 rd September, 2010	7 (Seven)	<ol style="list-style-type: none"> 1. Re-appointment of Sri Mahender Kumar Agarwal as the Joint Managing Director of the Company for a further period of 5 years; 2. Revision of remuneration of Sri Vithaldas Agarwal, Managing Director of the Company; 3. Appointment of Sri Yash Agarwal, Chief Executive (Operations) as Whole-Director of the Company; 4. Further Issue of Capital; 5. Issue of Share Warrants; 6. Alteration in the Capital Clause of Memorandum of Association for Re-classification of Authorized Share Capital; 7. Alteration of Articles of Association for Re-classification of Authorized Share Capital;

Details of Extra-Ordinary General Meetings held during the Financial Year.

Date	Venue	Time
Nil	Nil	Nil

- b) **Whether special resolutions were put through postal ballot last year, details of voting pattern: Not Applicable**

7. DISCLOSURES
a) CEO and CFO Certificate

Sri Vithaldas Agarwal, Managing Director and Sri K. Nageswara Rao, General Manager (Finance) have given a Certificate to the Board of Directors as contemplated in clause 49 of the listing agreement and the same is disclosed at the end of this Report.

- b) Disclosures on materially significant related party transactions, i.e., transactions of the Company of material nature with the promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large:

There were no materially significant related party transactions having potential conflict with the interests of the company at large. Transactions with related parties are disclosed at point no. g of the note 25 (B) to notes to account.

- c) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to the Capital Markets during the last 3 years: Nil

- d) The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the Directors and the Members of the Senior Management.

8. MEANS OF COMMUNICATION

a) Half yearly report sent to each household of shareholders:

No, as the results of the Company are published in the Newspapers having wide circulation.

b) Newspapers in which Quarterly results normally published:

The Quarterly results are normally published in Business Standard (English Daily, Hyderabad and Mumbai) and Andhra Prabha (Telugu Daily).

c) Website, where the results and other official news releases are displayed

www.suryalata.com

d) Whether the Management Discussion and Analysis is a part of the Annual Report

The Management Discussion and Analysis is a part of the Annual Report.

e) General Shareholder Information

- a) Annual General Meeting
- | | | |
|-------|---|---|
| Date | : | 10th August 2013 |
| Time | : | 10.30 A.M. |
| Venue | : | Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500016 |
- b) Financial Calendar : **1st April to 31st March**
- c) Date of Book closure : **5th August 2013 to 10th August 2013 (Both days inclusive)**
- d) Dividend Payment Date : With in 30 days from the date of Annual General meeting.
- e) Listing on Stock Exchanges : Bombay Stock Exchange Limited.

The Company's shares are listed at the following Stock Exchange:

Name and Address of the Stock Exchange	Scrip Code
Bombay Stock Exchange Limited (BSE) Phiroze JeeJeebhoy Towers, Dalal street, Fort, Mumbai - 400 001.	5 1 4 1 3 8

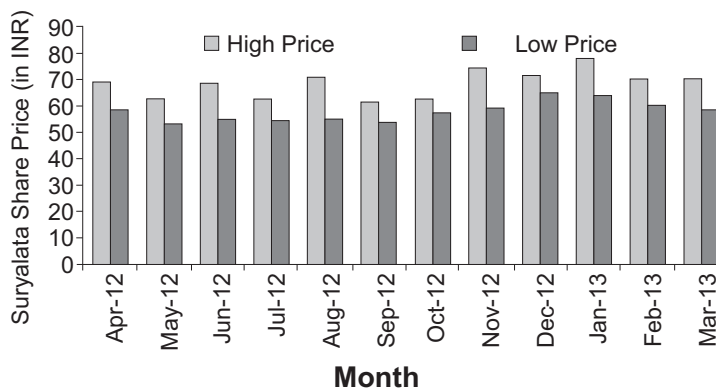
The listing fee for the year 2013 – 14 has been paid to the Stock Exchange.

- f) Market Price Data:** High, low during each month in last financial year and performance in comparison to broad based indices such as BSE Sensex, etc.

Company's shares are being traded on BSE only and the high and low prices during each month are given below:

(in ₹.)

MONTH	HIGH	LOW
April, 2012	69.80	58.85
May, 2012	63.25	53.50
June, 2012	68.95	55.25
July, 2012	63.00	55.00
August, 2012	71.00	55.05
September, 2012	61.95	54.10
October, 2012	63.20	58.00
November, 2012	75.00	59.60
December, 2012	72.00	65.40
January, 2013	78.00	64.00
February, 2013	70.70	60.60
March, 2013	70.80	59.00



- g) **Stock Performance in Comparison to broad-based indices such as BSE Sensex**
The Share Price of the Company has been moving with the trends of indices

(in ₹.)

MONTH	Share Price in BSE		BSE – Sensex	
	HIGH	LOW	HIGH	LOW
April, 2012	69.80	58.85	17664.10	17010.16
May, 2012	63.25	53.50	17432.33	15809.71
June, 2012	68.95	55.25	17448.48	15748.98
July, 2012	63.00	55.00	17631.19	16598.48
August, 2012	71.00	55.05	17972.54	17026.97
September, 2012	61.95	54.10	18869.94	17250.80
October, 2012	63.20	58.00	19137.29	18393.42
November, 2012	75.00	59.60	19372.70	18255.69
December, 2012	72.00	65.40	19612.18	19149.03
January, 2013	78.00	64.00	20203.66	19508.93
February, 2013	70.70	60.60	19966.69	18793.97
March, 2013	70.80	59.00	19754.66	18568.43

h) Registrar & Transfer Agents:

M/s. Karvy Computershare Private Limited
 Plot No.17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad- 500 081.
 Phone No.: 040-2342 0818 Fax No.040-2342 0814.
 E-Mail: einward.ris@karvy.com, www.karvycomputershare.com

i) Share Transfer System:

The Board of Directors has delegated the power of approving transfer of shares to the Managing Director of the Company and the details regarding the transfers are placed before the Board of Directors at the subsequent meeting for their approval. The Company's Registers and Share Transfer Agent is Karvy Computershare Private Limited, Hyderabad, who look after shares transfers and other related works.

The Company ensures that all transfers are affected within a period of one month from the date of their lodgement with the Company.

