

# Annual Report 2008-09



Towards a brighter tomorrow

 **Suryavanshi**  
spinning mills ltd.

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## BOARD OF DIRECTORS

<b>Sri B.N.Agarwal</b>	Chairman and Managing Director
<b>Sri R.Surender Reddy</b>	
<b>Sri B.N.Rathi</b>	
<b>Dr. Akkineni Nageswara Rao</b>	
<b>Sri A.U. Katra</b>	Nominee of IDBI upto 8/09/2008
<b>Sri G.Ganesh</b>	Nominee of IDBI w.e.f. 8/09/2008
<b>Sri Rajender Kumar Agarwal</b>	Joint Managing Director
<b>Sri J.K.Agarwal</b>	Executive Director
<b>Sri D.K.Agarwal</b>	Whole-time Director

### **Vice President (Corporate Affairs) & Company Secretary**

Sri B.R.S.Reddy

### **General Manager (Finance & Accounts)**

Sri K.N.Nevatia

### **Auditors**

M/s. Brahmayya & Co.  
Hyderabad

### **Bankers**

Andhra Bank  
State Bank of Hyderabad  
ICICI Bank Ltd  
State Bank of India  
IDBI Bank Limited  
The Bank of Rajasthan Limited

### **Registered Office**

6th Floor, Surya Towers, 105, S.P. Road,  
Secunderabad - 500 003. Telephone: (040) 30512700  
Website: www.suryavanshi.com

### **Registrar and Transfer Agents**

M/s.Sathguru Management Consultants Pvt. Ltd.,  
Plot No.15, Hindi Nagar, Behind Saibaba Temple,  
Punjabgutta, Hyderabad - 500 034.  
Ph. Nos. (040) 23356507, 23356975  
Fax Nos.(040) 40040554

### **SALES DEPOT**

SSM Compound, No. 86, Mangalam Road,  
Tirpur, Tamil Nadu - 641 604.

### **FACTORIES**

- Unit - I** Bhongir, Nalgonda Dist  
Andhra Pradesh - 508 116
- Unit - II** Aliabad, Medchal Taluq  
Ranga Reddy Dist. Andhra Pradesh - 500 078
- Unit - III** Rajna, Pandhurna (Tq.)  
Chindwara Dist. Madhya Pradesh - 480 340

## NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Members of **Suryavanshi Spinning Mills Limited** will be held on Wednesday, the 30th September 2009, at 10 A.M. at Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel, Secunderabad-500 003 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March, 2009 and Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of **Dr. Akkineni Nageswara Rao** who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of **Sri D. K. Agarwal** who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors, M/s Brahmayya & Co., to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** subject to the provisions of sections 198, 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII thereof as amended upto date, the consent of the Company be and is hereby accorded to reappoint Shri B.N.Agarwal, Chairman & Managing Director for a further period of 5 years w.e.f . 1st February, 2009 i.e. upto 31st January, 2014 as under:

- I. SALARY: Rs.90,000/- per month
- II. Commission at the rate of 1% (one percent) of Net Profits of the Company or 50% of the salary whichever is less.
- III. PERQUISITES

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

### CATEGORY - A

- i) Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water etc. or HRA to the extent of 40% of the salary.

- ii) Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year.
- iii) Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- iv) Fees of clubs: Subject to a maximum of two clubs provided that no life membership or admission fee is paid.
- v) Personal Accident Insurance: Premium not to exceed Rs.4000/- (Rupees Four thousand) per annum.
- vi) Payment of gratuity subject to an amount equal to half a month's salary for each completed year of service.

### CATEGORY - B

- i) The Company shall provide a Car with driver and a telephone at the residence.  
Car for use on Company's business and telephone and other communication facilities at residence will not be considered as prerequisites.  
"RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any year Sri B.N.Agarwal be paid the above remuneration as a minimum remuneration subject to provisions of Part II of Schedule XIII of the Companies Act, 1956."

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

**"RESOLVED THAT** pursuant to Section 81(1A) and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and in accordance with the Provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, consents, permissions and / or sanctions as may be required from Financial Institutions / Banks, Central Government, Reserve Bank of India (RBI), Securities and Exchanges Board of India (SEBI), and any other appropriate authorities, institutions or Bodies (hereinafter collectively referred to as 'the appropriate authorities'), and subject to such conditions as may be prescribed by any of them while granting such approvals, consents, permissions, and / or sanctions (hereinafter referred to as the requisite approvals.), and which may be agreed to by the Board of Directors of the Company

(hereinafter called 'the Board') which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), and in pursuance of SEBI (Disclosure and Investor Protection) Guidelines - 2000, as amended / modified from time to time (hereinafter referred to as SEBI Guidelines) on issue of Equity shares on preferential basis, consent and approval of the Company be and is hereby accorded to the Board, to create, offer, issue and allot and deliver on preferential allotment basis upto 20,00,000 equity shares of the Company of the face value of Rs.10/- each, fully paid up, to Western Developers Limited at a price not exceeding Rs.15/- per share (including premium), being a price which is higher than the minimum price specified as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI DIP Guidelines"), and that the shares so issued shall rank pari-passu in all respects with the existing equity shares of the company".

**RESOLVED FURTHER THAT** the Certificate issued by the Statutory Auditors of the Company in accordance with the SEBI Guidelines and laid before the meeting be and is hereby noted.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board or any Committee duly constituted in this behalf, be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

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

"RESOLVED THAT pursuant to the provisions of section 314(1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to Mr.Rishikesh Agarwal a relative of Sri B.N.Agarwal, Chairman & Managing Director, Sri R.K.Agarwal, Joint Managing Director, Sri J.K.Agarwal, Executive Director and Sri D.K.Agarwal, Whole-time Director of the Company, to hold an office or place of profit as Vice President (Marketing) of the Company for a period of five years commencing from 1-10-2009 on the following terms & conditions:

- I. SALARY: Rs.40,000/- per month
- II. PERQUISITES

In addition to the salary as stated above Mr.Rishikesh Agarwal shall be entitled to the following perquisites.

- i) Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water etc. or HRA to the extent of 40% of the salary.
- ii) Contribution to Provident Fund, Super annuation Fund or Annuity Fund as per the Rules of the Company, if any.
- iii) Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year.
- iv) Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- v) Fees of clubs: Subject to a maximum of two clubs provided that no life membership or admission fee is paid.
- vi) Personal Accident Insurance: Premium not to exceed Rs.4000/- (Rupees Four thousand) per annum.
- vii) Payment of gratuity subject to an amount equal to half a month's salary for each completed year of service.

**RESOLVED FURTHER THAT** the Company shall provide a Car with Driver and Telephone and Cell for discharging the duties, which shall not be considered as perquisites for the above said purposes".

**"RESOLVED FURTHER THAT** Mr.Rishikesh Agarwal shall also be entitled for the reimbursement of actual traveling, boarding and loading expenses and other amenities as may be incurred by him, from time to time, in connection with the Company's business and any other allowances, benefits and perquisites as applicable to such grade or grades as the Board may deem fit and proper.

BY ORDER OF THE BOARD  
For **SURYAVANSHI SPINNING MILLS LTD**

**B.R.S.REDDY**  
VICE PRESIDENT (CORPORATE AFFAIRS)  
& COMPANY SECRETARY

Place : Secunderabad  
Date : 31st August, 2009

## NOTES:

**1. A MEMBER ENTITLED TO ATTEND THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**

3. The register of members and share transfer books will be closed from Tuesday, 22nd September, 2009 to Wednesday, 30th September, 2009 (both days inclusive) for the purpose of Annual General Meeting.

4. The shareholders desiring any further information as regards the accounts are requested to write to the Company so as to reach it at least one week prior to the date of the meeting for consideration of the management to deal at the meeting.

5. Unclaimed dividends of the following years will be transferred to the Investor Education & Protection Fund set up by the Central Government on the dates mentioned against them. Members who have not encashed their dividend warrants pertaining to the above years may have their warrants revalidated by sending them to the Registered Office of the Company.

For the Financial	Date of declaration	Due date for transfer
2005-2006	30.09.2006	06.11.2013
2006-2007	09.08.2007	15.09.2014

6. The Companies Act, 1956 provides for the facility of nomination to the holders of Shares/Debentures/Fixed Deposits in a Company. Accordingly members can avail the facility of nomination in respect of their shares held either singly or jointly. Members desiring to avail this facility are requested to fill up the prescribed nomination form and send the same to the Registered Office of the Company.

7. The shares of the Company continue to be listed on the Stock Exchanges at Mumbai and the Company has paid upto date all the listing fees to the Stock Exchange.

8. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holding in electronic form, and to M/s. Sathguru Management Consultants (P) Ltd, Unit: Suryavanshi Spinning Mills Limited, Plot No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034, India in respect of their holding in physical form, if any.

9. The Members are requested to bring their copy of the annual report with them at the time of attending Annual General Meeting.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

ITEM NOS.2 &3

#### **REAPPOINTMENT OF RETIRING DIRECTORS**

As required by Clause 49 of the Listing Agreement on Corporate Governance particulars of the Directors being reappointed are provided hereunder.

#### **ITEM NO.2**

#### **DR. AKKINENI NAGESWARA RAO**

Dr.Akkineni Nageswara Rao, is a Cine Artist by profession and has been on the Board since 18th January, 1992. Dr.Akkineni Nageswara Rao is one of the most well known Cine Artistes in the State having acted in more than 250 films and has been recipient of several prestigious National Awards including Dada Saheb Phalke Award. A well known Philanthropist, he is associated with several cultural and educational institutions in the State. He does not hold any shares in the Company. The Directorships of other public limited companies as on date are as follows:

1. Suryalakshmi Cotton Mills Ltd - Director
2. Suryajyoti Spinning Mills Limited - Director
3. Prasad Media Corporation Ltd - Additional Director

#### **ITEM NO. 3**

#### **SRI D.K.AGARWAL**

Sri D.K.Agarwal, promoter Executive Director, graduated in Commerce and he was first appointed on the Board on 6th September, 1994. He has wide experience in

Marketing Operations and he is associated with the Company for the last 15 years. Sri D.K.Agarwal holds 2,82,638 equity shares in the Company as of March 31st, 2009. Sri D.K. Agarwal is also Director of Suryavanshi Industries Limited.

Though Sri D.K.Agarwal was appointed as Whole-time Director for a period of five years w.e.f. 1.10.2007 by the members at the Annual General Meeting held on 26.09.2008, to comply with the statutory requirement of retirement of Directors by rotation, pursuant to Sections 255 and 256 of the Companies Act, 1956, the appointment of Sri D.K.Agarwal is subject to retirement by rotation. Accordingly, Sri D.K.Agarwal is retiring by rotation on his reappointment, by the Members at the ensuing Annual General Meeting, the other terms and conditions of appointment of Sri D.K.Agarwal as Whole-time Director shall remain unaltered.

#### **ITEM NO.5**

Sri B.N.Agarwal was appointed as the Chairman and Managing Director for a period of 5 years with effect from 01/02/2004. In the 26th Annual General Meeting held on 26/02/2005, his remuneration was revised from Rs.70,000/- p.m. to Rs.90,000/- p.m., the perquisites remaining same. His term expired on 31/01/2009.

In its meeting held on 30/01/2009, the Board has reappointed him as Chairman and Managing Director for a further period of five years with effect from 01/02/2009 with the existing remuneration mentioned in the resolution plus perquisites subject the approval of Financial Institutions and of members in the General Meeting.

In the best interest of the Company, the Board recommends the resolution for your approval.

Sri B.N.Agarwal himself, Sri Rajender Kumar Agarwal, Sri J.K.Agarwal, Sri D.K.Agarwal, being his relatives are interested in this resolution. None of the other Directors is interested / concerned in this resolution.

#### **ITEM NO.6**

Your company is proposing to offer and issue up to 20,00,000 equity shares to non-promoters.

As per the regulation 13.1A of SEBI (Disclosure and Investor Protection) Guidelines the required details are furnished below:

##### **1. Objects of the issue**

To augment the long term resources of the company for financing cash losses and support the repayment obligations of institutions and banks including long term working capital requirements, your Board proposes to issue equity shares to Non-Promoters, at a price not less than the average price calculated as per the SEBI Guidelines.

##### **2. Pricing**

The issue of equity shares on preferential basis shall be at a price not exceeding Rs.15/- (Rupees Fifteen only) to Non-Promoters, subject to the SEBI Guidelines (as may be applicable) in this behalf. The price is in compliance with SEBI Pricing Norms.

