

# SURYALATA SPINNING MILLS LIMITED

## BOARD OF DIRECTORS

Sri R. Surender Reddy  
Sri K. Srinivas Reddy  
Sri K. Lakshmikanth Reddy  
Sri R.S. Agarwal  
Sri Vithaldas Agarwal  
Sri Mahender Kumar Agarwal  
Sri Yash Agarwal

Chairman  
Director  
Director  
Director  
Managing Director  
Joint Managing Director  
Executive Director (w.e.f. 24-07-2010)

**GENERAL MANAGER (Finance)**  
Sri K. Nageswara Rao

## REGISTERED OFFICE

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

## AUDITORS

M/s. Brahmayya & Co.,  
Flat No.403 & 404,  
Golden Green Apartments,  
Irrummanzil Colony,  
Hyderabad – 500 082.

## REGISTRAR & TRANSFER AGENTS

M/s. Sathguru Management Consultants Private Limited,  
Plot No.15, Hindi Nagar,  
Panjagutta, Hyderabad – 500 034.

## BANKERS

State Bank of India  
Industrial Finance Branch,  
Hyderabad.

IDBI Bank Limited  
Chennai

## FACTORIES

Marchala Village,  
Kalwakurthy Mandal,  
Mahaboobnagar District,  
Andhra Pradesh.

Urukondapet Village,  
Midjil Mandal,  
Mahaboobnagar District,  
Andhra Pradesh.

Contents	Page Nos.
Notice _____	2
Directors' Report _____	20
Management Discussion and Analysis _____	26
Report on Corporate Governance _____	29
Auditors' certificate on Corporate Governance _____	40
Auditor's Report _____	41
Balance Sheet _____	44
Profit and Loss Account _____	45
Schedules forming part of the Accounts _____	46
Accounting Policies and Notes on Accounts _____	54
Cash Flow Statement _____	62
Balance Sheet Abstract _____	64
Electronic Clearing Service Mandate Form _____	65
Attendance Slip and Proxy Form	



## **NOTICE OF THE 27TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of SURYALATA SPINNING MILLS LIMITED will be held on Thursday, 23rd September, 2010 at 11.00 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016 to transact the following business:

### **ORDINARY BUSINESS**

- (1) To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2010 and the audited Balance Sheet as on that date and the reports of the Auditors and Directors thereon.
- (2) To declare dividend on Cumulative Redeemable Preference Shares for the financial year ended 31st March, 2010.
- (3) To declare dividend on Equity Shares of the Company for the financial year ended 31st March, 2010.
- (4) To appoint a Director in place of Sri R. Surender Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
- (5) To Consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution relating to appointment of Statutory Auditors of the Company:

**"RESOLVED THAT** pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Brahmayya & Co., Chartered Accountants, Hyderabad (Registration No. 000513S) be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company, at such remuneration plus service tax as applicable and reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties, as the Board of Directors may fix in this behalf".

### **SPECIAL BUSINESS**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereof as amended up to date, consent of the members of the Company be and is hereby accorded to re-appoint Sri Mahender Kumar Agarwal as a Joint Managing Director of the Company for a further period of 5 Years with effect from 1st January, 2011 to 31st December, 2015 on the remuneration and other terms as given in the following resolution:

**RESOLVED FURTHER THAT** the remuneration of Sri Mahender Kumar Agarwal, Joint Managing Director be and is hereby revised with effect from 1st July, 2010 for a period of 3 years on the following terms:

- (1) **Salary:** Rs.1,40,000/- (Rupees One Lakh Forty Thousand Only) Per month.
- (2) **Commission:** At the rate of 2% of the net profits of the Company with effect from the Financial Year 2010-11.
- (3) **Perquisites and / or allowances:** In addition to the salary and commission as stated above, Sri Mahender Kumar Agarwal, Joint Managing Director shall be entitled to the following perquisites and / or allowances:

### **CATEGORY - A**

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

- (i) **Housing:** 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:** Medical expenses incurred for self and family subject to a ceiling of one month's salary per year or three month's salary in a period of three years.



# SURYALATA SPINNING MILLS LIMITED

- (iii) Leave Travel Concession: For self and family once in a year incurred in accordance with the rules of the Company.
- (iv) Club Fee: Fee of clubs subject to a maximum of two clubs, admission and life (corporate) membership fee for any one club.
- (v) Personal Accident Insurance: Of an amount, the premium of which not to exceed Rs.4,000/- per annum.

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

## **CATEGORY - B**

- (a) Contribution by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
- (b) Payment of Gratuity subject to an amount equal to half a month's salary for each completed year of service.

## **CATEGORY - C**

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 perquisites.

**RESOLVED FURTHER THAT** in the absence of or inadequacy of profits in any financial year during his tenure of office, the above remuneration will be paid as a minimum remuneration to Sri Mahender Kumar Agarwal, Joint Managing Director subject to the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with schedule XIII thereof as amended upto date, approval of members of the Company be and is hereby accorded to revise the remuneration payable to Sri Vithaldas Agarwal, Managing Director with effect from 1st July, 2010 for a period of three years on the following terms:

- 1. **Salary** : Rs. 1,70,000/- (Rupees One Lakh and Seventy Thousand only) per month.
- 2. **HRA** : 50% of Salary
- 3. **Commission** : At the rate of 2% of the net profits of the Company with effective from the Financial year 2010-11.
- 4. **Perquisites**: In addition to the salary and commission as stated above Sri Vithaldas Agarwal, Managing Director shall be entitled to the following perquisites:

## **CATEGORY - A**

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

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 perquisites.

**RESOLVED FURTHER THAT** in the absence of or inadequacy of profits in any financial year during his tenure of office, the above remuneration will be paid as a minimum remuneration to Sri Vithaldas Agarwal, Managing Director subject to the provisions of section II of Part II of Schedule XIII of the Companies Act, 1956."