In terms of SEBI circular No. D&CC/FITTC/CR-16 dated 31-12-2002, Secretarial Audit is conducted on a quarterly basis by a practicing Company secretary for the purpose of, inter alia, reconciliation of the total submitted equity share capital with the depositories and in the physical form with the total issued/paid up equity capital of the Company. Certificates are placed before the Board of Directors and are also forwarded to Bombay Stock Exchange Limited, where the shares of the Company are listed.

j) Distribution schedule and shareholding pattern as on 31st March 2013:

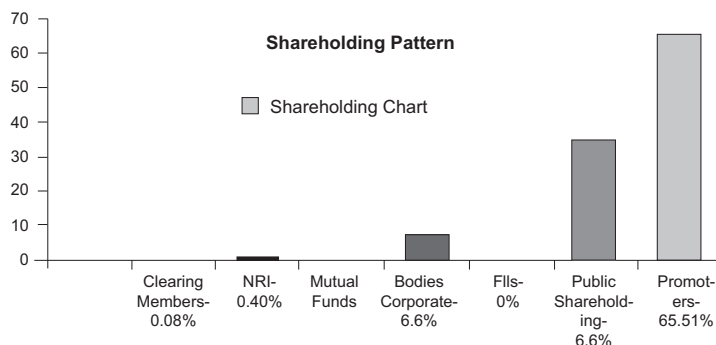
i) Distribution of Shareholding as on 31st March, 2013

No. of Equity Shares Slab	No. of Share Holders		No. of Shares	
	Total	%	Total	%
1 - 5000	3232	91.45	363419	9.91
5001 - 10000	153	4.33	116975	3.18
10001 - 20000	72	2.04	106764	2.91
20001 - 30000	23	0.65	55849	1.52
30001 - 40000	12	0.34	43889	1.19
40001 - 50000	4	0.11	19286	0.52
50001 - 100000	14	0.40	100913	2.75
10001 & above	24	0.68	2859905	77.99
TOTAL	3534	100	3667000	100

ii) Shareholding Pattern as on 31st March, 2013:

Category of Shareholder	No. of Share Holders	Total No. of shares	%
Promoter's Holding			
Indian Promoters	5	2402310	65.51
Foreign Promoters	0	0	0
Total Promoter's Holding (A)	5	2402310	65.51
Public Shareholding			
Institutional Investors			
Mutual Funds	2	96	0.00

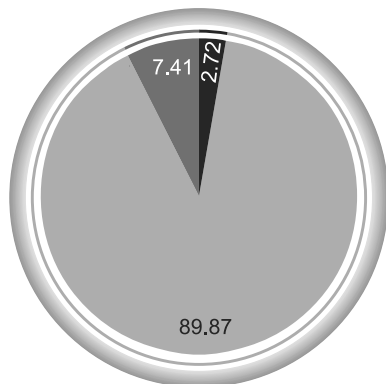
Category of Shareholder	No. of Share Holders	Total No. of shares	%
Financial Institutions/Banks	2	990	0.03
Foreign Institutional Investors	0	0	0
Foreign Companies	0	0	0
Any Other	0	0	0
Non – Institutional Investors			
Bodies Corporate	105	241998	6.60
Individuals			
Holding share capital up to ₹. 1 lakh	3355	720282	19.64
Holding share capital in excess of ₹. 1 Lakh	17	283971	7.74
Others			
Non Resident Individuals	43	14569	0.40
Overseas Corporate Bodies	0	0	0
Trusts	0	0	0
Clearing Members	5	2784	0.08
Total Public Shareholding (B)	3529	1264690	34.49
Shares held by Custodian against Depository Receipts (C)	0	0	0
TOTAL (A+B+C)	3534	3667000	100



K. Dematerialization of Shares & Liquidity:

The shares of the company are compulsorily traded in DEMAT form in the Stock Exchanges where they are listed. The shares are available for dematerialization on both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31st March, 2013, **35,67,291** Equity shares were dematerialized representing **97.28%** of the total paid up equity share capital of the Company. The **ISIN** allotted to the company's scrip is **INE132C01027**. The shares of the Company are actively traded at Bombay Stock Exchange Limited, Mumbai.



- Shares held in Dematerialised form : CDSL
- Shares held in Dematerialised form : NSDL
- Shares held in Physical form

L) **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on Equity:** Nil

m) **Plant Locations:**

- | | |
|---|--|
| i) Marchala Village,
Kalwakurthy Mandal,
Mahabubnagar District, Andhra Pradesh.
Pin Code: 509 320. | ii) Urukondapet Village,
Midjil Mandal,
Mahabubnagar District, Andhra Pradesh.
Pin Code: 509 320. |
|---|--|

n) **Address for Correspondence:**

1. For transfer/dematerialization of shares, change of address of members and other queries relating to the shares of the company:
M/s. Karvy Computershare Private Limited
Plot No.17 to 24, Vithal Rao Nagar,
Madhapur, Hyderabad – 500 081.
Phone No : 040-2342 0818 Fax No : 040-2342 0814
Email : einward.ris@karvy.com
2. Any queries relating to dividend, annual reports, etc.,
The Compliance Officer,
Sri Vithaldas Agarwal
Suryalata Spinning Mills Limited
Surya Towers, 1st Floor, 105, Sardar Patel Road,
Secunderabad – 500 003, Andhra Pradesh.
Phone No. : 040-27819909/27774200 Fax No. : 040-27846859
E-mail : cs@suryalata.com

Auditors' certificate on Corporate Governance

A certificate issued by the Statutory Auditors of the Company with regard to compliance of conditions of Corporate Governance is attached to this report.

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

Place : Secunderabad
Date : 22nd May, 2013

R. Surender Reddy
Chairman

**Certificate by the Chief Executive Officer (CEO) and
Chief Financial Officer (CFO)**

We, Vithaldas Agarwal, Managing Director and K Nageswara Rao, General Manager (Finance) of Suryalata Spinning Mills Limited hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2013 and certify that to the best of our knowledge and belief;
 - i) These statements do not contain any materially untrue statement nor omit any material fact not contain statements that might be misleading; and
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies;
- d) We have indicated to the auditors and the Audit Committee of:
 - i) Significant changes in the internal control during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) There are no instances of significant fraud of which we have become aware.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

Place : Secunderabad
Date : 22nd May 2013.

Vithaldas Agarwal
Managing Director

K Nageswara Rao
General Manager (Finance)

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SURYALATA SPINNING MILLS LIMITED,
SECUNDERABAD.

We have examined the compliance of conditions of Corporate Governance by **SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD, A.P.** for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that in respect of Investors grievances received during the year ended 31st March, 2013, no investor grievances are pending against the Company as per the records of the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn. No.000513S

Place : Hyderabad
Date : 22nd May, 2013

K.S. RAO
Partner
Membership No.15850

INDEPENDENT AUDITOR'S REPORT

To
The Members of
SURYALATA SPINNING MILLS LIMITED,
SECUNDERABAD.

Report on the Financial Statements:

We have audited the accompanying financial statements of **SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **BRAHMAYYA & CO.,**
Chartered Accountants
Firm's Registration Number: 000513S

Place : Hyderabad
Date : 22nd May, 2013

K.S.RAO
Partner
Membership Number: 015850

Re: SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD.

Annexure referred to in paragraph 1 of our report of even date,

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
 - c) The plant and machinery disposed off during the year by the company is not substantial and hence, it has not affected the going concern status of the Company.
2. a) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
 - b) In view of our comment in paragraph 3(a) above, III (b), (c) & (d) of the aforesaid order are not applicable to the company.
 - c) During the year, the company has not taken unsecured loans from the parties covered in the register maintained under section 301 of the companies Act 1956.
 - d) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the register maintained under section 301 of the Companies Act 1956 are not prima-facie prejudicial to the interests of the company.
 - e) The company is regular in payment of the principal amount and interest thereon as stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of

the Companies Act, 1956 have been entered in the register to be maintained under that section.

- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of yarn and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.
- c) According to the records of the Company and the information and explanations given to us, the dues of sales tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute are as follows:

Nature of disputed dues	Amount (₹. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income-tax	2.76	Asst.year 2007-08	Commissioner of Income-tax (Appeals), Hyderabad

10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society and therefore the requirements relating to such companies are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were obtained.
17. In our opinion, and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. During the year, the Company has not issued any debentures and therefore the question of creating security in respect thereof does not arise.
20. During the year, the Company has not raised any money by public issue.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No.000513S

Place : Hyderabad
Date : 22nd May, 2013

K.S. RAO
Partner
Membership No.15850

Balance Sheet as at 31st March, 2013

(Figures in ₹. Lakhs)

Particulars	Refer Note No.	As at 31.03.2013		As at 31.03.2012	
I. EQUITY AND LIABILITIES					
1. Shareholder's funds					
a) Share Capital	1	1,103.18		1,103.18	
b) Reserves and Surplus	2	4,568.65	5,671.83	3,888.39	4,991.57
2. Non-current liabilities					
a) Long-term borrowings	3	7,705.16		4,566.36	
b) Deferred tax liabilities (Net)		1,201.70		1,054.62	
c) Long-term provisions	4	47.39	8,954.25	47.39	5,668.37
3. Current liabilities					
a) Short-term borrowings	5	3,712.99		2,967.65	
b) Trade payables	6	325.60		188.17	
c) Other current liabilities	7	3,306.11		1,661.84	
d) Short-term provisions	8	472.73	7,817.43	473.29	5,290.95
TOTAL			22,443.51		15,950.89
II. ASSETS					
1. Non-current assets					
a) Fixed assets					
Tangible assets	9	14,089.79		8,857.83	
Capital work-in-progress		-		1,123.19	
b) Long-term loans and advances	10	428.00	14,517.79	338.25	10,319.27
2. Current assets					
a) Current investments	11	0.11		0.11	
b) Inventories	12	1,603.54		1,436.63	
c) Trade receivables	13	3,939.38		2,545.18	
d) Cash and cash equivalents	14	63.57		43.93	
e) Short-term loans and advances	15	273.82		684.27	
f) Other current assets	16	2,045.30	7,925.72	921.50	5,631.62
TOTAL			22,443.51		15,950.89
Accounting Policies and Notes on Accounts	25				

The Notes referred to above, form an integral part of these Financial statements

As Per Our Report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No. 000513S

for and on behalf of the Board

K.S. RAO
Partner
Membership No. 15850

VITHALDAS AGARWAL
Managing Director

K NAGESWARA RAO
General Manager (Finance)

Place : Secunderabad
Date : 22nd May, 2013

MAHENDER KUMAR AGARWAL
Joint Managing Director

Statement of Profit and Loss for the Year ended 31st March, 2013

(Figures in ₹.Lakhs)

Particulars	Refer Note No.	Current Year 31.03.2013	Previous Year 31.03.2012
INCOME			
I. Revenue from operations	17	26,946.89	25,256.40
II. Other Income	18	1,723.42	1,057.90
III. Total Revenue (I+II)		28,670.31	26,314.30
IV. EXPENSES			
Cost of Raw material Consumed	19	18,591.74	18,039.81
Purchases of stock-in-trade		177.00	20.19
Changes in inventories of finished goods, work in Process and stock-in-trade	20	(492.18)	925.65
Employee benefits expense	21	1,461.04	1,239.61
Finance costs	22	930.86	693.75
Depreciation and amortization expense	23	747.43	629.25
Other expenses	24	6,067.10	4,110.40
Total expenses		27,482.99	25,658.66
V. Profit before tax		1,187.32	655.64
VI. Tax expense:			
Current year Income Tax		250.00	200.00
Deferred tax		147.07	32.63
Less: Excess provision of I.T. of earlier Years		18.41	-
Sub-Total - Tax expense :		378.66	232.63
VII. Profit for the period, after tax		808.66	423.01
VIII. Earnings per equity share (Amount in ₹.)			
(1) Basic		20.30	9.80
(2) Diluted		20.30	9.80
Accounting Policies and Notes on Accounts	25		

The Notes referred to above, form an integral part of these Financial statements

As Per Our Report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No. 000513S

for and on behalf of the Board

K.S. RAO
Partner
Membership No. 15850

VITHALDAS AGARWAL
Managing Director

K NAGESWARA RAO
General Manager (Finance)

Place : Secunderabad
Date : 22nd May, 2013

MAHENDER KUMAR AGARWAL
Joint Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Figures in ₹ Lakhs)

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	1,187.32	655.64
Add : Depreciation	747.43	629.25
Finance Charges	871.86	654.90
Loss on sale of Assets (net)	2.64	-
	<u>1,621.93</u>	<u>1,284.15</u>
	2,809.25	1,939.79
Less : Interest earned	39.83	18.34
Rent Received	0.96	1.12
Dividend received	0.02	0.02
Credit balances written back	0.13	0.15
Profit on Sale of Assets	-	4.45
Direct Taxes paid	299.92	729.50
	<u>340.86</u>	<u>753.58</u>
Operating Profit before working capital changes	2,468.39	1,186.21
Add : Decrease/(Increase) in Inventories	(166.91)	1,857.19
Decrease/(Increase) in Receivables	(1,394.20)	(783.88)
Decrease/(Increase) in Loans & Advances	(1,172.04)	(278.59)
(Decrease)/Increase in Current Liabilities	1,154.41	75.55
	<u>(1,578.74)</u>	<u>719.17</u>
Net Cash flow from Operating activity (A)	<u>889.65</u>	<u>1,905.38</u>
B CASHFLOW FROM INVESTING ACTIVITIES		
INFLOW:		
Sale of Assets(net of taxes)	18.30	30.00
Interest Received	19.23	15.69
Rent Received	0.96	1.12
Dividend received	0.02	0.02
	38.51	46.83
OUTFLOW:		
Acquisition of fixed assets including Capital Work in Progress	(4,877.14)	(857.77)
(Increase)/Decrease in Advance for Capital equipment	485.62	(123.92)
(Increase)/ Decrease in Investments	-	100.00
	<u>(4,391.52)</u>	<u>(881.69)</u>
Net Cash flow from Investing activity (B)	<u>(4,353.01)</u>	<u>(834.86)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Figures in ₹ Lakhs)