##### **3. Payment Terms**

Entire amount on the equity shares issued on preferential basis shall be paid together with applications by non-promoter(s).

##### **4. Intention of Promoters / Directors / key Management Persons to subscribe to the offer**

The shares are being issued to Non-Promoters only. Promoters / Directors / and key Management Persons do not intend to subscribe to the offer.

##### **5. Relevant Date**

"Relevant Date" for this purpose is the date 30 days prior to the date of meeting of the members of the company i.e. 31st August, 2009.

**6. Shareholding Pattern of the Company before and after the issue**

Category	No. of shares	% of holding	No. of shares	% of holding
Promoters Group	7054063	62.31	7054063	52.95
NRIs/OCBs	22368	0.20	22368	0.17
Central / State Governments	200	0.00	200	0.00
Financial Institutions/Banks	1011897	8.94	1011897	7.60
Private Bodies Corporate	653525	5.77	2653525	19.92
Mutual Funds / UTI	700	0.01	700	0.01
General Public	2578170	22.77	2578170	19.35
<b>Total</b>	<b>11320923</b>	<b>100.00</b>	<b>13320923</b>	<b>100.00</b>

After the allotment of Equity Shares under preferential issue, the promoters holding will be decreased from 62.31% to 52.95%.

**7. Proposed time within which the allotment shall be completed.**

Allotment shall be completed within a period of fifteen days from the date of receipt of all the necessary regulatory approvals as per the SEBI Guidelines.

**8. Identity of the proposed allottees and the percentage of the post preferential issue capital may be held by them.**

Name of the party	Category	Pre-issue	% to Holding	Post issue Equity	% to Holding
Western Developers Limited	Non -Promoter	--	--	2000000	15.01

**9. The proposed allottees will not be deemed to be and / or considered as "Persons acting in concert" as defined by Regulation 2(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. There are no other persons who would be deemed to be or considered as "persons acting in concert" with the acquirers in connection with the acquisition of the Company's shares pursuant to the above resolution.**

**10. Lock in**

The equity shares to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI guidelines.

**11. Change in Management**

The issue of equity shares as aforesaid will not result in any change in the management or control of the company.

The company is taking necessary steps to obtain the requisite approvals from regulatory agencies, as may be applicable, for the proposed investment.

As per the Listing Agreement entered into by the Company with Stock Exchanges where the Company's Equity Shares are listed and pursuant to the provisions of Section 81 (1A) of the Companies Act, 1956, provided inter-alia that whenever the Company proposes the allotment of further shares, such shares shall be first offered to the existing shareholders of the company for subscription in proportion to their shareholding, unless shareholder decide otherwise in a general meeting by a Special Resolution. As it is proposed to issue the shares to other than the existing shareholders, the above resolutions are required to be passed. Hence, these resolutions are placed before you for approval by way of special resolution.

None of the directors is concerned or interested in the said resolutions.



**ITEM NO.7**

Sri Rishikesh Agarwal, Graduate in BS., Business Administration (Marketing) in the University of Charleston in United States of America and also completed Master of Business Administration in Cardiff University in United Kingdom. The Board at their meeting held on 31.8.09 appointed, subject to the approval of Members and the Central Government, Mr.Rishikesh Agarwal as Vice President (Marketing) for a period of five years commencing from 01.10.2009 at a remuneration mentioned in the Item No.7 of the Notice.

Since Sri Rishikesh Agarwal being the relative of Sarva Sri B.N.Agarwal, Chairman & Managing Director, Sri R.K.Agarwal, Joint Managing Director, Sri J.K.Agarwal, Executive Director and Sri D.K.Agarwal, Whole time Director and his remuneration is exceeding the limits prescribed under Section-314 (1B) of the Company's Act, 1956 prior approval of the Members by way of special Resolution and approval of the Central Government's are required.

Sri Rishikesh Agarwal is looking after the entire marketing operations of the company. The Board is of the opinion that the availing of the services of Mr.Rishikesh Agarwal will be in the best interest of the company and his experience and academic qualification will be immensely useful for the development of Marketing operations of the company.

The Board recommends the resolution for the approval of Members by way of special resolution.

Except Sarva Sri B.N.Agarwal, Chairman & Managing Director, Sri R.K.Agarwal, Joint Managing Director, Sri J.K.Agarwal, Executive Director and Sri D.K.Agarwal, Whole time Director being the relatives of the proposed appointee, none of the other directors of the company is concerned or interested in the above said resolution.

**Inspection of Documents:**

**The documents pertaining to Special Business are available for inspection at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on any working day prior to the meeting.**

BY ORDER OF THE BOARD  
For **SURYAVANSHI SPINNING MILLS LTD**

**B.R.S.REDDY**  
VICE PRESIDENT (CORPORATE AFFAIRS)  
& COMPANY SECRETARY

Place : Secunderabad  
Date : 31st August, 2009

## DIRECTORS' REPORT

To  
The Members

Your Directors are pleased to present their 30th Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2009.

	(Rs. in Lakhs)	
	2008-09	2007-08
<b>Financial Results</b>		
Net Turnover including other income	<b>16,194</b>	17,645
Gross profit before financial charges & Depreciation	<b>321</b>	1,212
Less: Depreciation	<b>735</b>	675
Finance charges	<b>974</b>	719
Profit /(Loss) Before Taxation	<b>(1,388)</b>	(182)
Provision for Income Tax		
– Deferred Tax	–	378
– Fringe Benefit Tax	<b>6</b>	6
Profit /(Loss) after taxation	<b>(1,394)</b>	190
Profit/(Loss) Brought Forwarded from last year	<b>533</b>	967
Amount available for appropriation	<b>(861)</b>	533
Balance carried to Balance Sheet	<b>(861)</b>	533

## OPERATIONS

The impact of the global recession on the Indian Economy and more particularly on textile industry is reflected by the results of the Company under review during the year ended 31/03/2009. The company achieved a turnover of Rs.161.94 Crores as against the turnover of Rs.176.45 Crores in the previous year. The operations have resulted in a loss of Rs.13.88 Crores during the year as against the loss of Rs.1.82 Crores in the previous year.

The Turnover and profitability of the company have been affected due to high cotton prices, adverse market conditions and also due to severe power cuts imposed by the Government.

Cotton rates have gone-up substantially due to Government decision to hike minimum support price during the year 2008-09 by nearly 40 per cent, there is no corresponding increase in the selling prices of the finished products.

On account of current recession and liquidity problems in US and Europe, the textile exports (especially cotton yarn and garments) from India have suffered drastically due to reduction in consumption expenditure resulting in lack of demand. The liquidity crisis in US and Europe has also affected the working capital of the domestic exporters on account of delayed payments resulting elongated working capital cycle.

In addition to these problems, the delay in reimbursing subsidies/concessions by the Govt. of India caused undue hardship to the mills. All these have forced the industry to temporarily put on hold its upgradation and expansion plans supported by the Technology Upgradation Fund Scheme.

## YARN

The production of Yarn in Bhongir and Aliabad units in Andhra Pradesh and Rajna in Madhya Pradesh was 119.21 lakhs Kgs as against the production of 137 lakhs kgs during the previous year. The realization in Yarn has been adversely affected. The Yarn Division has suffered more on account of decline in exports both in volume and realisation.

## READYMADE GARMENTS

The Production of Readymade Garments has substantially improved. During the year 2008-09 the Company produced 10.72 lakh pieces of Readymade Garments as against 6.17 lakh pieces in the previous year, registering a growth of about 74%.

Due to financial meltdown in the US, the loss of buyer confidence effecting purchases and the reluctance of both major and minor US banks to extend further credit until the advances given by them in the past were redeemed, export orders for garments from US buyers have all but dried up. Renegotiation of contracts in several cases has led to a sharp decline in margins. Asian competitors of India, whose economies were largely dependent on their exports to the US, had the benefit of large assistance from their respective Governments to help maintaining the tempo of exports.

## **DIVIDEND**

In view of the losses incurred by the Company, the Directors regret their inability to recommend Dividend.

## **CAPITAL EXPENDITURE**

Continuous Modernization is essential in the Spinning Industry to meet the stringent quality parameters and your company during the year under review, incurred capital expenditure of Rs.695.53 lakhs for up-gradation of machinery and balancing equipments at its units as against Capital Expenditure of Rs.1672 lakhs in the previous year.

## **EXPORTS**

The exports during the year at Rs.22.58 Crores excluding merchant exports of Rs.5.12 Crores as against the export turnover of Rs.32.46 Crores during the previous year. From the beginning of 2008, the Industry's competitiveness had been very badly affected by strengthening of the rupee, which continued till May, 2009. Subsequently, the rupee weakened, but that did not offer any relief to the industry, which was negated by the global recession. The reduced exports also resulted in lower realization of the export incentives.

## **FUTURE OUTLOOK**

The industry does not see any immediate way out until the global economy recovers from the recession. In this situation, the industry is looking for fiscal reliefs by way of duty drawbacks, refund of service tax paid, cheaper credit, moratorium in loan repayments, etc.

The Government should infuse the money supply and ease credit to industries to stimulate the demand. Though the Reserve Bank of India on its part adjusted the Repo and reverse the Repo rates downwards, these measures did not ease the credit availability to the industry, which is finding difficulty to manage funds for working capital.

The RBI appeal to commercial banks to lower their lending rates has not evoked much response. With increasing production cost on the one hand and continued depression in demand both in domestic and global markets, the textile industry is looking forward an exclusive special package in the form of both fiscal and non-fiscal measures covering all the industry segments.

## **DIRECTORS**

Pursuant to provisions of Section 255 and 256 of the Companies Act, 1956, Dr. Akkineni Nageswara Rao and Sri D.K.Agarwal will retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

IDBI Bank Ltd., has withdrawn the nomination of Sri A.U.Katra as its Nominee Director and appointed Sri G.Ganesh in his place on the Board of Directors of the Company with effect from w.e.f.8th September, 2008. The Board places on record its appreciation for the valuable services and guidance rendered by Sri A.U.Katra during tenure of his office as Director of the Company.

The terms of appointment of Sri B.N.Agarwal, Chairman and Managing Director expired on 31st January, 2009. The necessary resolutions seeking approval of the members for the appointment and the remuneration payable to Sri B.N.Agarwal has been included in the notice for the ensuing Annual General Meeting.

Brief resume of the Directors retiring by rotation, nature of their expertise in specific functional areas and names of public companies in which they hold directorships as stipulated under clause 49 of the listing agreement with the Stock Exchange are given on Corporate Governance elsewhere in the Annual Report.

## **CORPORATE GOVERNANCE**

Pursuance to Clause 49 of the Listing Agreement with the Stock Exchange, a detailed report on the Management Discussion and Analysis, Corporate Governance Report and Additional information to the Shareholders are made part of this Annual Report.

## **RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors of the Company confirms :

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure ;
2. that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the loss of the Company for the year ended on that date.
3. that proper and sufficient care has been taken 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;
4. that the annual accounts have been prepared on a going concern basis.

## **AUDITORS**

The Statutory Auditors of the Company, M/s. Brahmayya & Co, Chartered Accountants, Hyderabad will retire at the conclusion of ensuing Annual General Meeting and are eligible for reappointment.

## **AUDITORS' QUALIFICATION**

The qualification made by the Auditors in their report on the accounts of the company for the year ended 31st March, 2009 have been dealt with in the Notes on Accounts, which are self-explanatory.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure - I.

## **DEPOSITS**

The company has not invited/accepted deposits from the public.

## **EMPLOYEES**

No Employee was in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the

Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and hence the prescribed information is not required to be given.

## **ACKNOWLEDGEMENTS**

The Board of Directors are pleased to place on record their appreciation of the cooperation and support extended by All India Financial Institutions, Banks and various State and Central Government Agencies.

The Board would also like to thank the Company's shareholders, customers, suppliers for the support and the confidence which they have reposed in the management. The Board place on record its appreciation of the contribution made by employees at all levels for their hard work, solidarity, cooperation and support

For and on behalf of the Board of Directors

**(B.N.Agarwal)**

Chairman & Managing Director

Place : Secunderabad

Date : 15th June, 2009

## ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

Details as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 read with clause (e) of Subsection (1) of Section 217 of the Companies Act, 1956.

### A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken:

The Company is in the process of appointing a firm of consultants to suggest the measures to be implemented for conservation of energy.

- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy- Nil  
(c) Impact of the measures referred above for reduction of energy consumption and consequent impact on the cost of production of goods.

The above measures have reduced the cost of production.