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

**"RESOLVED THAT** pursuant to Section 257 of the Companies Act, 1956 read with the enabling provisions of the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to appoint Mr. Yash Agarwal, who has been co-opted as an Additional Director of the Company u/s. 260 of the Companies Act, 1956, and who ceases to be a Director on the commencement of this 27th Annual General Meeting, as a Director of the Company liable to retire by rotation.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule



# SURYALATA SPINNING MILLS LIMITED

XIII thereof as amended up to date consent of the members of the Company be and is hereby accorded to approve and ratify the appointment of Mr. Yash Agarwal as a Whole-time Director of the Company with a designation as an "Executive Director" made by the Board of Director for a period of 5 years w.e.f. 24th July, 2010 and at the following remuneration for a period of 3 years w.e.f. 24th July, 2010 as mentioned below:

- (a) **Salary:** Rs. 1,20,000/- (One Lakh Twenty Thousand only) per month.
- (b) **Perquisites and / or Allowances:** In addition to the salary as stated above Mr. Yash Agarwal, Executive Director shall be entitled to the following perquisites and / or allowances:

## **CATEGORY - A**

Following perquisites and / or allowances given in Category A will be allowed in addition to the salary, restricted to an amount of Rs. 2,50,000/- (Rupees Two Lakh Fifty Thousand only) per annum.

- (i) **Medical Reimbursement:** Medical expenses incurred for self subject to a ceiling of one month's salary per year or three month's salary in a period of three years.
- (ii) **Leave Travel Concession:** For self once in a year incurred in accordance with the rules of the Company.
- (iii) **Personal Accident Insurance:** Of an amount, the premium of which not to exceed Rs.4,000/- per annum.

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

## **CATEGORY - B**

- (1) Contribution by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
- (2) Payment of Gratuity subject to an amount equal to half a month's salary for each completed year of service.

## **CATEGORY - C**

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 perquisites.

**RESOLVED FURTHER THAT** in the absence of or inadequacy of profits in any financial year during his tenure of office, the above remuneration will be paid as a minimum remuneration to Mr. Yash Agarwal, Executive Director subject to the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 81 (1), 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or enactment thereof, for the time being in force) and pursuant to the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") as in force and subject to all other applicable rules, regulations, notifications and circulars of the Securities and Exchange Board of India ("SEBI"), the applicable provisions of Foreign Exchange Management Act, 1999 ("FEMA"), rules, regulations, guidelines, notifications and circulars issued under FEMA including but not limited to Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, provisions of Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India ("RBI"), the Department of Industrial Policy and Promotion, Ministry of Commerce, the Foreign Investment Promotion Board ("FIPB"), and all other authorities as may be required, whether in India or outside India, (hereinafter



collectively referred to as "Appropriate Authorities"), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction(hereinafter referred to as "Requisite Approvals"), which may be agreed to by the Board of Directors in this regard, consent of the Board of Directors be and is hereby accorded to create, offer, issue and allot in one or more trenches, in the course of domestic/international offerings to one or more persons as the Board may determine at its absolute discretion, whether or not they are members of the Company, including but not limited to Domestic Investors/Foreign Investors whether having presence in India or not /Institutional Investors/Foreign Institutional Investors, Members, Employees, Non-Resident Indians, Companies or Bodies Corporate whether incorporated in India or abroad, Trusts, Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not, through a Public Issue, Rights Issue, Preferential Issue and/or Private Placement, with or without an over-allotment option, with or without reservation on firm and/or competitive basis of such part of the issue for such person or categories of persons as may be permitted, equity shares and/or equity shares through depository receipts including Global Depository Receipts ("GDRs") and/or American Depository Receipts ("ADRs") and/or Foreign Currency Convertible Bonds ("FCCBs") and/or any securities convertible into equity shares at the option of the Company and/or holder(s) of the Securities and/or securities linked to equity shares and/or securities with warrants including any instruments or securities representing either equity shares and/or Foreign Currency Convertible Bonds or Convertible Securities or securities linked to equity shares or equity shares/fully convertible debentures/partly convertible debentures or any securities other than warrants, which are convertible or exchangeable with equity shares at a later

date, to Qualified Institutional Buyers ("QIBs") under Chapter VIII of the SEBI ICDR Regulations or a combination of the foregoing (hereinafter collectively referred to as "Securities"),secured or unsecured, listed on any stock exchange inside India or any international stock exchange outside India, through an offer document and/or prospectus and/or offer letter and/or offering circular and/or information memorandum and/or any other offering document(s) including an umbrella or shelf offering document, and/or listing particulars, as the Board in its sole discretion may at any time or times hereafter decide, for an amount not exceeding ***Rs.50 Crores (Rupees Fifty Crores only)*** inclusive of such premium from time to time, such issue and allotment to be made at such time or times in one or more trenches, denominated in one or more currencies, at such price or prices in such manner and where necessary in consultation with the Lead Managers and/or Underwriters and/or Stabilizing Agents and/or other Advisors or otherwise on such terms and conditions as the Board may, in its absolute discretion, decide at the time of issue of Securities or on any other date.

**RESOLVED FURTHER THAT** consent of the members be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to secure, if necessary all or any of the above Securities to be issued by the creation of mortgage and/or charge on all or any of the Company's immovable and/or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution Sri Vithaldas Agarwal, Managing Director and Sri Mahender Kumar Agarwal, Joint Managing Director and the Company Secretary of the Company be and is hereby authorized to do the necessary acts, things, deeds, etc. as may be required in this regard."