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
C CASH FLOW FROM FINANCING ACTIVITIES		
INFLOW:		
Application money for Share Warrants	-	330.00
Term Loans Received	4,400.00	300.00
Hire Purchase Loans Received	64.41	-
Deposits Received	100.00	-
Unsecured Loans received	100.00	172.15
Sales tax Deferment loan	82.62	87.49
Increase/(decrease) in Bank Borrowings	765.34	5,512.37
		3.70
		893.34
OUTFLOW:		
Repayment of Term loans	890.93	920.89
Dividends Paid	109.76	152.76
Repayment of Hire Purchase loans	26.51	28.84
Deposits Repaid	20.00	16.15
Repayment of Unsecured loans	120.00	282.55
Repayment of sales tax loans	40.93	47.07
Interest Paid	821.23	2,029.36
Net Cash flow from financing activities ('C)	3,483.01	(1,184.45)
Net increase/(decrease) in Cash/Cash Equivalents during the year (A+B+C)	19.65	(113.92)
Add: Cash/Cash equivalents at the beginning of the year	43.92	157.84
Cash/Cash equivalents at the end of the year	63.57	43.92

 As Per Our Report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No. 000513S

for and on behalf of the Board

K.S. RAO
Partner
Membership No. 15850

VITHALDAS AGARWAL
Managing Director

K NAGESWARA RAO
General Manager (Finance)

 Place : Secunderabad
Date : 22nd May, 2013

MAHENDER KUMAR AGARWAL
Joint Managing Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 1
SHARE CAPITAL:

(Figures in ₹.Lakhs)

Authorised	31.03.2013		31.03.2012	
	Number	₹. In Lakhs	Number	₹. In Lakhs
Equity Shares of ₹.10/- each	90,00,000	900.00	90,00,000	900.00
Pref Shares of ₹. 100/- each	8,00,000	800.00	8,00,000	800.00
		<u>1,700.00</u>		<u>1,700.00</u>
Issued, Subscribed and Paid up				
Equity Shares of ₹.10/- each fully paid up	36,67,000	366.70	36,67,000	366.70
12% Cum Redeemable Pref Shares of ₹.100/- each (Series IV)	35,535	35.53	35,535	35.53
8% Cum Redeemable Pref Shares of ₹.100/- each (Series -VII)	42,078	42.08	42,078	42.08
8% Cum Redeemable Pref Shares of ₹.100/- each (Series -VIII)	1,00,000	100.00	1,00,000	100.00
7% Cum Redeemable Pref Shares of ₹.100/- each (Series -IX)	5,58,871	558.87	5,58,871	558.87
		<u>1,103.18</u>		<u>1,103.18</u>

Disclosure pursuant to Note no.6(A)(d) of part I of Schedule VI to the Companies Act, 1956

Particulars	No. of Equity Shares ₹ 10/- each		No. of Preference Shares ₹ 100/- each	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Shares Outstanding at the beginning of the year	36,67,000	32,67,000	7,36,484	7,36,484
Shares Issued during the year *	N.A.	4,00,000	N.A.	N.A.
Shares redeemed / bought back during the year	N.A.	N.A.	N.A.	N.A.
Shares outstanding at the end of the year	36,67,000	36,67,000	7,36,484	7,36,484

* 4,00,000 Shares allotted to the promoters on 13.02.2012 on conversion of share warrants at premium of ₹. 100/- each.

Details of Share holders holding more than 5% shares in the Company

Name of Shareholder	As at 31st March 2013		As at 31 March 2012	
	No.of shares held	% of Holding	No.of shares held	% of Holding
Vithaldas Agarwal	818,844	22.33	818,844	22.33
Mahender Kumar Agarwal	847,133	23.10	847,133	23.10
Madhavi Agarwal	504,161	13.75	504,161	13.75
Ravinder Reddy Nandi	-	-	223,151	6.09

Details of Non convertible redeemable preference shares

Nature	Series	Amount	Date of Issue	Date of Redemption
12% CRPSs of ₹.100/- each	IV	35.53	21.10.2003	20.10.2013
8% CRPSs of ₹.100/- each	VII	42.08	30.10.2004	29.10.2014
8% CRPSs of ₹.100/- each	VIII	100.00	31.01.2007	31.01.2017
7% CRPSs of ₹.100/- each	IX	50.00	06.03.2009	05.03.2014
7% CRPSs of ₹.100/- each	IX	508.87	06.03.2009	05.03.2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹.Lakhs)

	As at 31.03.2013	As at 31.03.2012
NOTE 2		
RESERVES AND SURPLUS :		
a. Capital Reserve (Subsidy)		
At the Commencement of the year	15.00	15.00
Closing Balance	<u>15.00</u>	<u>15.00</u>
b. Capital Redemption Reserve		
At the commencement of the year	470.87	470.87
Closing Balance	<u>470.87</u>	<u>470.87</u>
c. Preference Capital Redemption Reserve		
At the commencement of the year	736.48	736.48
Closing Balance	<u>736.48</u>	<u>736.48</u>
d. Other Reserves :		
i) General Reserve		
At the commencement of the year	1,610.00	1,110.00
Add: Transfer from Surplus	500.00	500.00
Closing Balance	<u>2,110.00</u>	<u>1,610.00</u>
ii) Share Premium		
At the commencement of the year	568.20	168.20
Add: Current year	-	400.00
Closing Balance	<u>568.20</u>	<u>568.20</u>
e. SURPLUS :		
At the commencement of the year	487.84	692.39
Add: Current year profit	808.66	423.01
Less : Equity Dividend	55.01	55.01
Preference Dividend	54.75	54.75
Corporate Dividend tax	18.64	17.80
Transfer to General reserve	500.00	500.00
Closing Balance	<u>668.10</u>	<u>487.84</u>
Grand Total (a+b+c+d+e)	<u>4,568.65</u>	<u>3,888.39</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹.Lakhs)

	As at 31.03.2013	As at 31.03.2012
NOTE 3		
LONG TERM BORROWINGS		
SECURED		
a) Term loans Under TUFs from Banks		
1) Industrial Development Bank of India		
a) Term Loan - KKY (OM)	26.15	130.77
b) Term Loan - URKD	1,006.50	1,553.18
c) Addl. Term Loan - URKD	87.50	137.50
d) Term Loan - URKD (TFO)	484.62	524.62
e) Term Loan - URKD (Expn-2)	2,700.00	200.00
f) WC TL - URKD (Expn-2)	425.00	-
2) State Bank of India		
a) Term Loan - KKY (TFO)	30.36	91.07
b) Term Loan - URKD (Expn-1)	283.90	354.86
c) Term Loan - URKD (Expn-2)	1,080.00	100.00
Total	6,124.03	3,092.00

Appendix:

- Loans referred in (1) and (2) are secured by pari passu first charge on all movable and immovable properties of the Company present and future. The loans further secured by personal guarantees of two promoter Directors of the company and pledge of some shares of the promoters of the company.