- (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

	2008-2009	2007-2008
1. Power & Fuel consumption		
a) Purchased		
Units	5,07,31,428	5,31,14,531
Total amount (Rs. lakhs)		
Rate / Unit (Rs.)	1,739.14	1,838.10
b) Own Generation	3.43	3.46
i) Through Generator (LDO/HSD/FO)		
Unit Nos.	52,851	2,47,776
Unit per liter of Diesel Oil	3.45	3.85
Cost Per Unit (Rs.)	10.69	12.76
ii) Through Steam generation	N.A.	N.A.
Turbine / Generator	N.A.	N.A.
2. COAL (Specify the quality and where used)	N.A.	N.A.
Grade C	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. OTHERS / INTERNAL GENERATORS (Please give details)	N.A.	N.A.

#### Consumption Per Unit of Production

Consumption per Kg of Production	Standards (if any)	2008-09	2007-08
Electricity (no of units)	--	4.25	3.87
Furnace Oil	Nil	8.47	Nil
Coal (Specify Quality)	Nil	Nil	Nil
Others (Specify)	Nil	Nil	Nil

## B. TECHNOLOGY ABSORPTION

Efforts made in Technology absorption as per Form B.

### FORM-B

Form of disclosure of particulars with respect to technology absorption

#### A. Research and Development R & D

- |  |  |
|--|--|
| 1. Specific areas in which R&D carried by the Company          | The Company is having R & D in introduction and development of value added products            |
| 2. Benefits derived as a result of the above R&D               | New value added products were developed  |
| 3. Future plan of action                                       | To further develop more value added products and improve the quality of the products           |
| 4. Expenditure on R&D  | Expenditure on in-house Research and Development was not incurred during the year under review |
| (i) Capital  |  |
| (ii) Recurring   | NA   |
| (iii) Total  |  |
| (iv) Total R & D expenditure as a percentage of total turnover |  |

#### B. Technology absorption, adaptation and innovation

- |  |  |
|--|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation  | The Company had adapted indigenous technology and innovated upon the same.       |
| 2. Benefits derived as a result the above efforts, e.g., improvement, cost, reduction, product development, import substitution, etc.                          | Product improvement, increase in yield, production of high value added products. |
| 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 last five years.                          |
| (a) Technology imported  | Nil  |
| (b) Year of import   | Not applicable   |
| (c) Has technology been fully absorbed   | Not applicable   |
| (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action   | Not applicable   |

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- |   |   |
|---|---|
| (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for production and service and export plans. | Exports of the Company amounts to Rs.2172.48 lakhs to various countries like U.S.A, Iran, Hongkong, Belgium, Italy, Turkey, Morocco, Brazil, Chile, Taiwan and Argentina etc., have been made. The Company is exploring new markets for export of its products. |
|---|---|

**(b) Total foreign exchange used and earned**

(Rs.in Lakhs)

	<b>31st March, 2009</b>	<b>31st March, 2008</b>
i) Foreign Exchange Earned		
- FOB Value of Exports	<b>2172</b>	3157
- CIF Value of Exports	<b>2207</b>	3246
ii) Foreign Exchange used		
a. Commission on export Sales	<b>87</b>	49
b. Foreign Travel expenses	<b>11</b>	3
c. Raw Material	<b>69</b>	516
d. Plant & Machinery	<b>405</b>	680
e. Stores & Spares	<b>61</b>	37
f. Repayment of loans	<b>--</b>	315

For and on behalf of the Board of Directors

**(B.N.Agarwal)**  
Chairman & Managing Director

Place : Secunderabad  
Date : 15th June, 2009

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**MANAGEMENT DISCUSSION AND ANALYSIS FORMING PART OF THE ANNUAL REPORT DISCUSSES BELOW THE FOLLOWING MATTERS WITH REFERENCE TO THE COMPANY'S CORE BUSINESS VIZ., YARN AND READYMADE GARMENTS.**

### **INDUSTRY STRUCTURE, DEVELOPMENTS AND PRODUCT WISE PERFORMANCE**

The Company has two Units at Bhongir and Aliabad in Andhra Pradesh and one Unit at Rajna in Madhya Pradesh. The Company manufactures Cotton Yarns, Blended Yarns, Polyester Viscose Yarns and Readymade Garments.

Textile Industry plays a pivotal role in the economic life of the country. It contributes about 14% to industrial production 4% to the GDP and 15% to the country's foreign exchange earnings, and is the largest employer, next only to agriculture providing direct employment to about 38 million people. The textile industry is extremely complex and diversified ranging from small scale sector to highly sophisticated mills. The yarn industry comprises 3044 mills (including SSI) with installed spindleage of about 40 million. Three Fourths of the production in the spinning industry is from the private sector and the balance from the Cooperative / Public Sector units.

The industry has apart from global recession and Foreign Exchange Fluctuations also been affected by irregular power supplies, power holidays, resulting in loss of yield and higher cost of production. The textile industry has already been affected by the huge loss of employment. The cotton prices have also been higher on account of increase in minimum support price of cotton by the Government of India by more than 40%. The Indian textile industry has also suffered from severe competition from low cost producing countries like China, Pakistan, Sri Lanka and Vietnam. Though the rupee weakened against the dollar from May, 2008, the global recession worsened the situation for the Industry.

The textile industry is looking forward an exclusive special package in the form of both fiscal and non-fiscal measures covering all the industry segments viz., fiscal reliefs by way of duty draw backs, cheaper credit, moratorium on loan repayments, increase tax refunds on exports, scrapping of import duty on man made fibres, etc.

### **YARN**

The production in the Spinning units during the year 2008-09 was 119.21 Lakh kgs as against 137 lakh kgs. We sold 118.76 lakh kgs. of yarn during 2008-09 as against 131.32 Lakh kgs during the previous year.

The Company's yarn exports have fallen by more than 62.94 % on account of the global recession. There has been a fall in the realization also for the reasons mentioned elsewhere.

### **READYMADE GARMENTS**

Readymade Garments are the prime growth factor for enlarging India's Textile exports. The garment exports were adversely affected by the appreciated of rupee vis-a-vis US Dollar. However, the company has succeeded in adding some reputed Buyers from U.S.A. to its customer clientele.

The Production of Readymade Garments during the year 2008-09 was 10.72 lakh pieces as against 6.17 lakh pieces in the previous year.

### **Opportunities and threats, risks and concerns**

The industry has to realise that if exports have to be sustained, India needs to view current recession as one that creates very discriminating markets for textiles. The Indian exporters have to rethink their strategy in these times. There is no substitute for innovation in such trying times. The exporters also need to cope up with the challenge of switching product lines. The Government has a responsibility for creating proper environment for business closures and start-ups. It is noteworthy that China enjoys 4% to 6% interest differential over India making its exports cheaper. Similarly, Countries such as Vietnam and Cambodia are surging with their exports, even with the main markets like US and Europe are reeling under recession. Naturally industry is expecting increased duty drawbacks rates and income tax holiday.

The Indian textile industry is currently passing through a turbulent phase. With the global downturn ravaging economies, the textile sector is one of the worst hit. The effect of demand contraction and credit squeeze also resulted in loss of employment for the textile workers.

The garment industry is facing a 25-35 % decline in growth this year.



In this situation, a Company plans to survive only by focusing on direct business with large international buyers, which can provide regular and large volume business at good rates.

The drop in the levels of discretionary spending alongwith the credit squeeze spreading to the trade also effected the exports.

On the other hand, during the Financial Year 2008-09, the volatility witnessed in the forex markets, credit squeeze, high costs of borrowings, drop in discretionary spending especially in export markets, delay in the disbursements of Technology Upgradation Fund (TUF) loan subsidies are some of the challenges facing the textile industry at large.

However, there is a slight thaw in the negative trend and it is expected that the economy may improve from the second half of the Financial Year 2009-10, when the pent up demand of the Indian consumers would come to the fore and provide further traction to facilitate investment demand.

#### **Internal Control Systems and their adequacy**

The Company has an adequate internal control system commensurate with the size and complexity of the organization. The Company has undertaken a comprehensive review of all internal control systems to take care of the needs of the expanding size of the Company and also upgraded the Information Technology support systems and implemented Enterprise Resource Planning Solutions, which helps to have a better internal Audit system in implermentation of management decisions and accounting controls in place. The Audit Committee periodically reviews the adequacy of the internal audit functions.

We have been continuously upgrading our production technologies for improving efficiency. Similarly we felt the need for upgrading technology for improving flow of Management information.

#### **Material Developments in Human Resources, Industrial Relations Front, including number of people employed.**

There are no material developments in the Human Resources area. The Industrial relations have been generally satisfactory. The Company constantly reviews the manpower requirements and has a properly equipped Department to take care of the requirements. The total number of people employed by the Company is 1007.

#### **Discussion on financial performance**

The Company achieved a Turnover of Rs.161.94 Crores and incurred Loss of Rs.13.88 Crores for the Year ended 31st March, 2009 as against turnover of Rs.176.45 crores and loss of Rs.1.82 crores respectively in the previous year.

#### **NOTE:**

Readers are advised to kindly note that the above discussion contains statements about risks, concerns, opportunities, etc., which are valid only at the time of making the statements. A variety of factors known, unknown, expected or otherwise may influence the financial results. These statements are not expected to be updated or revised to take care of any changes in the underlying presumptions.

Readers may therefore appreciate the context in which these statements are made before making use of the same.

## CORPORATE GOVERNANCE REPORT

### I. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE.

Suryavanshi's Corporate culture has meant working always proactively to meet the expectations of its customers, shareholders, employees, business associates, the society at large and in complying with the dictates of the regulatory frame work both in letter and spirit. The Company believes Corporate Governance is an effective instrument for realisation of this corporate aim and accordingly endeavours to function with integrity in a transparent environment.

### 2. BOARD OF DIRECTORS :

- a) Composition and category of directors as on 31.03.2009 / Number of other Board of Directors or Committees of which Member / Chairman.

Name of the Directors	Category	No.of other Directorships in public limited companies	No.of other Board Committees of which	
			Member	Chairman
Sri B.N.Agarwal	Chairman & Managing Director Promoter-Executive	Nil	Nil	Nil
Sri R.K.Agarwal	Joint Managing Director Promoter-Executive	1 - Director	Nil	Nil
Sri J.K.Agarwal	Executive Director Promoter-Executive	1 - Director	1	Nil
Sri D.K.Agarwal	Director Promoter-Non-Executive	1 - Director	1	Nil
Sri R.Surender Reddy	Non-Executive-Independent	2 - Chairman 8 - Director	Nil 8	Nil 2
Sri B.N.Rathi	Non-Executive-Independent	1 - Chairman 1 - Director	Nil 2	Nil Nil
Dr.Akkineni Nageswara Rao	Non-Executive-Independent	4 - Director	2	1
Sri A.U.Katra (upto 07.09.2008)	Non-Executive-IDBI Nominee	Nil	2	Nil
G. Ganesh (from 8.9.2008)	Non-Executive-IDBI Nominee	NIL	2	NIL

**b) Attendance of each Director at the Board of Directors Meeting and the last Annual General Meeting.**

Name of the Directors	Number of Board Meetings attended during the period 1st April, 2008 to 31st March, 2009	Whether present at the previous AGM
B.N.Agarwal	5	Present
R.K.Agarwal	5	Present
J.K.Agarwal	4	Present
D.K.Agarwal	4	Present
R.Surender Reddy	4	Present
B.N.Rathi	4	Present
Dr.Akkineni Nageswara Rao	5	Absent
A.U.Katra *	2	Absent
G.Ganesh*	3	Absent

\* IDBI Bank Ltd., has appointed Mr.G.Ganesh as its Nominee Director in place of Mr.A.U.Katra with effect from 8th September 2008.

**REAPPOINTMENT OF RETIRING DIRECTORS**

As required by Clause 49 of the Listing Agreement on Corporate Governance particulars of the Directors being reappointed are provided elsewhere in the Report.

Number of Board of Directors meetings held, dates on which held.

During the Financial year ended 31st March, 2009, Five Board Meetings were held on 26.06.2008, 31.07.2008, 26.09.2008, 30.10.2008 and 30.01.2009.