- (10) 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 all other applicable provisions, if any, of the Companies Act, 1956 read with the enabling provisions of the Memorandum and Articles of Association of the Company and subject to the regulations/rules/guidelines issued by the Securities and Exchange Board of India (SEBI), the provisions of the Listing Agreement entered into with the Stock Exchange(s) where equity shares of the company are listed and subject to such approvals, consents, permissions and sanctions of all other appropriate and/or concerned authorities and departments, if any, and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "Board" which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers conferred by this Resolution), which the Board be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to offer, issue, allot and deliver 4,00,000 (Four Lakh only) convertible warrants on preferential basis in one or more tranches, convertible into 4,00,000 (Four Lakh only) equity shares (i.e. one Equity Share for one warrant issued) of the Company of the face value of Rs.10/- each to the following persons:

Sl. No.	Name of the proposed Allottee	No. of Warrants to be allotted
1	Sri Vithaldas Agarwal	160000
2	Sri MahenderKumar Agarwal	130000
3	Smt Madhavi Agarwal	37000
4	Sri Yash Agarwal	60000
5	Mahender Kumar Agarwal (HUF)	13000
	<b>Total</b>	<b>4,00,000</b>

for cash which shall upon conversion rank pari-passu with the existing equity shares of the Company, in such form and manner and upon such terms and conditions as the Board may in its absolute discretion deem fit, at a price not less than the price arrived at on the "Relevant Date" arrived at based on Regulation 76 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

**RESOLVED FURTHER THAT** the 'Relevant Date' for the purpose of determining the issue price of warrants, in pursuance of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, is 30 days prior to the date of the General Meeting at which the approval of the shareholders in terms of Section 81(1A) of the Companies Act, 1956 is obtained.

**RESOLVED FURTHER THAT-**

- each warrant be convertible into one equity share can be exercised at any time within a period of 18 months from the date of issue of such Warrants and on such other terms and conditions, subject to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as may be applicable, from time to time.
- the aforementioned allottees shall have to pay a minimum 25% of the warrant offer price as application money towards the warrants.
- The amount paid on issue of warrants shall be forfeited if the warrants are not exercised within a period of 18 months from the date of issue of warrants.
- Equity Shares to be issued and allotted by the Company on exercising of the option against the warrants shall rank pari-passu in all respects with the then existing fully paid-up Equity Shares of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution Sri Vithaldas Agarwal, Managing Director and Sri Mahender Kumar Agarwal, Joint



# SURYALATA SPINNING MILLS LIMITED

Managing Director and the Company Secretary of the Company be and is hereby authorized to do the necessary acts, things, deeds, etc. as may be required in this regard."

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

"RESOLVED THAT pursuant to the provisions of Sections 16 & 94 and other applicable provisions, if any of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby re-classified from Rs. 17,00,00,000/- (Rupees Seventeen Crores) consisting of 50,00,000 Equity Shares of Rs. 10/- each and 12,00,000 Preference Shares of Rs. 100/- each into 90,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 9,00,00,000/- (Rupees Nine Crores only) and 8,00,000 Preference Shares of Rs. 100/- each aggregating to Rs. 8,00,00,000/- (Rupees Eight Crores only) and consequently the Clause V of the Memorandum of Association of the Company relating to share capital be and is hereby altered by substituting the following new Clause V in lieu of existing Clause V thereof:

- V. The Authorised Share Capital of the Company is Rs.17,00,00,000/- (Rupees Seventeen Crores only) divided into 90,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 9,00,00,000/- (Rupees Nine Crores only) and the 8,00,000 Preference Shares of Rs. 100/- each aggregating to Rs. 8,00,00,000/- (Rupees Eight Crores only), whether Cumulative Redeemable or Non-cumulative Redeemable, with

the power to increase, reduce, subdivide, consolidate, convert into equity shares in accordance with the provisions of the law from time to time."

- (12) 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 31 of the Companies Act, 1956 and subject to approval of members in General Meeting, the Articles of Association of the Company be altered by substituting the following new Article 3 in place of the existing Article 3 thereof:

The Authorised Share Capital of the Company is Rs. 17,00,00,000/- (Rupees Seventeen Crores only) consisting of 90,00,000 (Ninety Lakhs Only) Equity Shares of Rs. 10/- each and 8,00,000 (Eight Lakhs only) Preference Shares of Rs. 100/- each, whether Cumulative Redeemable and / or Non-cumulative Redeemable, with the power to increase, reduce, subdivide, consolidate, convert into equity shares in accordance with the provisions of the law from time to time."

for and on behalf of the Board  
for Suryalata Spinning Mills Limited

Place : Secunderabad      R. Surender Reddy  
Date : 24th July, 2010      Chairman



## NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote thereat instead of himself / herself and such proxy need not be a member. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September, 2010 to 23rd September, 2010 for the purpose of payment of dividend, if approved by the members. (Both days inclusive).
4. The Company has already transferred all unclaimed dividends declared up to the financial year ended 31st March, 2003 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978.
5. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2004 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

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

For the Financial year	Date of declaration	Last Date for Claiming unpaid dividend	Due for transfer on
2003-2004	31.08.2004	30.08.2011	07.10.2011
2004-2005	29.09.2005	28.09.2012	05.11.2012
2005-2006	08.09.2006	07.09.2013	14.10.2013
2006-2007	26.09.2007	25.09.2014	02.11.2014

Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 2004 or any subsequent financial years are requested to make their claim to the Company at its Registered Office. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund (IEPF) no claim shall lie in respect thereof.

6. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars Viz. M/s. Sathguru Management Consultants Private Limited, Plot No.15, Hindi Nagar, Panjagutta, Hyderabad- 500 034.
7. The Company's Equity shares are listed at Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and the company has paid the Listing Fees to the said Stock Exchange.
8. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
9. Pursuant to Clause 49 of the Listing Agreement, brief profile of the Directors appointed/ Reappointed is given in the Corporate Governance Report.
10. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the business set out under item no. 6,7,8,9,10,11 and 12 is annexed.
11. Members are requested to bring their copy of the Annual Report to the meeting.



## EXPLANATORY STATEMENT

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

### Item 6 : Re-appointment of Sri Mahender Kumar Agarwal as the Joint Managing Director of the Company.

The existing tenure of Sri Mahender Kumar Agarwal, Jt. Managing Director expires on 31st December, 2010. Sri Mahender Kumar Agarwal is the Promoter Director of the Company and since inception he has steered the Company with a total dedication, hard work and effective leadership, resulting in the profitable growth of the Company's operations. In times of slowdown of the business, the Company has always kept its spirit high both in words and action due to the untiring efforts of Sri Mahender Kumar Agarwal, Joint Managing Director.