Terms of Repayment:

Particulars	Sanction Date	Rate of Interest	Quarterly Instalments
1) Industrial Development Bank of India			
a) Term Loan - KKY (OM)	14.12.2004	11.50%	5
b) Term Loan - URKD	12.05.2006	10.83%	14
c) Addl. Term Loan - URKD	27.12.2006	12.60%	11
d) Term Loan - URKD (TFO)	10.03.2010	14.25%	25
e) Term Loan - URKD (Expn-2)	24.08.2011	13.50%	16
2) State Bank of India			
a) Term Loan - KKY (TFO)	23.08.2006	13.95%	6
b) Term Loan - URKD (Expn-1)	24.08.2009	13.95%	20
c) Term Loan - URKD (Expn-2)	24.08.2011	13.95%	16

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹.Lakhs)

	As at 31.03.2013	As at 31.03.2012
NOTE 3 Continued		
b) Other loans and advances		
Vehicle Hire Purchase Loan	56.49	28.02
Total	<u>56.49</u>	<u>28.02</u>
Terms of Repayment : Monthly instalments		
Vehicle loans above are secured by hypothecation of the respective vehicles and guaranteed by the Managing Director of the Company.		
UNSECURED		
c) Other Long Term Borrowings		
(I) Deposits		
From others	100.00	20.00
(II) Loans and advances		
From Bodies Corporate	5.11	5.11
Total	<u>105.11</u>	<u>25.11</u>
d) Sales Tax Loans (Deferment)	1,419.53	1,421.23
Total	<u>1,419.53</u>	<u>1,421.23</u>
Total (a+b+c+d)	<u>7,705.16</u>	<u>4,566.36</u>

The Salestax loans (deferment) liability amounting to ₹. 1,419.53 Lacs shown under unsecured loans above, is due for repayment as under.

Year	Amount	Repayment of Year
2000-01	65.95	01.04.2015
2001-02	143.48	01.04.2016
2002-03	111.47	01.04.2017
2003-04	90.85	01.04.2018
2004-05	86.88	01.04.2019
2005-06	176.57	01.04.2020
2006-07	162.92	01.04.2021
2007-08	113.16	01.04.2022
2008-09	110.78	01.04.2023
2009-10	94.83	01.04.2024
2010-11	92.53	01.04.2025
2011-12	87.49	01.04.2026
2012-13	82.62	01.04.2027
Total	1,419.53	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹.Lakhs)

	As at 31.03.2013	As at 31.03.2012
NOTE 4		
LONG TERM PROVISIONS		
Provision for employee benefits	47.39	47.39
Gratuity - (Unfunded)		
Total	<u>47.39</u>	<u>47.39</u>

NOTE 5
SHORT TERM BORROWINGS
Secured
a) Loans repayable on demand from banks *

I) State Bank of India

Cash Credit	1,099.49	769.70
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SLC Against export gold card scheme	512.55	400.00
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Export Packing Credit	1,649.66	1,196.07
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II) IDBI Bank Ltd

Cash Credit	451.29	581.88
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Total	<u>3,712.99</u>	<u>2,947.65</u>
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* Working Capital loans from bank referred to in (a) above are secured by hypothecation of stock in trade, raw materials, stock in process, stores and spares and receivables present and future and by a second charge on the present and future movable and immovable properties of the Company on pari passu basis. The loans further secured by personal guarantees of two promoter directors of the Company.

b) Un Secured

i) Loans from Directors	-	20.00
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Total	<u>-</u>	<u>20.00</u>
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Total (a+b+c)	<u>3,712.99</u>	<u>2,967.65</u>
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NOTE 6
TRADE PAYABLES
A) SUNDRY CREDITORS

- Due to Micro, Small and Medium Enterprises	135.50	88.39
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- Others	190.10	99.78
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Total	<u>325.60</u>	<u>188.17</u>
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹.Lakhs)

	As at 31.03.2013	As at 31.03.2012
NOTE 7		
OTHER CURRENT LIABILITIES		
Current maturities of long-term debt-		
-Term Loans under TUFs from Banks		
1) Industrial Development Bank of India		
a) Term Loan - KKY (OM)	104.62	104.62
b) Term Loan - URKD	546.68	506.68
c) Addl. Term Loan - URKD	50.00	50.00
d) Term Loan - URKD (TFO)	40.00	40.00
e) Term Loan - URKD (New project)	300.00	-
f) WCTL Loan - URKD	75.00	-
2) State Bank of India		
a) Term Loan - KKY (TFO)	60.71	60.71
b) Term Loan - URKD (Expn-1)	70.96	70.96
c) Term Loan - URKD (New project)	120.00	-
3) State Bank of Hyderabad		
a) Short Term Loan - Non TUFs	-	57.96
4) Vehicle Hire Purchase Loans	29.66	20.23
	<u>1,397.63</u>	<u>911.16</u>
Advances received against sales	109.08	35.76
Unclaimed dividends	7.23	7.31
Salestax Loans (Deferment)	84.32	40.93
Interest Accrued and due	83.56	32.93
Sundry Creditors for: Expenses	1,430.68	568.51
": Other Finance	50.89	33.56
": Capital Expenditure	142.72	31.68
Total	<u>3,306.11</u>	<u>1,661.84</u>

NOTE 8
SHORT TERM PROVISIONS

a) Provision for employee benefits		
Salary and Wages	99.52	70.43
Contribution to PF & ESI	13.30	9.28
Gratuity	39.40	23.69
Leave Encashment	55.56	22.89
Bonus Payable	55.21	74.23
b) Others (Specify nature)		
Provisions for Income Tax (net)	81.33	145.21
Proposed Equity Shares Dividend	55.01	55.01
Proposed Preference Shares Dividend	54.75	54.75
Corporate Dividend Tax	18.65	17.80
Total	<u>472.73</u>	<u>473.29</u>



SURYALATA SPINNING MILLS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE - 9

FIXED ASSETS

(Figures in ₹. Lakhs)