**3. AUDIT COMMITTEE:**

a) Brief description of terms of reference

- i) Oversight of Company's financial reporting process and disclosure of financial information.
- ii) Review of financial statements before submission to Board.
- iii) Review of adequacy of internal control systems and internal audit functions.
- iv) Review of Company's financial and risk management policies.

b) Composition, name of members and Chairperson

1. Sri R.Surender Reddy - Chairman, Non-Executive & Independent
2. Sri Dr.Akkineni Nageswara Rao - Member, Non-Executive & Independent
3. Sri J.K.Agarwal - Member, Executive & Promoter
4. Sri A.U.Katra\* - Member, Non-Executive & Independent (Nominee of IDBI)
5. Sri G.Ganesh\* - Member, Non-Executive & Independent (Nominee of IDBI)

\*Mr. G.Ganesh has been appointed as a member of Audit Committee in place of Mr.A.U.Katra with effect from 30th January 2009

c) Meetings and attendance during the year

During the financial year March 31, 2009, four Audit Committee Meetings were held on 26/06/2008, 31/07/2008, 30/10/2008, and 30/01/2009.

Name	No. of the Meetings attended
R.Surender Reddy	3
Dr.Akkineni Nageswara Rao	4
D.K.Agarwal	3
A.U.Katra* (IDBI Nominee) upto 8.9.2009	2
G.Ganesh* (IDBI Nominee) from 8.9.2009	2

**4. REMUNERATION COMMITTEE**

a) Brief description of terms of reference.

To formulate a remuneration policy and approve the remuneration or revision in the remuneration payable to the Executive Directors.

b) Composition, Name of members and Chairperson

1. Dr. Akkineni Nageswara Rao - Chairman – Non-executive – Independent
2. Sri B.N.Rathi - Member – Non-executive – Independent
3. Sri A.U.Katra - Member – IDBI Bank Ltd., Nominee – Independent
4. Sri G.Ganesh\* - Member – IDBI Bank Ltd., Nominee – Independent

\* Sri G.Ganesh has been appointed as a Member of Remuneration Committee in place of Sri A.U.Katra w.e.f. 30th January, 2009.

c) Attendance during the year

During the financial year March 31, 2009, two Remuneration Committee Meetings were held on 26/06/2008 and 31st January, 2009.

d) Remuneration policy

To periodically review the remuneration package of whole time Directors and recommend suitable revision to the Board.

e) Details of remuneration to all the Directors, as per format in main report.

(During 01.04.2008 to 31.03.2009)

Name of the Directors	Designation	Salary & Commission (Rs.)	Perquisites (Rs.)	Total Remuneration (Rs.)
B.N.Agarwal	Chairman & Managing Director	10,80,000	6,14,400	16,94,400
Rajender Kumar Agarwal	Joint Managing Director	9,60,000	5,56,480	15,16,480
J.K.Agarwal	Executive Director	8,64,000	5,07,720	13,71,720
D.K.Agarwal	Whole-time Director	8,64,000	5,02,080	13,66,080

### Sitting Fees

Name of the Directors	Designation	Amount (Rs.)
Sri R.Surender Reddy	Director	13,000
Dr. A.Nageswara Rao	Director	17,500
Sri B.N.Rathi	Director	11,000
Sri A.U.Katra	Nominee – IDBI	8,000
Sri G.Ganesh*	Nominee – IDBI	7,000

\* IDBI has appointed Sri G.Ganesh as their Nominee Director in place of Sri A.U.Katra w.e.f. 8th September, 2008.

The Company does not have any stock option plan or performance linked incentive for the Executive Directors. The appointments are made for a period of five years on the terms and conditions in the respective resolution passed by the Members in the General Meetings, which do not provide for severance fees.

### 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :

- Name of Non-Executive Director heading the Committee : Dr.A.Nageswara Rao
- Name and designation of Compliance Officer. : Sri B.R.S. Reddy, Vice President  
(Corporate Affairs) & Company Secretary.
- Number of Shareholders Complaints received so far : 40
- Number not solved to the satisfaction of shareholders : NIL
- Number of pending share transfers : NIL

### 6. GENERAL BODY MEETINGS:

- Location and time, where last three AGMs held.

Financial Year	Date	Venue	Time
2005-2006	29/09/2006	Gayatri Gardens, Near Diamond Point Hotel, Secunderabad - 500 009.	10.00 A.M.
2006-2007	09/08/2007	Gayatri Gardens, Near Diamond Point Hotel, Secunderabad - 500 009.	10.30 A.M.
2007-2008	26/09/2008	Gayatri Gardens, Near Diamond Point Hotel, Secunderabad - 500 009.	10.00 A.M.

- Whether Special resolutions were put through postal ballot last year, details of voting pattern.  
NO
- Person who conducted the postal ballot exercise.  
- NOT APPLICABLE -
- Whether any resolutions are proposed to be conducted through postal ballot.  
Provisions of Companies Act, 1956 regarding passing of resolutions through postal ballot shall be complied with whenever necessary.
- Procedure for postal ballot.  
Prescribed procedure shall be complied with whenever necessary.

## **Special Resolutions:**

Special Resolutions were passed at the Annual General Meeting held on 29th September, 2006, 9th August 2007 and 26th September, 2008.

## **7. DISCLOSURES**

- a) **Related Party Transactions:** There were no materially significant related party transactions, which had potential conflict with the interest of the Company at large. Transactions with the Related Parties are disclosed in Note No.21 of the Schedule 23 to the Accounts in the Annual Report.
- b) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or other authority on any matter related to capital markets, during the last three years:** NIL
- c) **CEO and CFO Certification:** The Managing Director and Chief Financial Officer have given a certificate to the Board as contemplated in Clause - 49 of the Listing Agreement.

**Mandatory requirements:** All complied with.

### ***Non-mandatory requirements :***

- (i) **The Board :** The Board is headed by an Executive Chairman.
- (ii) **Remuneration Committee :** Please refer to the Clause 4 above.
- (iii) **Shareholder Rights :** Half-yearly reports is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website [www.suryavanshi.com](http://www.suryavanshi.com)
- (iv) **Audit qualifications :** There are no audit qualifications in the report.
- (v) **Training of Board members :** The Company shall work out a plan for training its Board members.
- (vi) **Mechanism for evaluating non-executive Board members :** Not yet evolved.
- (vii) **Whistle Blower Policy :** Not yet established.

## **8. MEANS OF COMMUNICATION.**

- a) **Quarterly results.**  
Quarterly report is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website [www.suryavanshi.com](http://www.suryavanshi.com)
- b) **Quarterly results are normally published in which newspapers**  
The Quarterly results are usually published in Business Standard/Financial Express and Andhra Bhoomi/Vartha Hyderabad editions.
- c) **Any website, where displayed**  
[www.suryavanshi.com](http://www.suryavanshi.com)
- d) & e) **Whether it also displays official news releases and the presentations made to institutional investors or to the analysts.**

The website shall be used for this purpose, when the occasion arises.

## **9. GENERAL SHAREHOLDER INFORMATION**

- a) **AGM : Date, Time and Venue**  
Date : 30th September, 2009  
Time : 10:00 A.M.  
Venue : Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel, Secunderabad - 500 009.

- b) Financial Year  
1st April 2008 to 31st March 2009
- c) Date of Book Closure : 22nd September 2009 to 30th September, 2009 (Both days inclusive).
- d) Dividend Payment Date : Not applicable as the Board has not recommended any dividend
- e) Listing on Stock Exchanges & Stock Code

The Company's Shares are listed in the following Stock Exchanges.

Name of the Stock Exchange	Code	Address
The Bombay Stock Exchange Limited	514140	Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400001

- 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.

Month	Share Price (Rs.)		Sensex	
	High	Low	High	Low
April, 2008	25.60	18.40	17,480.74	15,297.96
May, 2008	25.40	19.60	17,735.70	16,196.02
June, 2008	23.20	16.60	16,632.72	13,405.54
July, 2008	18.45	13.00	15,130.09	12,514.02
August, 2008	16.90	14.00	15,579.78	14,002.43
September, 2008	16.50	13.00	15,107.01	12,153.55
October, 2008	14.94	8.00	13,203.86	7,697.39
November, 2008	10.70	7.30	10,945.41	8,316.39
December, 2008	9.75	6.50	10,188.54	8,467.43
January, 2009	9.29	6.98	10,469.72	8,631.60
February, 2009	9.80	6.37	9,724.87	8,619.22
March, 2009	7.80	6.67	10,127.09	8,047.17

- g) **Registrar & Transfer Agents**  
M/s.Sathguru Management Consultants Pvt.Ltd.,  
Plot No.15, Hindi Nagar, Behind Saibaba Temple,  
Punjagutta, Hyderabad - 500 034.  
Phone No(s) - 23356507, 23356975, 23350586,  
Fax No - 40040554

- h) **Share Transfer System:**

The share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

i) **Shareholding pattern as on 31.03.2009.**

Sr.No.	Category	No. of Shares held	Percentage Shareholding
1.	Promoters	70,54,063	62.30
2.	Mutual Funds	700	0.01
3.	Banks & Financial Institutions	10,11,897	8.94
4.	FII's	-	-
5.	Private Corporate Bodies	6,80,309	6.01
6.	NRI's	22,858	0.20
7.	Indian Public	25,51,096	22.53
	<b>TOTAL</b>	<b>1,13,20,923</b>	<b>100.00</b>

**Distribution of shareholding**

Nominal Value	Holders		Amount	
	Number	% to Total	In Rs.	% to Total
Upto 5000	6,499	90.48	84,94,090	7.50
5001 - 10000	329	4.58	26,59,770	2.35
10001 - 20000	177	2.46	26,51,570	2.34
20001 - 30000	56	0.78	13,84,050	1.22
30001 - 40000	15	0.21	5,27,970	0.47
40001 - 50000	28	0.39	13,02,020	1.15
50001 - 100000	27	0.38	18,73,100	1.65
100001 and above	52	0.72	9,43,16,660	83.31
<b>TOTAL</b>	<b>7,183</b>	<b>100.00</b>	<b>11,32,09,230</b>	<b>100.00</b>

i) **Dematerialisation of shares and liquidity**

The Company's shares are available for dematerialisation on both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 10028335 shares amounting to 88.58% of the Capital have been dematerialised by investors as on 31st March, 2009.

ISIN : INE431C01015

Address of Registrars for Dematerialisation of Shares.

M/s.Sathguru Management Consultants Pvt.Ltd.,

Plot No.15,Hindi Nagar,Behind Saibaba Temple,

Punjugutta,Hyderabad - 500 034.

Phone No(s) - 23356507, 23356975, 23350586,

Fax No - 40040554



- k) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

NOT APPLICABLE as the Company has not issued any of the above instruments.

**l) Plant Locations**

- \* Bhongir - 508 116, Nalgonda District, Andhra Pradesh, India.
- \* Aliabad, Shamirpet - 500 078, Medchal Taluq, R.R.District, Andhra Pradesh, India.
- \* Nagpur - Bhopal Road, Rajna-480 340, Pandurna Taluq, Chindwara District, Madhya Pradesh, India.

**m) Address for correspondence :**

- i) *for transfer / dematerialisation of share, change of address of members and other queries relating to the shares of the Company:*

M/s.Sathguru Management Consultants Pvt.Ltd.,  
Plot No.15,Hindi Nagar,Behind Saibaba Temple,  
Punjagutta,Hyderabad - 500 034.  
Phone No(s) - 23356507, 23356975, 23350586.  
Fax No - 40040554

- ii) *any queries relating to dividends of earlier years and annual reports, etc.*

The Company Secretary,  
Suryavanshi Spinning Mills Limited,  
6th Floor, Surya Towers, 105, S.P.Road, Secunderabad - 500 003.  
Phone No: 040 - 30512700  
Fax No : 040 - 30512725  
Email ID : grievances@suryavanshi.com

The above report has been approved by the Board of Directors in their meeting held on 15/06/2009.

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## **Declaration on Code of Conduct**

This is to confirm that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2009 as envisaged in clause 49 of the Listing Agreement with Stock Exchanges.

for SURYAVANSHI SPINNING MILLS LIMITED

**B.N. Agrawal**

Chairman & Managing Director

Place : Secunderabad

Date : 15th June, 2009.

## **Auditors' Certificate on compliance of Corporate Governance**

To the members of SURYAVANSHI SPINNING MILLS LIMITED, SECUNDERABAD (A.P)

We have examined the compliance of conditions of Corporate Governance by **SURYAVANSHI SPINNING MILLS LIMITED, SECUNDERABAD (A.P)** for the year ended 31st March, 2009 as stipulated in Clause 49 of the listing agreement of the said Company with Stock Exchanges.

The compliance of the 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 Corporate Governance. It is neither an audit nor an expression of an 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 mentioned listing agreement.