The Board reviewed the performance achieved by the Company under his leadership and appreciated the same. Further in order to avail his uninterrupted services for the growth of the Company, Board has proposed to re-appoint him for a further period of 5 Years with effect from 1st January, 2011 on the terms and conditions contained in the resolution. The Remuneration Committee has approved the remuneration proposed to Sri Mahender Kumar Agarwal, Joint Managing Director.

The re-appointment of Sri Mahender Kumar Agarwal as the Joint Managing Director requires the approval of members in general meeting pursuant to Section 269, 311 read with Schedule XIII to the Companies Act, 1956.

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

#### 1. Nature of industry

Suryalata Spinning Mills Limited is one of the largest producers of yarn. Company basically into manufacturing of Synthetic blended yarns of Polyester / Viscose. Currently Company has two ISO certified manufacturing units with a total capacity of 69,408 spindles. Suryalata Spinning Mills Limited is one of the fast growing established Textile sector Company.

#### 2. Date of commencement of commercial production

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

#### 3. Financial performance :

Performance of the Company for the last three years are as follows : (Rs. in lakhs)

Item	2008-09	2007-08	2006-07
Income from Operations (Gross)	15,840	17,569	20,557
Profit/Loss Before Interest, Depreciation & tax	1,371	1,638	996
Profit /Loss after Tax	152	5	525

#### 4. Export performance and net foreign exchange earnings

Export performance of the Company for the last three years is as follows: (Rs. in lakhs)

Item	2008-09	2007-08	2006-07
FOB value of goods exported	19.52	130.04	157.13



**5. Foreign investments or collaborators, if any.**

Foreign investments in the Company as on 31st March, 2009 are 9590 equity shares. These shares are held by NRIs / OCBs.

At present the Company does not have any Collaboration, either technical or Financial.

**II. Information about the appointee :**

**1. Background details**

Sri Mahender Kumar Agarwal has done Degree in Bachelor of Commerce. He is from the family with over six decades of experience in textile business. He has been associated with the Company since 1986. He is having vast experience in Textile Industry for the past 24 years. He is the promoter director of the Company. He was recently re-appointed as Joint Managing Director of the Company in the Annual General Meeting held on 8th September, 2006 with effect from 1st January, 2006 for a period of 5 years.

**2. Past remuneration**

Presently he is drawing the following remuneration : (Amount in Rs.)

Salary	Perquisites	Commission	Contribution to PF	Total
9,60,000	5,51,240	4,80,000	1,15,200	21,06,440

**3. Recognition or awards**

Nil

**4. Job profile and his suitability**

Sri Mahender Kumar Agarwal, Joint Managing Director has been taking care of production, administration and other operational affairs of the Company. Since his tenure as Joint Managing Director, he has steered the Company with total dedication, hard work and effective leadership resulting in the profitable growth of the Company's operations. During the period of slowdown of the Textile industry, Suryalata Spinning Mills Limited always kept its spirit high both in words and in action due to the untiring efforts of Sri Mahender Kumar Agarwal.

**5. Remuneration proposed :**

It is proposed to pay the remuneration as proposed in the Resolution.

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

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

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

He does not have any pecuniary relationship with the Company. He is son of Sri Vithaldas Agarwal, Managing Director of the Company.



**III. Other information :**

**1. Reasons for inadequate profits**

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

**2. Steps taken or proposed to be taken for improvement**

In tune with the changing trend, the Company has expanded its production capacity to meet the growing demands in the market. Further Company is proposing to build a power plant for captive consumption to overcome the power crisis and to improve the production to achieve more profit.

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

Company is poised to increase turnover and profitability by 10% to 15%.

Board of Directors recommends the resolution for your approval.

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

Details stated above and as contained in resolutions under Item No.6 may be regarded as an abstract of the Memorandum of Interest under Section 302 of the Companies Act, 1956 and that pursuant to the provisions of Section 309 of the Companies Act, 1956, the terms of the re-appointment specified in the resolution is placed before the members for their approval.

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

Sri Vithaldas Agarwal is Promoter and Managing Director of the Company. He has been associated with the Company since inception and taking care of the day to day operations of the Company. He has put in his total dedication and hard-work resulting into profitable growth of the Company. In times of slowdown of the business and in the recent recession in the market, the Company has always kept its spirit high both in words and action due to the untiring efforts of Sri Vithaldas Agarwal, Managing Director.

It is proposed to revise the remuneration payable to Sri Vithaldas Agarwal, Managing Director, in line with the industry norms with effect from 1st July, 2010 for a period of three years.

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

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

**1. Nature of industry :**

Suryalata Spinning Mills Limited is one of the largest producers of yarn. Company basically into manufacturing of Synthetic blended yarns of Polyester / Viscose. Currently Company has two ISO certified manufacturing units with a total capacity of 69,408 spindles. Suryalata Spinning Mills Limited is one of the fast growing established Textile sector Company.



# **SURYALATA SPINNING MILLS LIMITED**

## **2. Date of commencement of commercial production**

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

## **3. Financial performance :**

Performance of the Company for the last three years are as follows : (Rs. in Lakhs)

Item	2008-09	2007-08	2006-07
Income from Operations (Gross)	15,840	17,569	20,557
Profit/Loss Before Interest, Depreciation & tax	1,371	1,638	996
Profit /Loss after Tax	152	5	525

## **4. Export performance and net foreign exchange earnings :**

Export performance of the Company for the last three years is as follows: (Rs. in Lakhs)

Item	2008-09	2007-08	2006-07
FOB value of goods exported	19.52	130.04	157.13

## **5. Foreign investments or collaborators, if any :**

Foreign investments in the Company as on 31st March, 2009 are 9590 equity shares. These shares are held by NRIs/OCBs.

At present the Company does not have any Collaboration, either technical or Financial.