Description	Gross Block			Depreciation			Net Block			
	As at 01.04.2012	Addi- tions	Deduc- tions	As at 31.03.2013	Upto 01.04.2012	For the Year	Deduc- tions	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Land	168.94	22.85	-	191.79	-	-	-	-	191.79	168.94
Factory Buildings	1,761.10	1,400.29	-	3,161.39	389.58	76.35	465.93	465.93	2,695.46	1,371.52
Non Factory Buildings	851.23	154.25	-	1,005.48	90.62	14.74	105.36	105.36	900.12	760.61
Plant & Machinery	9,596.60	3,991.29	13.54	13,574.35	3,701.51	581.57	4.18	4,278.90	9,295.45	5,895.09
Testing Equipment	89.75	-	-	89.75	31.96	4.26	36.22	36.22	53.53	57.79
Electrical Installations	615.22	291.52	-	906.74	229.52	38.57	268.09	268.09	638.65	385.70
Data Processing Equipment	57.07	0.06	-	57.13	51.17	2.52	53.69	53.69	3.44	5.90
Workshop Equipment	24.28	0.56	-	24.84	7.65	1.15	8.80	8.80	16.04	16.64
Weighing Machinery	12.47	0.30	-	12.77	7.57	0.46	8.03	8.03	4.74	4.90
Water Works	10.73	0.72	-	11.45	2.27	0.15	2.42	2.42	9.03	8.46
Furniture & Fixture	45.89	44.65	-	90.54	24.44	4.57	29.01	29.01	61.53	21.45
Office Equipment	46.52	15.27	-	61.79	15.09	2.54	17.63	17.63	44.16	31.43
Vehicles	183.19	78.57	18.20	243.56	53.78	20.55	6.62	67.71	175.85	129.40
Add: Capital work in Progress	13,462.99	6,000.33	31.74	19,431.58	4,605.16	747.43	10.80	5,341.79	14,089.79	8,857.83
Total	1,123.19	4,309.54	5,432.73	0.00	-	-	-	-	-	1,123.19
Less: Internal Transfers	14,586.18	10,309.87	5,464.47	19,431.58	4,605.16	747.43	10.80	5,341.79	14,089.79	9,981.02
Total	0.00	5,432.73	5,432.73	0.00	-	-	-	-	-	-
Previous Year	14,586.18	4,877.14	31.74	19,431.58	4,605.16	747.43	10.80	5,341.79	14,089.79	9,981.02
	13,822.60	857.77	94.18	14,586.18	4,036.83	629.25	60.92	4,605.16	9,981.02	9,785.77

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹.Lakhs)

	As at 31.03.2013	As at 31.03.2012
NOTE 10		
LONG TERM LOANS AND ADVANCES		
Deposits Recoverable (Un Secured considered good) (Telephone,APCPDCL & Other Deposits)	428.00	338.25
Total	<u>428.00</u>	<u>338.25</u>
NOTE 11		
CURRENT INVESTMENTS		
At Cost Unquoted - Non traded National Saving Certificate (Pledged with Sales Tax Department)	0.01	0.01
Investment in Equity Instruments		
At Cost - Quoted -Traded 800 Equity Shares in UCO Bank of ₹.10/-, with Premium 2/-,each (Market Value ₹.48,080/-, Previous Year ₹.61,920/-)	0.10	0.10
Total	<u>0.11</u>	<u>0.11</u>
NOTE 12		
INVENTORIES :		
(As certified by the management)		
a) Raw Materials* (Valued at lower of cost or net realisable value basis)	234.57	561.68
b) Stores & Spares (Valued at cost on weighted average basis)	147.42	145.58
c) Finished Goods (including in-transit for exports) (Valued at lower of cost or net realisable value basis)	884.39	476.65
d) Stocks-in-process (Valued at cost)	336.89	252.53
e) Waste (at realisable value)	0.27	0.19
Total	<u>1,603.54</u>	<u>1,436.63</u>
* Details of Raw Materials :		
Polyster Staple Fibre	194.53	162.14
Viscose Staple Fibre	40.04	399.54
Total	<u>234.57</u>	<u>561.68</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹.Lakhs)

	As at 31.03.2013	As at 31.03.2012
NOTE 13		
TRADE RECEIVABLES :		
Receivables for a period exceeding six months	33.38	-
Receivables for a period less than six months (Unsecured and considered good)	3,906.00	2,545.18
Total	<u>3,939.38</u>	<u>2,545.18</u>
NOTE 14		
CASH AND CASH EQUIVALENTS :		
a) Cash on Hand	12.56	5.43
b) Balances with Banks		
With Scheduled Banks	7.81	28.56
c) Balance with Banks against Dividends payments	7.23	7.31
d) Fixed deposits with Banks	35.96	2.62
e) With Post Office Savings Bank (Pledged with Central Excise Dept)	0.01	0.01
Total	<u>63.57</u>	<u>43.93</u>
NOTE 15		
SHORT TERM LOANS AND ADVANCES :		
a) Advances for Capital Works	130.03	518.24
b) Advances for Suppliers & Expenses	113.20	138.72
c) Advances to Staff & Workers	13.41	12.76
d) Tax Deducted at Source	17.18	14.55
Total	<u>273.82</u>	<u>684.27</u>
NOTE 16		
OTHER CURRENT ASSETS :		
a) Terminal Excise Duty Receivable	224.00	5.45
b) TUF Rebate receivable from Banks	205.39	99.07
c) State Incentive Receivables	823.33	400.31
d) Export Benefit entitlement Receivable	616.52	352.37
e) APCPDCL Claims Receivables	119.42	27.11
f) Rent Receivable	0.08	0.08
g) Cenvat benefit entitlement	1.55	6.28
h) Interest receivable	32.33	15.71
i) Prepaid Expenses	22.68	15.12
Total	<u>2,045.30</u>	<u>921.50</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹.Lakhs)

	Current Year 31.03.2013	Previous Year 31.03.2012
NOTE 17		
REVENUE FROM OPERATIONS		
Yarn Sales	28,326.12	25,620.29
Waste / Scrap Sales	46.18	41.41
Total Sales :	28,372.30	25,661.70
Less : Excise Duty	1,425.41	405.30
Total	26,946.89	25,256.40

NOTE 18
OTHER INCOME :

Interest earned	39.83	18.34
Dividend Received	0.02	0.02
Miscellaneous Income	0.96	1.12
Profit on sale of Investments / Assets (Net)	-	4.45
Credit Balances written back	0.13	0.15
Export Benefit entitlements	1,679.39	1,032.61
Prior Period Income	3.09	1.21
Total	1,723.42	1,057.90

NOTE 19
RAW MATERIAL CONSUMED

Opening Stock	561.68	1,519.36
Add: Purchases	18,264.63	17,082.13
	18,826.31	18,601.49
Less: Closing Stock	234.57	561.68
Total Cost of Raw materials consumed :	18,591.74	18,039.81

Imported and Indigeneous Raw Materials consumed :

	2012-13		2011-12	
Indigeneous	100.00%	18,591.74	100.00%	18,039.81
Imported	0.00%	-	0.00%	-
Total	100.00%	18,591.74	100.00%	18,039.81

Details of Raw Material Consumed :

Polyster Staple Fibre	14,033.25	14,104.16
Viscose Staple Fibre	4,558.49	3,935.65
Total	18,591.74	18,039.81

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹.Lakhs)