We state that such compliance is neither assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BRAHMAYYA & CO.,**  
Chartered Accountants

**K S RAO**  
Partner  
Membership No.15850

Place : Hyderabad  
Date : 15th June, 2009

## AUDITORS' REPORT

To the Members of

**SURYAVANSHI SPINNING MILLS LIMITED,**  
SECUNDERABAD.

1. We have audited the attached Balance Sheet of SURYAVANSHI SPINNING MILLS LIMITED, SECUNDERABAD (A.P) as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
  4. Further to our comments in the Annexure referred to above, we report that:
    - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - ii) 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.
    - iii) The Balance Sheet, Profit and loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith, subject to Note No.2 of Schedule 23, give the information required by the Companies Act, 1956, 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 31st March, 2009;
    - b) in the case of the profit and loss account, of the Loss of the Company for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **BRAHMAYYA & CO.,**  
Chartered Accountants

**K S RAO**  
Partner

Membership No.15850

Place : Hyderabad

Date : 15th June, 2009

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date.

- 1) a) The Companyt 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. The company has not taken / granted any loans, secured or unsecured to Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Hence, provisions of clause (iii), (b), (c), (d), (f) and (g) of paragraph 4 are not applicable to the Company.
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 and 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. The company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the company for the time being.
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 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, Custom 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 / Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2009.
10. The Company has accumulated losses as at the end of the financial year. The company has incurred cash losses during the financial year covered by our audit and in the 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. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
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 raised.
17. In our opinion and according to the information and explanations given to us the funds raised on short-term basis have 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 or charge in respect thereof does not arise.
20. During the year, the company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
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

**K S RAO**  
Partner

Membership No.15850

Place : Hyderabad  
Date : 15th June, 2009

## BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule Reference	As at 31.03.2009		As at 31.03.2008	
		Rs	Rs	Rs	Rs
<b>SOURCES OF FUNDS:</b>					
<b>SHARE HOLDERS' FUNDS:</b>					
Share Capital	1	11,31,86,730		11,31,86,730	
Reserves & Surplus	2	<u>26,75,12,779</u>		<u>32,08,19,544</u>	
			<b>38,06,99,509</b>		43,40,06,274
<b>LOAN FUNDS:</b>					
Secured Loans	3		<b>82,42,86,956</b>		76,85,36,928
Unsecured Loans	4		<b>5,31,80,940</b>		3,52,24,651
<b>TOTAL</b>			<b><u>1,25,81,67,405</u></b>		<b><u>1,23,77,67,853</u></b>
<b>APPLICATION OF FUNDS:</b>					
<b>FIXED ASSETS:</b>					
	5				
Gross Block		1,64,14,74,698		1,57,52,48,274	
Less: Depreciation		<u>82,29,48,048</u>		<u>75,04,44,784</u>	
Net Block		<b>81,85,26,650</b>		<b>82,48,03,490</b>	
Add:Capital Work in Progress		<u>12,32,006</u>		<u>19,26,022</u>	
			<b>81,97,58,656</b>		82,67,29,512
<b>INVESTMENTS</b>					
	6		<b>1,60,750</b>		1,60,750
<b>CURRENT ASSETS</b>					
<b>LOANS &amp; ADVANCES:</b>					
Inventories	7	23,86,29,678		28,42,02,760	
Sundry Debtors	8	12,36,14,399		17,94,28,274	
Cash & Bank Balances	9	3,19,11,740		3,98,71,796	
Loans & Advances	10	<u>12,90,03,637</u>		<u>15,71,24,237</u>	
		<b>52,31,59,454</b>		<b>66,06,27,066</b>	
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>					
<b>Net Current Assets</b>	11	<u>17,10,03,698</u>		<u>25,00,27,432</u>	
			<b>35,21,55,756</b>		41,05,99,634
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	12		<b>8,60,92,243</b>		2,77,957
<b>TOTAL</b>			<b><u>1,25,81,67,405</u></b>		<b><u>1,23,77,67,853</u></b>
<b>NOTES ON ACCOUNTS AND ACCOUNTING POLICIES</b>					
	23				

The Schedules referred to above form an integral part of balance sheet

As per our report of even date

for **BRAHMAYYA & CO.,**  
Chartered Accountants

**K S RAO**  
Partner

Place : Hyderabad  
Date : 15.06.2009

**K.N.NEVATIA**  
General Manager  
(Finance & Accounts)

**B.R.S. REDDY**  
Vice President (Corp.Affairs)  
and Company Secretary

For and on behalf of the Board

**B.N. AGARWAL**  
Chairman & Managing Director

**R.K. AGARWAL**  
Joint Managing Director

**Dr. Akkineni Nageswara Rao**  
Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule Reference	For the Year ended 31-03-2009 (Rs.)	For the Year ended 31-03-2008 (Rs.)
<b>INCOME:</b>			
Sales	13	1,60,44,68,865	1,75,74,08,154
Less: Excise Duty			4,07,395
Net sales		<u>1,60,44,68,865</u>	<u>1,75,70,00,759</u>
Other Income	14	1,49,31,349	74,82,334
<b>TOTAL</b>		<u><u>1,61,94,00,214</u></u>	<u><u>1,76,44,83,093</u></u>
<b>EXPENDITURE:</b>			
Raw Materials Consumed	15	1,03,76,67,744	1,03,78,03,600
Cost of Traded Goods Sold			12,94,31,096
Stores Consumed	16	4,81,41,783	4,24,20,259
Power and Fuel	17	17,79,19,725	18,96,60,274
Payments & Benefits to Employees	18	8,66,55,502	9,54,15,119
Other Expenses	19	18,13,94,069	19,05,55,635
Finance Charges	20	9,74,07,631	7,19,14,186
Depreciation		7,34,66,548	6,75,73,445
Decrease/(Increase) in Stocks	21	5,24,23,163	(4,33,25,153)
Miscellaneous Expenditure W/off		2,77,957	12,60,444
<b>TOTAL</b>		<u><u>1,75,53,54,122</u></u>	<u><u>1,78,27,08,905</u></u>
		<u>(13,59,53,908)</u>	<u>(1,82,25,812)</u>
Less/Add: Prior Period Adjustments	22	(28,20,215)	24,699
Loss/Profit for the year		<u>(13,87,74,123)</u>	<u>(1,82,01,113)</u>
<b>Less : Provision for Income Tax:</b>			
- Current tax		-	-
- Deferred tax		-	3,77,93,542
- Short/(Excess) provision of income tax of earlier years		24,885	-
- Fringe Benefit Tax		<u>6,00,000</u>	<u>6,00,000</u>
<b>Profit after Taxation</b>		<u>(13,93,99,008)</u>	<u>1,89,92,429</u>
Add: Profit brought forward from last year		5,33,06,765	9,67,48,908
Less: Difference between Share capital issued and Share Capital taken over from the Amalgamating Company. (Schedule 23 - Note 2)		-	5,74,49,340
Transitional liability recognised pursuant to adoption of accounting standard - 15 (Revised)			
Employee Benefits (Schedule 23 note 17)		-	49,85,232
Balance Carried to Balance Sheet		<u><u>(8,60,92,243)</u></u>	<u><u>5,33,06,765</u></u>
Earnings per Share (Face value Rs.10/- each)-(Note No.23)		(12.32)	1.68
<b>NOTES ON ACCOUNTS AND ACCOUNTING POLICIES</b>			
	23		

The schedules referred to above form an integral part of Profit and Loss Account.

As per our report of even date  
for  **BRAHMAYYA & CO.,**  
Chartered Accountants

**K S RAO**  
Partner

Place : Hyderabad  
Date : 15.06.2009

**K.N.NEVATIA**  
General Manager  
(Finance & Accounts)

**B.R.S. REDDY**  
Vice President (Corp.Affairs)  
and Company Secretary

For and on behalf of the Board

**B.N. AGARWAL**  
Chairman & Managing Director

**R.K. AGARWAL**  
Joint Managing Director

**Dr.Akkineni Nageswara Rao**  
Director

## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SCHEDULE - I</b>		
<b>SHARE CAPITAL:</b>		
<b>Authorised:</b>		
3,52,50,000 Equity Shares of Rs.10/- each	<b>35,25,00,000</b>	35,25,00,000
<b>Issued, Subscribed and Paid up:</b>		
11320923 Equity Shares of Rs.10/-each fully paid up (of the above 21,00,000 Equity Shares of Rs.10/- each are allotted as fully paid up by way of Bonus Shares by Capitalisation of Reserves and 41,62,536 Equity Shares of Rs.10/- each are allotted for consideration other than cash)	<b>11,32,09,230</b>	11,32,09,230
Less: Allotment Money in Arrears (Dues from Directors Rs. Nil)	<b>22,500</b>	22,500
<b>TOTAL</b>	<b>11,31,86,730</b>	11,31,86,730

## SCHEDULE - 2

### RESERVES AND SURPLUS:

	Balance as at 31.03.2008 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Balance as on 31.03.2009 Rs.
<b>Reserves :</b>				
Security Premium Account	26,33,49,719	-	-	<b>26,33,49,719</b>
Capital Redemption Reserve	8,00,000	-	-	<b>8,00,000</b>
State Subsidy	22,63,060	-	-	<b>22,63,060</b>
Export Allowance Reserve	11,00,000	-	-	<b>11,00,000</b>
<b>Surplus:</b>				
Profit & loss account	5,33,06,765	-	5,33,06,765	-
<b>TOTAL</b>	<b>32,08,19,544</b>	-	<b>5,33,06,765</b>	<b>26,75,12,779</b>



## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS:</b>		
<b>A) Term Loans:</b>		
<b>1) Rupee Term Loan from :</b>		
a) ICICI Bank Ltd.	2,98,78,247	4,09,44,266
b) IDBI Bank Ltd.	16,99,84,895	17,00,00,000
c) State Bank of India	5,04,15,249	5,16,17,922
d) Bank of Rajasthan Ltd.	16,70,54,928	16,49,99,939
e) Andhra Bank Ltd.	2,00,00,000	2,00,00,000
<b>2) Buyers Credit from State Bank of India, Tokyo</b> (Against L C from Andhra Bank)	<b>4,94,64,000</b>	-
<b>3) Interest accrued and Due</b>		
a) State Bank of India		4,84,211
b) IDBI Bank Ltd.	48,42,249	-
c) Andhra Bank	73,065	-
d) ICICI Bank Ltd.	1,17,876	-
e) Bank of Rajasthan Ltd.		18,87,320
	<u>49,18,30,509</u>	<u>44,99,33,658</u>
<b>B) Working Capital Loans from:</b>		
Andhra Bank	20,54,62,358	20,37,13,250
State Bank of Hyderabad	8,54,65,620	8,01,92,585
ICICI Bank Ltd.	3,77,28,750	3,00,00,000
	<u>32,86,56,728</u>	<u>31,39,05,835</u>
<b>C) Vehicle Loans</b>		
	<u>37,99,719</u>	<u>46,97,435</u>
<b>TOTAL</b>	<u><u>82,42,86,956</u></u>	<u><u>76,85,36,928</u></u>

### NOTES:-

- The Term Loans referred in (1) & (2) above are secured by way of mortgage of present and future fixed assets of the company on pari passu basis. All the term loans are guaranteed by three of the Directors of the Company.
- The Working Capital Loans are Secured by way of hypothecation of Raw materials, Stock-in-process, finished goods and stores and spares and book debts of the Company and also secured by way of second charge on fixed assets of the company on pari passu basis and guaranteed by four Directors of the Company.