## **II. Information about the appointee :**

### **1. Background details**

Sri Vithaldas Agarwal has been associated with the Company since 1983. He is from the family with over six decades of experience in textile industry. Himself is having vast experience in Textile Industry. He is the promoter director of the Company. He was re-appointed recently as Managing Director of the Company in the Annual General Meeting held on 14th September, 2009 with effect from 1st July, 2009, and from there onwards Company is benefited from his valuable guidance in its journey towards success.

### **2. Past remuneration**

Presently he is drawing the following remuneration : (Amount in Rs.)

Sri Vithaldas Agarwal - Managing Director				
Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs.)
11,40,000	5,70,000	5,70,000	Nil	22,80,000

### **3. Recognition or awards**

Nil

### **4. Job profile and his suitability**

Sri Vithaldas Agarwal, Managing Director has been taking care of production, administration and Marketing activities of the Company. Since his tenure as Managing Director, he has steered the Company with total dedication, hard work and effective leadership resulting in the



profitable growth of the Company's operations. During the period of slowdown of the Textile industry, Suryalata Spinning Mills Limited always kept its spirit high both in words and in action due to the untiring efforts of Sri Vithaldas Agarwal.

**5. Remuneration proposed**

It is proposed to pay the remuneration as provided in the resolution.

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

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

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

He does not have any pecuniary relationship with the Company. He is father of Sri Mahender Kumar Agarwal, Joint Managing Director of the Company.

**III. Other information :**

**1. Reasons for inadequate profits :**

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

**2. Steps taken or proposed to be taken for improvement**

In tune with the changing trend, the Company has expanded its production capacity to meet the growing demands in the market. Further Company is proposing to build a power plant for captive consumption to overcome the power crisis and to improve the production to achieve more profit.

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

Company is poised to increase turnover and profitability by 10% to 15%.

Board of Directors recommends the resolution for your approval.

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

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

**Item 8: Appointment of Mr. Yash Agarwal, Chief Executive (Operations) as Whole-time Director of the Company.**

Considering the expansion of the operations, the Company has appointed Mr. Yash Agarwal, as Chief Executive (Operations). In view of his contribution and to avail his uninterrupted services to the Company, Board of Directors elevated him to the Board and appointed as an Additional



Director as well a Wholetime Director with a designation as an "Executive Director" of the Company for a period of 5 years in the Board Meeting held on 24th July, 2010. Pursuant to Section 260 of the Companies Act, 1956 he ceases to be a director on the commencement of ensuing Annual General Meeting. Company has received a request from a member proposing the candidature of Mr. Yash Agarwal as a Director of the Company with a requisite deposit of amount as required under Section 257 of the Companies Act, 1956. His appointment requires the approval of members in general meeting pursuant to Section 257 of the Companies Act, 1956.

Also, the appointment of Mr. Yash Agarwal as a Whole-time Director of the Company requires the approval of members in General Meeting pursuant to Schedule XIII to the Companies Act, 1956.

Further Mr. Yash Agarwal, has done Master of Engineering (Engineering Management) from Cornell University, New York and graduated in Bachelor of Science in Industrial Engineering from Purdue University, state of Indiana, USA.

Board of Directors recommends the resolution for your approval.

None of the Directors of the Company except Sri Vithaldas Agarwal, Managing Director and Sri Mahender Kumar Agarwal, Joint Managing Directors, being relatives are considered to be interested in the proposed resolution.

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

#### **Item 9 : Further Issue of Capital**

In order to finance the Company's requirements of capital expenditure for expansion and modernization activities and to finance its proposal to set up a power plant for captive consumption, and to strengthen its financial position and for other corporate purposes as may be required from time to time, the Company at appropriate times proposes to raise capital in one or more tranches by issue of any one or more kinds of Securities to Domestic Investors/Foreign Investors, whether having presence in India or not / Institutional Investors/Foreign Institutional Investors, Members, Employees, Non-Resident Indians, Companies or Bodies Corporate whether incorporated in India or abroad, Trusts, Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds, Individuals, Qualified Institutional Buyers ("QIBs") under SEBI ICDR Regulations or otherwise, whether shareholders of the Company or not, through a Public Issue, Rights Issue, Preferential Issue and/or Private Placement, as provided in the above Resolution.

Consent of the shareholders is sought for issuing Securities as stated in the resolution, which would result in issuance of further Equity Shares of the Company in accordance with the terms and nature of the Securities. The Board, in consultation with its Lead Managers, Merchant Bankers and other Advisors, will finalize detailed terms of the issue including the pricing of the issue which will be fixed keeping in view the capital market conditions/practices and Regulations applicable, if any, issued by the Securities and Exchange Board of India (SEBI). The proposed Resolution is an enabling resolution to authorize the Board of Directors to mobilize adequate resources to meet the growing needs of the Company by way of domestic and / or international offerings of any securities including GDRs, ADRs, FCCBs or Warrants convertible into Equity Shares, depositary receipts underlying Equity Shares through Public Issue(s), Private Placement(s), Rights Issue or a combination thereof.



Under the proposed Special Resolution, consent of the shareholders is sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with Stock Exchange in India where the Company's Securities are listed. Section 81 of the Companies Act, 1956 and Clause 23 of the Listing Agreement provide, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of the company in the manner laid down in Section 81 unless the shareholders decide otherwise. Since the above Special Resolution proposed may result in issue of Equity Shares of the Company to otherwise than the existing members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and the Listing Agreements.

The Board of Directors recommend passing of the Special Resolution as proposed at Item No. 9 of the Notice.

None of the Directors is, in any way, concerned or interested in the proposed resolution except to the extent to which they may participate in the proposed issue.

**Item 10 : Issue Of Share Warrants**

To part finance the Company's requirements of capital expenditure for expansion and to finance its proposal to set up a power plant for captive consumption, and to strengthen its financial position and for other corporate purposes as may be required from time to time, your Company plans to issue convertible warrants to Promoters convertible into Equity Shares of Rs. 10/- each of the Company. It is proposed issue 4,00,000 (Four Lakh only) warrants and each warrant convertible into one Equity share of face value of Rs.10/- each as given in the proposed resolution at a price not less than the price determined as per the Regulation 76 of the SEBI (ICDR) Regulations, 2009.