	Current Year 31.03.2013	Previous Year 31.03.2012
NOTE 20		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE (INCREASE)/ DECREASE IN STOCKS		
OPENING STOCKS		
Yarn	476.65	1,415.73
Stock in process	252.53	238.44
Waste	0.19	0.85
	<u>729.37</u>	<u>1,655.02</u>
CLOSING STOCKS		
Yarn	884.39	476.65
Stock in process	336.89	252.53
Waste	0.27	0.19
	<u>1,221.55</u>	<u>729.37</u>
(Increase)\ Decrease in Stocks	Total	
	<u>(492.18)</u>	<u>925.65</u>
NOTE 21		
EMPLOYEE BENEFITS EXPENSE		
a) Salaries, Wages and Bonus	1,162.92	1,004.64
b) Contribution to Provident Fund	109.69	83.11
c) Contribution to Employee State Insurance	37.82	31.04
d) Contribution to Group Insurance (EDLI)	3.43	2.80
e) Staff welfare expenses	118.48	95.14
f) Gratuity fund	28.70	22.88
	<u>1,461.04</u>	<u>1,239.61</u>
	Total	
	<u>1,461.04</u>	<u>1,239.61</u>
NOTE 22		
FINANCE COSTS		
Interest on term loans	440.18	319.34
Interest on others	431.65	335.56
Net gain/loss on foreign currency transactions & translation	0.03	2.61
Bank charges	59.00	36.24
	<u>930.86</u>	<u>693.75</u>
	Total	
	<u>930.86</u>	<u>693.75</u>
NOTE 23		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation	747.43	629.25
	<u>747.43</u>	<u>629.25</u>
	Total	
	<u>747.43</u>	<u>629.25</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹.Lakhs)

	Current Year 31.03.2013	Previous Year 31.03.2012
NOTE 24		
OTHER EXPENSES		
<u>Stores Consumed:</u>		
Stores and Spares	282.48	282.86
Packing Material	347.04	347.02
<u>Power and Fuel</u>		
Electricity charges *	3,316.61	1,816.13
<u>Repairs to :</u>		
Buildings	24.29	44.60
Machinery	163.80	168.53
Others	15.04	7.99
<u>Sales Expenses :</u>		
Sales Tax	349.78	282.64
Commission on Sales	346.66	123.77
Freight & Others - Domestic Sales	326.11	207.62
Freight & Others - Export Sales	425.14	415.62
<u>Payments to Auditors</u>		
As Auditors	0.84	0.83
for Tax Audit	0.17	0.17
for Certification	0.63	1.06
for Cost Auditors	0.20	0.20
Rates and Taxes	15.65	13.38
Printing and Stationery	8.17	8.84
Postage, Telegrams and Telephones	17.06	16.32
Travelling, Conveyance and Vehicle expenses	89.05	76.64
Insurance	23.63	20.95
Managerial Remuneration	128.24	106.89
Directors sitting fees	1.04	0.88
Professional charges	12.53	13.65
Office Maintenance	107.00	94.30
Miscellaneous expenses	58.87	57.97
Loss on sale of assets (Net)	2.64	-
Donations	4.43	1.54
Total	6,067.10	4,110.40

* Including FSA Charges ₹. 439.30 Lakhs levied for F.Y. 2010-11 & 2011-12.

Imported and Indigeneous Stores & Spare parts consumed :

	2012-13		2011-12	
Indigeneous	82.76%	233.77	87.61%	247.81
Imported	17.24%	48.71	12.39%	35.05
Total	100.00%	282.48	100.00%	282.86

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No : 25

A. SIGNIFICANT ACCOUNTING POLICIES :**a) Basis Of Preparation**

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The accounts are prepared on historical cost convention and in accordance with the generally accepted accounting practices.

b) Fixed Assets

Tangible Fixed Assets are stated at cost net of accumulated depreciation. Expenditure during construction period including interest on borrowings for new major projects are capitalized till the commencement of commercial production. Depreciation is provided on Straight line method as per Section 205 read with Schedule XIV of the Companies Act, 1956. Plant and Machinery depreciated on the basis of continuous process.

c) Inventories

Raw materials & Finished goods are valued at lower of cost or realizable value. Stores and Packing materials are valued at cost on Weighted Average basis. Stock-in-process and stock-in-transit are valued at cost. Waste is valued at realizable value.

d) Investments

Investments are stated at cost and diminution in the value which is permanent in nature has been provided for

e) Foreign Exchange Transactions

Foreign currency transactions are recorded at the rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currency are translated at year end rate or at the rates of exchange fixed under contractual arrangements. Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense.

f) Contingent Liabilities

No liability is provided in respect of contingent liabilities, but only mentioned by way of note to accounts.

g) Retirement Benefits

Company's contribution to Provident fund determined under the relevant statute are charged to revenue. The gratuity contribution has been made on the basis of actuarial valuation under AS15 given by SBI life insurance Company. The liability for leave encashment is provided for on the basis of accrued leaves at the close of the year.

h) Accounting For Income Tax

Current tax represents the amount that otherwise would have been payable under the Income-tax Act, 1961, had the financial year been reckoned as the basis for computation of tax payable under the prevailing tax laws.

Note No : 25 (Contd.)
i) Deferred Income Tax

Deferred Tax being tax on timing difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years has been recognized. Deferred tax asset is recognized only if there is reasonable that it will be realized and will be reviewed for the appropriateness of its respective carrying value at each balance sheet date.

j) Sales

Sales represent the amount realised or realisable for goods sold including freight, excise duty, cess and sales tax thereon.

B. NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Figurs in ₹ Lakhs)

Particulars	As on 31.03.2013	As on 31.03.2012
a. Contingent Liabilities not provided for on account of :		
i) Contracts to be executed on capital projects.	768.00	3,817.26
ii) Bank Guarantee	1.90	1.90
iii) Bills discounted against LC's	222.98	531.64
iv) Inland LC's	97.66	Nil
b. Earnings in Foreign Exchange FOB Value of Exports	8,055.66	8,983.28
c. Expenditure in Foreign Currency during the year on account of :		
i) Commission on Export Sales	253.22	79.79
ii) Foreign Travel (Excluding tickets purchased in India)	13.95	14.19
	267.17	93.98
d. Value of Imports calculated on CIF basis in respect of :		
i) Plant and Machinery - Imported (CIF Value)	1,557.68	Nil
ii) Rawmaterials (CIF Value)	Nil	Nil
iii) Stores and Spares (CIF Value)	48.71	35.05
	1,606.39	35.05
e. Composition of Net Deferred Tax Liability		
Deferred Tax Liabilities		
Depreciation	1,333.35	1,080.21
Deferred Tax Assets		
Provision for Gratuity	47.28	22.59
Income tax MAT entitlement	84.37	Nil
Deferred Tax Liability (Net)	1,201.70	1,054.62

Note No : 25 (Contd.)