### SCHEDULE - 4

#### UNSECURED LOANS

Sales Tax Deferment	3,92,49,500	3,52,24,651
Inter Corporate Deposits	1,39,31,440	-
<b>TOTAL</b>	<u><u>5,31,80,940</u></u>	<u><u>3,52,24,651</u></u>

**SCHEDULE - 5**  
**FIXED ASSETS**

Sl. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION					NET BLOCK		
		As at 01.04.2008 Rs.	On account of Scheme amalgamation	ADDITIONS Rs.	DELETIONS Rs.	As at 31.03.2009 Rs.	Upto 31.03.2008 Rs.	On account of Scheme amalgamation	For the year Rs.	Deduction Rs.	Upto 31.03.2009 Rs.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
1	LAND	1,588,523				1,588,523					1,588,523	1,588,523	
2	FACTORY BUILDINGS	182,875,193		25,312		182,900,505	56,991,025		6,108,832		63,099,857	119,800,648	125,884,168
3	NON-FACTORY BUILDINGS NON-RESIDENTIAL	20,232,897		1,721,357		21,954,254	3,367,789		338,867		3,706,656	18,247,598	16,865,108
	RESIDENTIAL	13,245,539				13,245,539	2,914,506		215,902		3,130,408	10,115,131	10,331,033
4	PLANT & MACHINERY	1,216,082,749		62,290,620		1,278,373,369	602,147,575		60,177,342		662,324,917	616,048,452	613,935,174
5	GENERATORS	47,075,087				47,075,087	39,741,865		1,586,592		41,328,457	5,746,630	7,333,222
6	TESTING EQUIPMENT	4,936,640		30,900		4,967,540	2,887,052		234,630		3,121,682	1,845,858	2,049,588
7	CANTEEN EQUIPMENT	15,188				15,188	240		721		961	14,227	14,948
8	ELECTRICAL INSTALLATIONS	46,037,749		821,852		46,859,601	21,804,622		2,142,182		23,946,804	22,912,797	24,233,127
9	WORKSHOP EQUIPMENT	988,723				988,723	936,621		5,666		942,287	46,436	52,102
10	WEIGHING MACHINES	1,243,904				1,243,904	882,369		55,513		937,882	306,022	361,535
11	WATER WORKS	3,453,950				3,453,950	804,607		56,299		860,906	2,593,044	2,649,343
12	FURNITURE	4,458,658		140,855		4,599,513	2,984,334		179,068		3,163,402	1,436,111	1,474,324
13	OFFICE EQUIPMENT	3,100,663		278,796		3,379,459	1,546,339		152,700		1,699,039	1,680,420	1,554,324
14	AIR CONDITIONER	1,834,684		110,000		1,944,684	969,458		64,923		1,034,381	910,303	865,226
15	VEHICLES	18,426,271		2,563,231	2,095,067	18,894,435	4,052,419		1,870,203	963,284	4,959,338	13,935,097	14,373,852
16	DATA PROCESSING	9,651,856		338,568		9,990,424	8,413,963		277,108		8,691,071	1,299,353	1,237,893
	<b>TOTAL</b>	1,575,248,274		68,321,491	2,095,067	1,641,474,698	750,444,784		73,466,548	963,284	822,948,048	818,526,650	824,803,490
	Add: Capital Work in Progress	1,926,022		1,232,006	1,926,022	1,232,006						1,232,006	1,926,022
		1,577,174,296		69,553,497	4,021,089	1,642,706,704	750,444,784		73,466,548	963,284	822,948,048	819,758,656	826,729,512
	Less: Internal transfer			1,926,022	1,926,022								
	<b>TOTAL</b>	1,577,174,296		67,627,475	2,095,067	1,642,706,704	750,444,784		73,466,548	963,284	822,948,048	819,758,656	826,729,512
	Previous Year	1,381,529,107	4,16,76,982	167,197,906	13,229,699	1,577,174,296	675,949,504	1,74,89,631	67,573,445	10,567,796	750,444,784	826,729,512	705,579,603

**SCHEDULES FORMING PART OF THE ACCOUNTS**

		As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SCHEDULE - 6</b>			
<b>INVESTMENTS - (LONG TERM) (AT COST) (NON - TRADED)</b>			
	Face Value	NO.of Shares	
<b>- Quoted</b>			
Jindal Polyester & Steels Ltd	10	500	48,750
Artefact Software & Finance Ltd	10	2000	20,000
Merbank Finance & Services Ltd	10	2000	20,000
Andhra Bank	10	5700	57,000
ICICI Bank Ltd	10	100	3,500
		<u>1,49,250</u>	<u>1,49,250</u>
 <b>Aggregate market value of Quoted Investments of Rs.4,77,925/-</b> (Previous year Rs.7,57,180/-)			
<b>- Unquoted</b>			
National Savings Certificates of the year 1980 (Pledged as security with Central Excise Dept.)		<u>11,500</u>	<u>11,500</u>
		<u>11,500</u>	<u>11,500</u>
<b>TOTAL</b>		<u>1,60,750</u>	<u>1,60,750</u>
 <b>SCHEDULE - 7</b>			
<b>INVENTORIES:</b>			
(Valued and certified by the Management. Valued at cost unless otherwise stated)			
Raw Materials		10,06,98,659	9,23,53,500
Stores & Spares		2,47,04,378	2,61,99,456
Yarn		7,16,70,909	10,54,90,934
Stock-in-Process		3,46,76,091	4,93,08,597
Waste Cotton (at Realisable value)		8,18,254	13,25,938
Garments		60,61,387	95,24,335
		<u>23,86,29,678</u>	<u>28,42,02,760</u>
<b>TOTAL</b>		<u>23,86,29,678</u>	<u>28,42,02,760</u>
 <b>SCHEDULE - 8</b>			
<b>SUNDRY DEBTORS:</b>			
(Unsecured, considered Good)			
Due over Six Months		1,09,09,663	38,12,175
Others		11,27,04,736	17,56,16,099
		<u>12,36,14,399</u>	<u>17,94,28,274</u>
<b>TOTAL</b>		<u>12,36,14,399</u>	<u>17,94,28,274</u>

## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SCHEDULE - 9</b>		
<b>CASH &amp; BANK BALANCES:</b>		
Cash on Hand	1,52,123	84,537
With Scheduled Banks:		
In Current Accounts	1,10,54,093	1,81,85,557
In Fixed Deposits (Margin Money Deposits)	2,07,03,524	2,15,99,702
With Post Office:		
In Savings Bank Account (Deposit kept as security with Central Excise Department)	2,000	2,000
<b>TOTAL</b>	<b>3,19,11,740</b>	<b>3,98,71,796</b>

- Deposits are Pledged with Andhra Bank and State Bank of Hyderabad against guarantees and Letter of Credits established by them.
- Current accounts includes unpaid dividend of Rs. 400,405/-.

## SCHEDULE - 10

### LOANS & ADVANCES:

(Unsecured, considered good, recoverable in cash or in kind or for value to be received)

Advances to Supplies & Others	45,99,523	3,26,52,614
Advances to Employees	13,47,729	14,46,014
Advance to Land	49,000	49,000
Modvat Benefit Entitlement	9,42,760	7,84,911
Deposits Recoverable	2,52,56,685	2,46,04,779
Claims Receivable	2,07,69,427	1,35,97,147
Export Licence/Receivable	5,32,02,182	6,23,55,805
Pre-paid Expenses	12,15,622	11,07,230
Income Tax Paid Net	38,33,181	27,39,208
MAT Credit Entitlement	1,77,87,528	1,77,87,528
<b>TOTAL</b>	<b>12,90,03,637</b>	<b>15,71,24,237</b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS:</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors for:		
- Dues to Micro, small and Medium Enterprises	2,65,895	39,20,087
- Others	9,81,34,158	16,56,35,308
Sundry Creditors for Expenses	4,72,25,450	6,47,74,371
Sundry Creditors for others	1,35,63,480	1,29,43,665
Interest accrued but not due		1,61,534
Unclaimed Dividend *	4,00,405	4,00,405
Advances Received against Sales	1,14,14,310	21,92,062
<b>TOTAL</b>	<b><u>17,10,03,698</u></b>	<b><u>25,00,27,432</u></b>

\* There is no amount due and outstanding to be credited to Investor Educational Protection fund

## SCHEDULE - 12

### MISCELLANEOUS EXPENDITURE:

(to the extent not written off or adjusted)

Profit & Loss Account	8,60,92,243	
Deffered Revenue Expenditure	2,77,957	15,38,401
Less: Written off	2,77,957	12,60,444
<b>TOTAL</b>	<b><u>8,60,92,243</u></b>	<b><u>2,77,957</u></b>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	For the Year ended 31-03-2009 (Rs.)	For the Year ended 31-03-2008 (Rs.)
<b>SCHEDULE - 13</b>		
<b>SALES:</b>		
Yarn and Fabric	1,36,82,98,365	1,45,25,53,359
Garments	16,69,38,817	10,24,48,677
Cotton Waste and Others	6,92,31,683	6,51,64,617
Traded Goods		13,72,41,501
<b>TOTAL</b>	<b>1,60,44,68,865</b>	<b>1,75,74,08,154</b>
<b>SCHEDULE - 14</b>		
<b>OTHER INCOME:</b>		
Interest earned (TDS of Rs.3,11,185/Previous Year of Rs. 4,77,078)	30,04,104	25,64,177
Miscellaneous Receipts	6,207	13,689
Sale of scrap	12,20,200	12,34,308
Divided Receivied	15,075	36,635
Insurance Claims	6,03,886	
Profit on Sale of Fixed Assets		6,34,306
Credit Balance Written Back	11,64,261	5,63,869
Excess provision written back	10,96,293	14,28,530
Job Work Charges	78,21,323	7,15,120
Exchange Variance		2,91,700
<b>TOTAL</b>	<b>1,49,31,349</b>	<b>74,82,334</b>
<b>SCHEDULE -15</b>		
<b>MATERIALS CONSUMED:</b>		
OPENING STOCK	9,23,53,500	13,86,73,847
Add: Purchases	1,04,60,12,903	98,57,51,714
	1,13,83,66,403	1,12,44,25,561
Add: Opening Stocks of STL as per Merger Scheme	-	57,31,539
	1,13,83,66,403	1,13,01,57,100
Less: Closing Stocks	10,06,98,659	9,23,53,500
<b>TOTAL</b>	<b>1,03,76,67,744</b>	<b>1,03,78,03,600</b>
<b>SCHEDULE - 16</b>		
<b>STORES CONSUMED:</b>		
Consumable Stores	2,38,13,722	1,73,79,393
Packing Materials	2,43,28,061	2,50,40,866
<b>TOTAL</b>	<b>4,81,41,783</b>	<b>4,24,20,259</b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

	For the Year ended 31-03-2009 (Rs.)	For the Year ended 31-03-2008 (Rs.)
<b>SCHEDULE - 17</b>		
<b>POWER &amp; FUEL:</b>		
Electricity Charges	17,39,13,829	18,38,10,849
Fuel Consumed	40,05,896	58,49,425
<b>TOTAL</b>	<b>17,79,19,725</b>	<b>18,96,60,274</b>
<b>SCHEDULE - 18</b>		
<b>PAYMENTS AND BENEFITS TO EMPLOYEES:</b>		
Salaries, Wages and Bonus	7,43,83,485	8,01,69,975
Contribution to Provident Fund and ESI	62,28,631	69,31,150
Welfare Expenses	33,62,144	38,99,558
Gratuity	26,81,242	44,14,436
<b>TOTAL</b>	<b>8,66,55,502</b>	<b>9,54,15,119</b>
<b>SCHEDULE - 19</b>		
<b>OTHER EXPENSES:</b>		
Rent	8,48,626	7,98,050
Rates & Taxes	3,75,84,531	3,85,21,697
Security Charges	1,51,639	4,40,361
Training Charges	5,19,00,266	3,77,07,943
Printing & Stationery	7,46,736	5,56,874
Postage, Telegrams and Telephones	21,69,776	19,73,018
Travelling & Conveyance	47,75,405	46,78,391
Managerial Remuneration	59,03,200	56,67,400
Directors' Sitting Fees & Expenses	91,788	1,19,859
Advertisement	1,73,597	1,93,758
Commission on Sales	1,26,46,085	1,17,38,111
Expenses on Sales	2,67,37,472	4,09,52,711
Insurance	35,08,275	47,21,641
Auditors' Remuneration	1,91,371	2,17,417
Legal & Professional Charges	13,44,764	10,64,553
Repairs to: Buildings	6,73,071	12,05,242
: Machinery	1,90,71,030	2,53,98,610
: Other Assets	20,52,523	15,13,336
Vehicle Maintenance	41,94,233	41,45,245
Bad debts/Debit balance written off	49,275	5,69,593
Donations	45,000	79,461
Loss on Sale of Fixed Assets	7,82,450	9,00,537
Miscellaneous Expenses	57,52,956	73,91,827
<b>TOTAL</b>	<b>18,13,94,069</b>	<b>19,05,55,635</b>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	For the Year ended 31-03-2009 (Rs.)	For the Year ended 31-03-2008 (Rs.)
<b>SCHEDULE - 20</b>		
<b>FINANCE CHARGES</b>		
Interest on Term Loans	4,44,24,281	3,08,94,685
Interest on Working Capital Loans	4,07,00,956	3,25,17,079
Interest on Others	44,38,667	43,19,159
Bank & Finance Charges	<u>78,43,727</u>	<u>41,83,263</u>
<b>TOTAL</b>	<u><u>9,74,07,631</u></u>	<u><u>7,19,14,186</u></u>
<b>SCHEDULE - 21</b>		
<b>(INCREASE) /DECREASE IN STOCKS:</b>		
<b>Opening Stocks:</b>		
Yarn	10,54,90,930	7,09,91,916
Cotton waste	13,25,942	7,66,184
Stock-in-Process	4,93,08,597	1,86,35,125
Garments	<u>95,24,335</u>	<u>-</u>
	<u>16,56,49,804</u>	<u>9,03,93,225</u>
<b>Opening Stocks of STL as per Merger Scheme</b>		
Garments	-	1,17,85,165
Stock-in-Process	-	2,01,46,261
<b>TOTAL (A)</b>	<u><u>16,56,49,804</u></u>	<u><u>12,23,24,651</u></u>
<b>Closing Stocks:</b>		
Yarn	7,16,70,905	10,54,90,934
Garments	60,61,387	95,24,335
Cotton Waste	8,18,258	13,25,938
Stock-in-Process	<u>3,46,76,091</u>	<u>4,93,08,597</u>
<b>TOTAL (B)</b>	<u><u>11,32,26,641</u></u>	<u><u>16,56,49,804</u></u>
<b>(INCREASE) /DECREASE IN STOCKS:</b>	<u><u>5,24,23,163</u></u>	<u><u>(4,33,25,153)</u></u>
<b>SCHEDULE - 22</b>		
<b>PRIOR YEAR ADJUSTMENTS (NET):</b>		
<b>Expenses</b>		
Rates & Taxes	3,95,051	-
Freight charges	42,100	-
Bonus of earlier year	16,77,425	-
Quality allowances	6,66,461	-
Legal & Professional Charges	39,148	-
Telephone	64,300	-
Duty Draw Back Returned	-	74,097
Interest	-	<u>33,507</u>
	<u>28,84,485</u>	<u>1,07,604</u>
<b>Income</b>		
Office Maintenance	33,262	-
Membership Fee	3,200	7,700
Commission	-	67,714
Others	<u>27,808</u>	<u>56,889</u>
	<u>64,270</u>	<u>1,32,303</u>
<b>TOTAL</b>	<u><u>28,20,215</u></u>	<u><u>(24,699)</u></u>



## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE-23

#### I. Notes Forming part of the Balance sheet as at 31st March,2009 and Profit & Loss Account for the year ended on that date

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>A. Contingent liabilities not provided for on account of:</b>		
a) Foreign bills discounted	71,04,335	5,90,11,758
b) Letters of Credit - Inland	4,14,01,216	6,86,00,000
- Foreign	5,40,29,771	8,10,54,449
c) Bank Guarantees issued	71,91,922	70,04,866
d) Sales Tax Liability for the Assessment Year 2001-02 & 2007-08 under Appeal	-	5,10,59,400
<b>B. Estimated amount of contracts to be executed on Capital Accounts</b>	-	3,87,45,600

2. During the year 2005-06, the company recognized an income of Rs.654.87 Lakhs being export incentive under the Target Plus Scheme in terms of the then prevailing Foreign Trade Policy. The Govt., of India, Ministry of Commerce vide their Notification No.8(RE-2006)/ 2004-09 dated 12.06.06 retrospectively reduced the benefit of entitlement from 15% to 5% on the exports effected since 01.04.2005. The company has since received duty free credit entitlement for Rs.217.64 Lakhs @ 5% and for the balance 10%, the Company has contested before the Hon'ble High Court at Mumbai for the retrospective reduction of the export incentive by the Government of India. The High Court has granted an interim stay of the notification and the matter is pending for final orders.
3. The Government of Andhra Pradesh has extended the incentive of Sales Tax deferral scheme, to the company pursuant to which the company can avail the deferment of Sales Tax liability on sales effected out of production from the units of Bhongir, Nalgonda Dist and Aliabad, R.R.Dist to the extent of Rs.20.80 Crores and Rs.9.05 Crores respectively. The Deferred Sales Tax is repayable after expiry of 14 years from the year of availment. The Company has availed a Sales Tax Deferrment of Rs.3,15,95,556/- (Previous Year Rs.3,02,17,059/-) in case of Bhongir Unit and Rs.76,53,944/- (Previous Year Rs.64,85,456/-) in case of Aliabad Unit upto 31st March, 2009. The said Sales Tax Deferrment shall commences from the years 2011 & 2016 respectively. And the repayment schedule is given below:

Financial year	Amount
2010-11	39,583
2011-12	7,04,167
2012-13	5,34,923
2013-14	1,46,647
2014-15	14,71,150
2015-16	45,68,734
2016-17	28,82,317
2017-18	67,48,919
2018-19	34,87,821
2019-20	75,58,755
2020-21	70,81,635
2021-22	14,77,864
2022-23	25,46,985
<b>TOTAL</b>	<b>3,92,49,500</b>

4. Sale (Cotton Waste and others) includes Export benefits Receivables during the year.

5. **CAPITALISATION**

During the year the company has capitalised and installed the machineries at Aliabad & Rajna Unit. The Company has capitalised Rs.1,01,52,000 towards foreign currency fluctuation in capitalisation of such machineries.

6. In the opinion of the Board, the Current Assets and Loans and Advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

7. **Deferred Taxation :**

In accordance with AS-22 'Accounting for taxes on Income' issued by ICAI, the company has worked out Deferred Tax as below.

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Deferred Tax Assets		
Unabsorbed Depreciation	18,85,00,022	16,39,20,950
Unabsorbed Loss	2,25,95,329	2,25,95,329
Employee Benefits	49,58,019	49,75,103
	<u>21,60,53,370</u>	<u>19,14,91,382</u>
Deferred Tax Liabilities		
Depreciation	17,73,41,432	15,23,70,151
Deferred revenue Expenses	94,478	94,478
	<u>17,74,35,910</u>	<u>15,24,64,629</u>
Deferred Tax Asset/(Liability) (Net)	3,86,17,460	3,90,26,753

**Note:** The company has not recognised deferred Tax Asset as a matter of prudence.

8. Interest paid, payable or accrued and due to Micro and small enterprises - NIL -

**SCHEDULES FORMING PART OF THE ACCOUNTS**
**SCHEDULE-23 (Contd.)**

	For the year ended 31-03-2009		For the year ended 31-03-2008	
	Kgs	Rs.	Kgs	Rs.
<b>9. LICENCED AND INSTALLED CAPACITIES:</b>				
a) <b>Licenced Capacity</b> : No.of Spindles	1,50,000		1,50,000	
: No.of Rotors	1,008		1,008	
: Dyed Yarn	685		685	
: Garments (Pcs)	32,00,000		32,00,000	
b) <b>Installed Capacity</b> : No.of Spindles	98,288		98,288	
: No.of Rotors	168		168	
: Garments(Pcs)	15,00,000		5,00,000	
(The installed capacity has been certified by the management and not verified by auditors being a technical matter)				
<b>c) PRODUCTION &amp; SALES:</b>				
i) Production of Yarn	1,19,21,718		1,36,99,631	
Add : Purchase of yarn	-		51,984	
Less : Captive Consumption	2,93,473		3,25,701	
	<u>1,16,28,245</u>		<u>1,34,25,914</u>	
ii) Production of Garments(Pcs)	10,72,576		6,16,527	
d) <b>Sales</b>				
Yarn	1,18,76,028	1,36,82,98,365	1,31,31,968	1,45,25,53,359
Garments (Pcs)	10,85,106	16,69,38,817	6,78,830	10,24,48,677
Waste Cotton & others		6,92,31,683		6,51,64,617
		<u>1,60,44,68,865</u>		<u>1,62,01,66,653</u>
e) <b>Traded Goods -Sales</b>				
i. Cotton		-	22,79,313	13,72,41,501
		-		13,72,41,501
<b>TOTAL SALES</b>		<u>1,60,44,68,865</u>		<u>1,75,74,08,154</u>
<b>10. TRADED GOODS - PURCHASES</b>				
a) Purchase of Materials:				
i. Cotton		-	22,79,313	12,94,23,597
ii. Garments qty in Pcs		-		7,499
		-		<u>12,94,31,096</u>
<b>11. OPENING &amp; CLOSING STOCKS</b>				
a) <b>Opening Stocks:</b>				
Yarn	8,64,623		5,70,677	
Waste Cotton	78,374		47,776	
Garments (Pcs)	54,215		1,16,518	
b) <b>Closing Stocks:</b>				
Yarn	6,16,840		8,64,623	
Waste Cotton	44,549		78,374	
Garments (Pcs)	41,685		54,215	

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE-23 (Contd.)

	For the year ended 31-03-2009		For the year ended 31-03-2008	
	Kgs	Rs.	Kgs	Rs.
<b>12. RAW MATERIALS CONSUMED:</b>				
Cotton	99,52,524	65,15,76,354	1,17,48,416	62,75,46,028
Viscose Staple Fibre	1,43,712	1,59,89,715	4,74,938	5,44,64,796
Polyester Staple Fibre	43,29,336	28,14,45,170	43,03,432	27,98,62,953
Yarn		4,45,12,239		1,75,81,335
Dyeing Materials		55,59,051		1,18,88,078
Fabric & Fabric conversion charges		3,85,85,215		4,64,60,410
		<u>1,03,76,67,744</u>		<u>1,03,78,03,600</u>
<b>13. PERCENTAGE OF MATERIALS AND STORES CONSUMED:</b>				
Indigenous	92.92%	98,62,79,534	94.75%	99,97,62,182
Imported	7.08%	7,52,01,932	5.25%	5,54,20,811
	<u>100.00%</u>	<u>1,06,14,81,466</u>	<u>100%</u>	<u>1,05,51,82,993</u>
<b>14. REMUNERATION TO DIRECTORS:</b>				
A) CHAIRMAN AND MANAGING DIRECTOR				
i) Salary		10,80,000		10,80,000
ii) Perquisites				
HRA		4,32,000		4,32,000
Medical		90,000		90,000
L T C		90,000		90,000
Subscription to Clubs		2,400		2,400
Contribution to Provident Fund		-		-
		<u>16,94,400</u>		<u>16,94,400</u>
B) JOINT MANAGING DIRECTOR				
i) Salary		9,60,000		9,60,000
ii) Perquisites				
HRA		3,84,000		3,84,000
Medical		80,000		80,000
L T C		80,000		80,000
Subscription to Clubs		3,120		3,120
Contribution to Provident Fund		9,360		9,360
		<u>15,16,480</u>		<u>15,16,480</u>
C) EXECUTIVE DIRECTOR				
i) Salary		8,64,000		8,64,000
ii) Perquisites				
HRA		3,45,600		3,45,600
Medical		72,000		72,000
L T C		72,000		72,000
Subscription to Clubs		8,760		3,120
Contribution to Provident Fund		9,360		9,360
		<u>13,71,720</u>		<u>13,66,080</u>
D) WHOLE TIME DIRECTOR *				
i) Salary		8,64,000		8,73,000
ii) Perquisites				
HRA		3,45,600		1,72,800
Medical		72,000		36,000
L T C		72,000		36,000
Subscription to Clubs		3,120		3,120
Contribution to Provident Fund		9,360		4,680
		<u>13,66,080</u>		<u>11,25,600</u>
		<u>59,48,680</u>		<u>57,02,560</u>

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE-23 (Contd.)

	For the year ended 31-03-2009		For the year ended 31-03-2008	
	Kgs	Rs.	Kgs	Rs.
<b>15. Auditor's Remuneration includes</b>				
Audit Fees as Auditors		94,858		96,630
Tax Audit Fees		52,393		53,371
Tax Representation Fees		14,339		39,326
For Certification		29,781		28,090
		<u>1,91,371</u>		<u>2,17,417</u>
<b>16. Employee Benefit Plans</b>				
As per Accounting Standard - 15 Gratuity liability and leave encashment liability amounting to Rs.3463164 is provided for the year				
<b>17. Expenditure in Foreign currency during the year on account of:</b>				
a) Machinery		4,05,38,888		6,79,81,046
b) Stores & Spares		61,14,411		37,31,500
c) Raw materials		6,90,87,521		5,16,89,311
d) Commission on Exports		87,23,940		48,81,845
e) Foreign Travel		10,82,376		3,46,872
f) Repayment of loan		-		3,14,92,800
<b>18. Earnings in Foreign Exchange:</b>				
F O B value of exports		21,72,48,202		31,57,43,882

### 19. Segment information for the year ended 31.03.2009

The Company has identified two reportable segments i.e. Yarn & Garments. The accounting policies adopted for segment reporting are in line with the accounting policy of the company

### SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED (Rs. in Lacs)

SL.NO	PARTICULARS	YEAR	YEAR
		ENDED 31.03.09	ENDED 31.03.08
1.	Segment Wise Revenue (Net Sales+Other Income)		
	a. Yarn	14357	15,250
	b. Garments	1,837	1,024
	c. Others	-	1,372
	<b>TOTAL</b>	<b>16,194</b>	<b>17,646</b>
2.	Segment Result-Profit/Loss Before tax and interest from each segment		
	a. Yarn	(526)	426
	b. Garments	112	33
	c. Others	-	78
	<b>TOTAL</b>	<b>(414)</b>	<b>537</b>
	Less: Interest	974	719
	loss / Profit before tax	(1,388)	(182)
3.	Capital Employed (Segment Assets-Segment Liabilities)		
	a. Yarn	2,245	3,693
	b. Garments	670	616
	<b>TOTAL</b>	<b>2,915</b>	<b>4,309</b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE-23 (Contd.)