The information as required under Regulation 73 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the preferential issue is as under :

**(a) Object of Issue**

The object of the proposed preferential offer is to augment resources for Company's requirements of capital expenditure for expansion and to finance its proposal to set up a power plant for captive consumption.

**(b) proposal of the Promoters/Directors/Key Management persons to subscribe to the offer :**

The entire 4,00,000 warrants are proposed to be issued to the promoters and promoter group in the ratio given at the above resolution. The said warrants will be exercised by the Promoters subject to compliance of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.



- (c) Shareholding pattern before and after issue of warrants to be converted into equity shares within 18 months from the date of the allotment of the warrants :

Sl. No.	Category	Pre - Issue		Post - Issue (Assuming all warrants converted into Equity Shares)	
		No. of shares held	% of holding	No. of shares held	% of holding
<b>A</b>	<b>Shareholding of Promoters and Promoter Group</b>				
1	Indian Promoters	2002310	61.29	2402310	65.51
2	Foreign Promoters				
	<b>Sub-Total (A)</b>	<b>2002310</b>	<b>61.29</b>	<b>2402310</b>	<b>65.51</b>
<b>B</b>	<b>Public Shareholding</b>				
1	Institutions				
a.	Financial Institutions / Banks	990	0.03	990	0.03
b.	Mutual Funds	96	0.00	96	0.00
c.	FIs	—	—	—	—
	<b>Sub-Total (B1)</b>	<b>1086</b>	<b>0.03</b>	<b>1086</b>	<b>0.03</b>
2	Non-Institutions				
a.	Corporate Bodies	121516	3.72	121516	3.31
b.	Indian Public	1129592	34.58	1129592	30.81
c.	NRIs	12496	0.38	12496	0.34
d.	Clearing Members & others	—	—	—	—
	<b>Sub-Total (B2)</b>	<b>1263604</b>	<b>38.68</b>	<b>1263604</b>	<b>34.46</b>
	<b>Sub-Total (B = B1+B2)</b>	<b>1264690</b>	<b>38.71</b>	<b>1264690</b>	<b>34.49</b>
<b>C</b>	<b>Shares held by Custodians and against Depository Receipts, FCCBs, etc.,</b>				
		—	—	—	—
	<b>Grand Total (A+B+C)</b>	<b>3267000</b>	<b>100</b>	<b>3667000</b>	<b>100</b>

Notes :

- (1) The above table has been prepared on the basis of the shareholding pattern as on 16th July, 2010.
- (2) The Post-issue shareholding pattern in the above table has been prepared on the basis that the proposed allottees would have subscribed to and been allotted 4,00,000 warrants to be converted into equity shares of face value of Rs.10/- each within 18 months from the date of the allotment of the warrants of the Company. In the event for any reason, they does not or are unable to subscribe to and/or is not allotted the warrants, the shareholding pattern in the above table would undergo corresponding changes.



# **SURYALATA SPINNING MILLS LIMITED**

- (3) The post-issue shareholding pattern has been prepared without considering proposal of the Company to issue further shares as proposed elsewhere in the notice.

- (4) Proposed time within which the allotment shall be completed

The Allotment of the warrants shall be completed within 15 days from the date of the General Meeting provided that where the allotment on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of such approval.

- (5) Identity of proposed allottee (s) of warrants and the percentage of the post issue capital that may be held by him on conversion of the warrants into shares.

The proposed 4,00,000 warrants are proposed to be issued to promoters and promoter group in the ratio given in the above resolution.

The identity of the proposed allottees and their relations with the promoters are as under :

Sl. No.	Name of the proposed allottee	Relation, if any, with the promoters or person in control of the Company
1	Sri Vithaldas Agarwal	Promoter & Managing Director
2	Sri Mahender Kumar Agarwal	Promoter & Joint Managing Director
3	Smt Madhavi Agarwal	Promoter
4	Sri Yash Agarwal	Son of Sri Mahender Kumar Agarwal, Promoter
5	Mahender Kumar Agarwal (HUF)	Promoter group



- (d) The percentage of the holding, post conversion of warrants into equity shares to the proposed allottees :

Sl.No	Name of the Allottee	Total Shares held Pre-Issue of warrants	% of Preissue holdings to the Total Share Capital of the Company	Total Shares held after the conversion of warrants	% of holdings after conversion of Warrants to the Total Capital of the Company
1.	Sri Vithaldas Agarwal	658844	20.17	818844	22.33
2.	Sri Mahender Kumar Agarwal	717133	21.95	847133	23.10
3.	Smt Madhavi Agarwal	467161	14.30	504161	13.75
4	Sri Yash Agarwal	21130	0.65	81130	2.21
5	Mahender Kumar Agarwal (HUF)	138042	4.23	151042	4.11

- (e) Change in the Composition of the Board of Directors and Control of the Company

There will not be any change in the composition of the Board of Directors and control of the Company on account of the proposed preferential allotment but there will be a corresponding change in the shareholding pattern as well as voting rights consequent to the preferential allotment.

- (f) Non-transferability of the Securities

The securities issued and allotted on a preferential basis hereunder will be subject to lock-in as per the provisions of 78 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- (g) Price at which allotment is proposed

The allotment is proposed at a price not less than the price arrived at on Relevant Date, which will be worked out on the basis of the formula enumerated in 76 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

A copy of the certificate of the Statutory Auditor of the company for pricing of warrant as per the SEBI guidelines shall be placed before the shareholders at the meeting.

The Relevant Date for the purpose of determining the issue price of the warrants is 30 days prior to the date of the General Meeting approving the proposal.

1. The Company shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so;



2. If the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.

As per Section 81 (1A) of the Companies Act 1956, approval of the shareholders in the General Meeting is required for the issue of the shares by way of preferential allotment as stated in the resolution. Hence consent of the shareholders by way of special resolution is being sought for the issue of such warrants on preferential basis.

The Board recommends the resolution for approval.