(Figures in ₹.Lakhs)

Particulars	As on	As on
	31.03.2013	31.03.2012
f. Basic Earnings Per Share as per Accounting Standard No. 29		
Profit after Tax	808.66	423.01
Less : Dividend on Preference Share Capital with dividend tax there on	64.06	63.63
	744.60	359.38
Weighted average Number of Equity Shares	36.67	36.67
Diluted Number of Equity Shares	36.67	36.67
Basic Earnings per share	₹. 20.30	₹. 9.80
Diluted Earnings per share	₹. 20.30	₹. 9.80

g. Related party disclosure

Related party disclosure as required by AS-18 are given under

i) Transactions during the year (Expenditure)

Name of the party	Relationship	Nature of Transaction	Current Year 31.03.2013	Previous Year 31.03.2012
Sri Vithaldas Agarwal Managing Director	Key Management	a) Remuneration	30.60	30.60
		b) Interest (Gross)	2.07	9.38
		c) Unsecured Loan Repaid	20.00	150.50
		d) Commission	25.35	14.58
		e) Unsecured Loan Received	Nil	110.00
		f) Share App Money Received	Nil	132.00
Sri M K Agarwal Joint Managing Director	Key Management	a) Remuneration	28.42	28.48
		b) Interest (Gross)	Nil	5.93
		c) Unsecured Loan Repaid	Nil	98.65
		d) Commission	25.35	14.58
		e) Unsecured Loan Received	Nil	57.15
		f) Share App Money Received	Nil	107.25
Sri Yash Agarwal Executive Director	Key Management	a) Remuneration	18.53	18.53
		b) Interest (Gross)	Nil	1.54
		c) Unsecured Loan Repaid	Nil	23.40
		d) Unsecured Loan Received	Nil	5.00
		e) Share App Money Received	Nil	49.50
M K Agarwal - HUF	Key Management	a) Interest (Gross)	Nil	0.70
		b) Deposits Paid	Nil	4.65
		c) Share App Money Received	Nil	18.03
		d) Share App Money Repaid	Nil	7.30
Smt Madhavi Agarwal	Wife of Sri M K Agarwal	a) Interest (Gross)	Nil	1.95
		b) Deposits Paid	Nil	11.50
		c) Share App Money Received	Nil	51.53
		d) Share App Money Repaid	Nil	21.00

Note No : 25 (Contd.)

ii) Payable as at 31.03.2013 (Figures in ₹.Lakhs)

Name of the party	Relationship	Nature of Transaction	As on 31.03.2013	As on 31.03.2012
Sri Vithaldas Agarwal Managing Director	Key Management	a) Remuneration (Net)	3.93	5.65
		b) Interest (net)	1.40	0.78
		c) Unsecured Loan	Nil	20.00
		d) Commission	25.35	14.58
Sri M K Agarwal Joint Managing Director	Key Management	a) Remuneration (Net)	3.84	0.06
		d) Commission	25.35	14.58
Sri Yash Agarwal Executive Director	Key Management	a) Remuneration (Net)	1.17	0.13
M K Agarwal - HUF	Key Management	a) Interest (Net)	0.30	0.30
Smt Madhavi Agarwal	Wife of Sri M K Agarwal	a) Interest (Net)	0.33	0.33

h. Employee benefits : Gratuity

Consequent to the adoption of Accounting Standard on Employees Benefits (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard for Actuarial valuation of Gratuity.

The company has created a Trust namely SLSML Employees Gratuity Trust vide Trust deed dated 31st December, 2005 and obtained approvals from Income Tax Authorities vide letter No. CIT-III/10/GF/2005-06 dated 18.10.2006. SBI Life Insurance has been appointed for management of the Trust fund for the Benefit of the employees. The following tables summarize the components of net benefits.

(Figures in ₹.Lakhs)

Particulars	As on 31.03.2013	As on 31.03.2012
i Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	176.22	164.41
Interest cost	14.80	13.15
Current Service Cost	31.42	7.82
Benefits Paid	-	-
Actuarial gain / (Loss) on obligations	(10.63)	(9.16)
Present value of obligations as at end of year	211.81	176.22
ii Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	114.70	105.71
Expected return on plan assets	9.63	8.48
Contributions	-	-
Benefits Paid	-	-
Actuarial gain / (Loss) on Plan assets	0.69	0.51
Fair value of plan assets at the end of year	125.02	114.70

Note No : 25 (Contd.)

(Figures in ₹.Lakhs)

Particulars	As on 31.03.2013	As on 31.03.2012
iii. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	114.70	105.71
Actual return on plan assets	10.32	8.99
Contributions	Nil	Ni
Benefits Paid	Nil	Nil
Actuarial gain / (Loss) on Plan assets	0.69	0.51
Fair value of plan assets at the end of year	125.02	114.70
Funded status	(86.79)	(61.52)
Excess of Actual over estimated return on plan assets	Nil	Nil
(Actual rate of return = Estimated rate of return as ARD falls on 31st March)		
iv. Assumptions		
Discount rate	8%	8%
Excepted rate of return on assets	8%	8%
Salary Escalation	8%F5Y&5%TA	5%F5Y&5%TA
i. In the opinion of the Board, the current assets and loans & advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.		
j. The company has opted for Drawback scheme on payment of excise duty for exports by availing cenvat credit on inputs for exports under Notification no :29/2004 (CE) dated 09.07.2004. The company has opted for zero rate of duty by not taking cenvat credit on inputs under central excise vide Notification no: 30/2004 (CE) dated 09.07.2004 for domestic sales other than milenge yarn. The product of Milenge yarn cleared on payment of excise duty by avail cenvat credit on inputs during the period from 01.04.2012 to 28.02.2013 and opted for zero rate of duty by not taking cenvat credit from 01.03.2013 due to zero rate of duty made on fabric in the Budget presented on 28.02.2013.		

 As Per Our Report of even date
 for **BRAHMAYYA & CO.,**
 Chartered Accountants
 Firm Regn. No. 000513S

for and on behalf of the Board

K.S. RAO
 Partner
 Membership No. 15850

VITHALDAS AGARWAL
 Managing Director

K NAGESWARA RAO
 General Manager (Finance)

 Place : Secunderabad
 Date : 22nd May, 2013

MAHENDER KUMAR AGARWAL
 Joint Managing Director

ATTENDANCE SLIP

30th Annual General Meeting
SURYALATA SPINNING MILLS LIMITED

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

Date 10th August, 2013 **Venue** Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet Hyderabad - 500 016 **Time** 10:30 A.M.

Name of the Shareholder	Folio No. / DPID and Client ID No.	No. of Shares

I certify that I am a registered shareholder of the Company, hold above-mentioned shares in the Company, and hereby record my present at the 30th Annual General Meeting of the Company.

Member's/Proxy signature

Note: Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.

----- TEAR HERE -----

PROXY FORM

30th Annual General Meeting
SURYALATA SPINNING MILLS LIMITED

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

Regd. Folio No : No. of Shares :
DPID No : Client ID No :

I/We _____ of _____ being Member/Members of Suryalata Spinning Mills Limited hereby appoint _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 30th Annual General Meeting of the Company to be held on **Saturday, 10th August, 2013 at 10:30 a.m. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016** and at any adjournment thereof.

As witness my/our hand (s) this _____ day of _____ of 2013

Signed by the said _____

Affix a Revenue Stamp and Sign across

Note: 1) The Proxy need not be a member of the Company.
2) The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

S Om Unit - II Civil Structures



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SURYALATA SPINNING MILLS LIMITED

Regd. Office: Surya Towers, 1st Floor, 105

S.P. Road, Secunderabad - 500 003

Phone No : 040-27774200, 27819909

www.suryalata.com