#### 20. Related party disclosure

Related party disclosure as required by AS-18 issued by the Institute of Chartered Accountants of India are given below:

##### A: Associates

1. Suryavanshi Industries Limited
2. Suryalaxmi Cotton Mills Limited

##### B: Key Managerial Personnel:

1. Sri B.N.Agarwal
2. Sri R.K.Agarwal
3. Sri J.K.Agarwal
4. Sri D.K.Agarwal

##### C: Relatives of Key Managerial Personnel:

1. Mrs.Narbada Bai Agarwal
2. Mrs.Yamuna Devi Agarwal
3. Mrs.Meenal Agarwal

##### D: Transactions during the year with related parties

Rs. in Lakhs

Particulars	Current Year			Previous Year	
	Associates	Key Managerial Personnel	Relatives of Key Managerial	Associates	Key Managerial Personnel
1. Remuneration		59.49			56.67
2. Amount receivable at the end of the year	2.95			7.98	
3. Amounts payable at the end of the year				408.52	
4. Sale of Goods				18.71	
5. Services			4.80	7.29	
6. Purchase of Goods	412.83			2,740.20	
<b>21. EARNING PER SHARE(EPS):</b>					
a) Net profit available for Equity Share Holders		Rs. (13,93,99,008)		1,89,92,429	
b) Weighted average Number of Equity Shares used as denominator for calculating EPS		Nos 1,13,18,673		1,13,18,673	
c) Basic and Diluted Earnings per Share of Rs.10 each		Rs. (12.32)		1.68	

#### 22. EMPLOYEE BENEFITS:

The Company has provided for Gratuity based on actuarial valuation on the basis of projected unit credit method.

The following table summarise the components of the net benefit recognized in the profit and loss account and amounts recognized in the balance sheet for Gratuity.

**For the year  
ended  
31-03-2009  
(Rs.)**

**Profit & Loss Account:**

Current service cost	5,29,126
Interest cost	11,70,957
Actuarial Gain / loss	9,60,563
Net benefit expense	26,60,646

**Balance Sheet:**

Opening balance of benefit obligations	1,46,36,960
Current service cost	5,29,126
Interest cost	11,70,957
Actuarial Gain / loss	9,60,563
Benefits paid	(27,10,908)
Closing balance of benefit obligations	1,45,86,698

The principal assumptions used in determining the Gratuity benefits obligation for the Company's plan are as under

Discount rate	8%
Mortality Table	LIC (1994-96)
Attrition Rate	8%
Further salary raise	10%

**23. Previous years figures have been regrouped wherever necessary.**

**24. Paise have been rounded off to nearest rupee.**

**SIGNIFICANT ACCOUNTING POLICIES:**

**1. ACCOUNTING CONVENTION:**

The financial statements are prepared on accrual basis under the historical cost convention and in accordance with the accounting standars specified in section 211 (3C) of the Companies Act, 1956.

**2. FIXED ASSETS:**

Tangible Fixed Assets are valued at cost net of depreciation provided in the statements. Depreciation is provided on straight line method on the basis of continuous process plant as per provisions of section-205 and the rates specified in schedule XIV of the Companies Act, 1956. The expenditure including interest during the construction period is capitalised by apportioning to the fixed Assets.

**3. INVENTORIES:**

Inventories are valued at the lower of cost and net relisable value. Stock of Raw Materials and Stores & Spares are valued under weighted average Method. Stock of finished goods and waste is valued at cost or net realisable value whichever is lower.

**4. INVESTMENTS:**

The investments are stated at cost and diminution in the value, which is not temporary in the nature, has been provided for.

**5. CONTINGENT LIABILITIES:**

In respect of contingent liabilities, no provision is made but only mentioned by way of note to accounts.

**6. EMPLOYEE BENEFITS:**

As per accounting standard 15 "Employee Benefits", the disclosure of Employee benefits as defined in the Accounting Standard are given below:

Company's contribution to provident fund determined under the relevant statute and charged to revenue. Gratuity contribution and Leave Encashment has been made as per actuarial valuation under projected unit credit method.

**7. FOREIGN EXCHANGE TRANSACTIONS:**

Foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at year end rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense.

**8. DEFERRED TAX:**

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred tax assets are recognised only to the extent there is a virtual certainty of its realization.

(Signatures to Schedules 1 to 23)

As per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants

**K S RAO**  
Partner

Place : Hyderabad  
Date : 15.06.2009

**K.N.NEVATIA**  
General Manager  
(Finance & Accounts)

**B.R.S. REDDY**  
Vice President (Corp.Affairs)  
and Company Secretary

For and on behalf of the Board

**B.N. AGARWAL**  
Chairman & Managing Director  
**R.K. AGARWAL**  
Joint Managing Director  
**Dr.Akkineni Nageswara Rao**  
Director



## Cash Flow Statement for the year ended 31st March, 2009

	2008-09		2007-08	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>				
Net loss before tax & extraordinary items		13,87,74,123		1,82,01,113
<b>Adjustments for:</b>				
Finance Charges	9,74,07,631		7,19,14,186	
Depreciation	7,34,66,548		6,75,73,445	
Loss on sale of Fixed Assets	7,82,450		9,00,537	
Preliminary expenses W/o	2,77,957		12,60,444	
Bad Debts Written Off	49,275		-	
Excess Provision & Credit Balance Written Back	(22,60,554)		-	
Interest received	(30,04,104)		(25,64,177)	
Profit on Sale of Assets	-		(6,34,306)	
Dividend Received	(15,075)	16,67,04,128	(36,635)	13,84,13,494
Operating profit before working capital changes		2,79,30,005		12,02,12,381
<b>Adjustments for:</b>				
Inventories	4,55,73,082		20,06,719	
Receivables	5,57,64,600		64,23,953	
Loans & Advances	1,93,57,041		(1,54,87,559)	
Current Liabilities	(7,66,01,646)	4,40,93,077	5,17,92,093	4,47,35,206
Cash generated from Operations		7,20,23,082		16,49,47,587
Direct taxes paid (including TDS receivable)		(17,18,858)		(46,25,475)
<b>Net Cash flow from Operating Activities (A)</b>		<b>7,03,04,224</b>		<b>16,03,22,112</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Acquisition of Fixed Assets (including Capital Work in progress)		(6,76,27,475)		(16,71,97,906)
Proceeds from Sale of Assets		3,49,333		23,95,672
Proceeds from Sale of Investments		-		2,00,000
Dividend Received		15,075		36,635
Interest Received		1,28,61,635		25,64,177
<b>Net cash used in Investing Activities (B)</b>		<b>(5,44,01,432)</b>		<b>(16,20,01,422)</b>

## Cash Flow statement (Contd.)

	2008-09		2007-08	
	Rs	Rs	Rs	Rs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings		<b>7,96,37,236</b>		16,10,57,395
Repayment of Borrowings		<b>(1,31,81,513)</b>		(8,38,00,375)
Interest Paid		<b>(9,03,18,571)</b>		(7,04,75,734)
Dividends Paid		-		(69,50,420)
Corporate Dividend Tax Paid		-		(12,16,185)
<b>Net Cash used in Financing Activities (C)</b>		<b><u>(2,38,62,848)</u></b>		<b><u>(13,85,319)</u></b>
Net Decrease in cash and cash equivalents (A+B+C)		<b><u>(79,60,056)</u></b>		<b><u>(30,64,629)</u></b>
Cash/Cash Equivalents as at 01st Apr, 2008	<b>3,98,71,796</b>		4,29,36,425	
Cash/Cash Equivalents as at 31st Mar, 2009	<b><u>3,19,11,740</u></b>	<b>79,60,056</b>	<b><u>3,98,71,796</u></b>	30,64,629

As per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants

**K S RAO**  
Partner

Place : Hyderabad  
Date : 15.06.2009

**K.N.NEVATIA**  
General Manager  
(Finance & Accounts)

**B.R.S. REDDY**  
Vice President (Corp.Affairs)  
and Company Secretary

For and on behalf of the Board

**B.N. AGARWAL**  
Chairman & Managing Director

**R.K. AGARWAL**  
Joint Managing Director

**Dr.Akkineni Nageswara Rao**  
Director

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information pursuant to Part IV of Schedule VI of the Companies Act, 1956

### I. Registration Details

Registration No. 2390 State Code: 01  
Balance Sheet Date: 31st March, 2009 (All Rupees in 000's)

### II. Capital raised during the year

Public Issue Nil Rights Issue Nil  
Bonus Issue Nil Private Placement Nil

### III. Position of Mobilisation and Deployment of funds

Total Liabilities 1258167 Total Assets 1258167

#### Source of Funds

Paidup Capital 113187 Reserves and Surplus 267512  
Secured Loans 824287 Unsecured Loans 53181

#### Application of Funds

Net Fixed Assets 819758 Investments 161  
Net Current Assets 352156 Misc.Expenditure 86092

### IV. Performance of Company

Turnover 1619400 Total Expenditure 1758174  
Profit before Tax (138,774) Profit after Tax (139399)  
Earnings Per Share in Rs. (12.32) Dividend rate Nil

### V. Generic Names of Three Principal

Products/Services of Company  
(as per monetary terms)

Product Description:	Item Code No.(ITC Code)
i) Cotton Yarn	520300
ii) P V Yarn	550900
ii) Garments	610910

As per our report of even date

for **BRAHMAYYA & CO.,**  
Chartered Accountants

**K S RAO**  
Partner

Place : Hyderabad  
Date : 15.06.2009

**K.N.NEVATIA**  
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Chairman & Managing Director  
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Joint Managing Director

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Director

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# SURYAVANSHI SPINNING MILLS LIMITED

Regd. Office : Surya Towers, 6th Floor,  
105, S.P. Road, Secunderabad – 500 003

## ATTENDANCE SLIP

**30th Annual General Meeting, 30th September, 2009 at 10.00 A.M.**

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT  
THE ENTRANCE OF THE MEETING HALL**

DP ID*	
--------	--

Folio Number	
--------------	--

Client ID*	
------------	--

No. of Shares held	
--------------------	--

Name :

Address :

I hereby record my presence at 30th Annual General Meeting of the Company to be held on Wednesday, the 30th September, 2009 at 10.00 A.M at Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel, Secunderabad - 500 003.

**SIGNATURE OF THE MEMBER OF THE PROXY ATTENDING THE MEETING**

If Member, Please sign here	If Proxy, Please sign here

\*Applicable for investors holding shares in electronic form



# SURYAVANSHI SPINNING MILLS LIMITED

Regd. Office : Surya Towers, 6th Floor,  
105, S.P. Road, Secunderabad – 500 003

## PROXY FORM

DP ID*	
--------	--

Folio Number	
--------------	--

Client ID*	
------------	--

No. of Shares held	
--------------------	--

I/We \_\_\_\_\_

of \_\_\_\_\_ being a member/member of

Suryavanshi Spinning Mills Limited here by appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him \_\_\_\_\_

of \_\_\_\_\_ as my /our proxy to attend and vote on my /our behalf at the 30th Annual General Meeting of the Company to be held on Wednesday, the 30th September, 2009 at 10.00 AM at Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel, Secunderabad - 500 003.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Affix  
Rs. 1/-  
Revenue  
Stamp and  
sign across

Note :

1. The Proxy Form duly completed must be deposited at Registered office of the Company, not less than 48 hours before the time for holding the meeting
2. A proxy need not be a Member.

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***if Undelivered, please return to:***

**uryavanshi**  
spinning mills ltd.

**Registered Office:** Surya Towers, 6th Floor,  
105, Sardar Patel Road, Secunderabad - 03.  
Tel: 040-30512700 Fax: 040-30512799