None of the Directors of the Company except Sri Vithaldas Agarwal, Managing Director, Sri Mahender Kumar Agarwal, Joint Managing Directors and Mr. Yash Agarwal, Wholetime Director are considered to be concerned or interested in the proposed resolution.

**Item 11 & 12 : Reclassification of Share Capital of the Company**

The present Authorised share capital of the Company is Rs. 17 Crores consisting of 50,00,000 Equity Shares of Rs. 10/- each and 12,00,000 Cumulative Redeemable Preference Shares of Rs.100. The Paid-up Share Capital of the Company is Rs. 10,63,18,400/-. The Company, in order to meet its growth requirement for expansion and setting up of power plant for captive consumption is planning to generate long term resources by issuing securities. The Board of Directors have considered it necessary and desirable to re-classify the un-issued Authorised Share Capital of the Company as provided in the resolution so that there will be scope for raising finance for the requirements of the Company. Re-classification of Authorised share capital of the Company requires the approval of members pursuant to Section 16 read with Section 94. Consequent to reclassification of Authorised Share Capital, the share capital clause in the Articles of Association needs to be amended and such alteration requires the approval of members by way of Special resolution pursuant to Section 31 of the Companies Act, 1956.

Board of Directors recommends the resolutions as specified in the item Number 11 & 12 of the Notice for approval of members.

None of the Directors of the Company is, in any way concerned or interested in the above resolution except to the extent to which they may participate in the expanded capital.

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

Place : Secunderabad  
Date : 24th July, 2010

R. Surender Reddy  
Chairman



## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Annual Accounts of your Company for the financial year ended 31st March 2010.

### Financial Results

The performance of your Company during the year ended 31st March 2010 has been briefed below:

	(Rs. in Lakhs)	
	2009-10	2008-09
Gross Sales	16,970	15,840
Net Sales	16,969	15,840
Profit before Interest, Depreciation and Tax	2,048	1,371
Extraordinary item	107	76
Interest	526	527
Depreciation	522	498
Profit Before Tax	893	270
Less: Provision for Tax for the year	220	32
Fringe Benefit Tax	1	5
Provision for the earlier years	—	(38)
Deferred Tax Liability	99	119
Profit After Tax	573	152
Add: Profit brought forward from last year	169	78
Amount available for appropriation	742	230
<b>Appropriations:</b>		
1. Transfer to		
(a) General Reserve	200	10
(b) Preference Shares Redemption Reserve	102	—
(c) Dividend on Equity Shares	65	—
(d) Dividend on Preference Shares	55	44
(e) Dividend distribution tax	20	7
Balance Carried forward to Balance Sheet	300	169

### Operations :

The gross turnover of your Company for 2009-10 was Rs. 16,970 Lakhs (Rupees 15,840 Lakhs in the previous year). The production during the year was 160.83 Lakh kgs. of yarn (151.95 Lakh kgs. in the previous year). Company is able to maintain increase in production at 6% and net sales turnover at 7% than the previous year.

Your Company has earned a Profit Before Tax of Rs. 893 Lakhs for 2009-10 (Rs. 270 Lakhs in the previous year). The Company earned a profit after tax of Rs. 573 Lakhs (Rs. 152 Lakhs in the previous year). The extraordinary expenditure of Rs. 107 Lakhs (previous year Rs. 76 Lakhs) represents MTM loss on derivatives structures, which have knocked in as per the ICAI directive. During the year 2009-10, Textile Industry was recovered from the last year recession and comparatively performed well. The trend is expected to remain positive in the coming period also.

### Expansion and increase in capacities :

The Company installed new equipment for 10,080 spindles at Urukondapet Unit and Commenced Commercial Production from 18.01.2010. Total capacities of the Company increased to 69,408 spindles from 59,328 spindles.

### Capital expenditure

During the year under review, your Company has incurred Rs. 1,946.13 Lakhs towards capital expenditure for increase in capacities of 10,080 spindles at Urukondapet unit.

### Exports

The export turnover of your Company during the year 2009-10 was Rs. 6416.62 Lakhs against the previous year export turnover of Rs. 2393.97 Lakhs. Recovery of global recession resulted to manifold growth in export turnover. Your Company has been exporting yarn to various countries like Turkey, Italy, Taiwan, Iran, Brazil, USA, and Argentina and continues to explore new markets to improve the performance. This



trend of increase in exports expecting to continue in the coming years.

#### **Future outlook**

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

#### **Dividends**

The Company's financial performance during the year has recovered from the impact of global recession and made a reasonable profit during the year under review. Therefore, keeping in view the current year profits and the future trends in the market Board of Directors recommended a dividend on the shares of the Company.

Your Directors have recommended the payment of Dividend on the Cumulative Redeemable Preference Shares as per the terms and conditions of the Issue for the Financial Year 2009-10. The said Dividend will absorb a sum of Rs. 54,75,141/-. The corporate dividend tax will be Rs. 9,09,352/-. An amount of Rs.1,02,25,000/- is proposed to be transferred to Preference Shares Redemption Reserve Account for the year.

Your Directors have also recommended the payment of Dividend on the Equity Shares at 20% (i.e) Rs.2/- per share of Rs.10/- each for the Year 2009-10. The Dividend will absorb a sum of Rs. 65,34,000/- and the dividend tax will be Rs. 10,85,216/-. An amount of Rs.2,00,00,000/- is proposed to be transferred to General Reserve Account for the year.

#### **Deposits**

During the year under review, the Company has made the repayment / pre-mature repayment of unsecured deposits after complying with the applicable rules. There were no overdue deposits as on 31st March 2010.

#### **Directors**

In accordance with the provisions of the Companies Act, 1956 and in terms of Articles of Association of the Company Sri R. Surender Reddy, Director of the Company, retire by rotation at the ensuing Annual General meeting and being eligible, offered himself for re-appointment.

Your Directors have co-opted Mr. Yash Agarwal as an Additional Director on the Board as well as Wholetime Director with designation as Executive Director w.e.f. 24th July, 2010. It is proposed to regularize his appointment in the ensuing Annual General Meeting.

Also it is proposed to re-appoint Sri Mahender Kumar Agarwal as Joint Managing Director of the Company for the further period of 5 years w.e.f. 1st January, 2011.

Board of Directors recommends the above appointment and reappointment.

#### **Directors Responsibility Statement**

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

- i) That in the preparation of the Annual Accounts for the financial year ended 31st March 2010 the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) That your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That your Directors has prepared the accounts for the financial year ended 31st March 2010 on a going concern basis.



# **SURYALATA SPINNING MILLS LIMITED**

## **Corporate Social Responsibility :**

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

At Suryalata, CSR activities are undertaken in various manners such as providing education scholarships for employees children's and to other children's in surrounding villages, conducting of health camps and providing free medicines, donations to Veda Patasala, Geetha Ashramam, Yogasramam etc., to develop and impart the Indian Traditional values, etc.,

During the year Suryalata has provided sportive articles to encourage sports spirit among the young children / youth, continued efforts are made to develop cultural activities, provided drinking water during summer season and bed sheets / articles are supplied to the flood affected people during the recent floods in Andhra Pradesh.

## **Auditors**

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

Auditors have not made any observation on the Annual Accounts of the Company for the financial ended on 31st March, 2010.

## **Corporate Governance**

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

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

The information as required under Section 217 (1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are provided in the annexure forming part of this Report.

## **Employees**

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

## **Human Resources**

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

## **Acknowledgements**

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

for and on behalf of the Board  
for Suryalata Spinning Mills Limited

Place : Secunderabad  
Date : 24th July, 2010

**R. Surender Reddy**  
Chairman



## ANNEXURE TO DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors Report for the year ended 31st March, 2010.

### A. Conservation of energy

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

	2009-10	2008-09
<b>I. Power &amp; Fuel consumption</b>		
<b>1. ELECTRICITY</b>		
a) Purchased Unit (No.)	4,19,20,846	3,95,57,237
Total Amount (Rs.)	12,57,40,274	1,46,62,639
Rate/Unit (Rs.)	3.00	2.90
b) Own Generation		
i) Through Generator Unit (No.)	NIL	NIL
Unit per Ltr. of Oil (No.)	NIL	NIL
Cost/Unit (Rs.)	NIL	NIL
ii) Through Steam turbine/Generator	not used	not used
2. COAL (Specify quality and where used)	not used	not used
3. FURNACE OIL	not used	not used
4. OTHERS/INTERNAL GENERATORS	not used	not used
<b>II. Consumption per Unit of Production (Kg)</b>		
Electricity (No. Of Units)	2.61	2.60
Furnace Oil	not used	not used
Coal	not used	not used
Others	not used	not used

### B. Technology absorption :

Efforts made in technology absorption as per Form B :



**FORM - B**

**Form for disclosure of particulars with respect to :**

**A. Research and Development (R&D)**

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

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

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

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

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



# **SURYALATA SPINNING MILLS LIMITED**

## **C. Foreign exchange earnings and outgo :**

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

2. Total foreign exchange used and earned :		(Rs. in Lakhs)	
		2009-10	2008-09
(i) Foreign Exchange earned			
FOB Value of Exports		148.11	19.52
(ii) Foreign Exchange Used			
Import of Capital Goods		546.64	20.59
Raw materials		36.48	Nil
Spares		52.04	53.07
Foreign Travel		5.69	3.48
Commission on export sales		Nil	Nil

for and on behalf of the Board  
for Suryalata Spinning Mills Limited

Place : Secunderabad  
Date : 24th July, 2010

R. Surender Reddy  
Chairman



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **ORGANISATION - PROFILE**

Suryalata Spinning Mills Limited is one of the largest producers of Yarn. We are basically into manufacturing of Synthetic blended yarns of Polyester / Viscose, 100% Polyester and 100% Viscose with counts ranging from 20s to 40s. Currently the Company has two manufacturing units with a total capacity of 69,408 spindles. Both the units located at Kalwakurthy and Urkondapet are ISO certified. The unit at Kalwakurthy has an installed capacity of 36,288 spindles with a production capacity of 30 MTs per day. The second plant (Urkondapet) has an installed capacity of 33,120 spindles with a production capacity of 20MT's per day. During the year 2009-10 Urkondapet unit was added an additional capacity of 10,080 Spindles and started its production from 18th January, 2010.

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

India Textile Industry is one of the leading textile industries in the world. Though it was predominantly unorganized industry even a few years back, but the scenario started changing after the economic liberalization of Indian economy. The opening up of economy gave the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world. India is the largest producer of Jute, the 2nd largest producer of Silk, the 3rd largest producer of Cotton and Cellulosic Fibre / Yarn and 5th largest producer of Synthetic Fibers/Yarn. Textile sector in India accounts for around 8 per cent of GDP, contributes 14 per cent of the value addition in the manufacturing sector and more than 30 per cent of the export earnings of the country. It is the single largest employer with an estimated workforce of 35 million. Shrinking global demand has resulted in job losses in the sector, but the government has promised to create 10 million jobs over the next five years. India textile industry is one of the leading in the world. Currently it is estimated to be around US\$ 52 billion and is also projected to be around US\$ 115 billion by the year 2012. The current domestic

market of textile in India is expected to be increased to US\$ 60 billion by 2012 from the current US\$ 34.6 billion. Improvement in production across product lines has been supported by revival in the demand as well as significant capacity additions/modernization initiatives undertaken by the industry during last few years aided by Technology Upgradation Fund Scheme (TUFS).

### **FUTURE OUTLOOK - BRIGHTER PROSPECTS FOR INDIAN TEXTILE EXPORTS**

With a strong domestic demand and the stimulus provided by the government, Indian textile industry is confident that it would grow. Eventhough With the Central Government recently issued notification of temporarily suspending the aid under the Technology Up gradation Fund Scheme, the Indian textile industry is confident that it will be able to handle market competition and grow, especially in the export sector. The Indian textile companies are now aggressively upgrading their technology to compete in the global market. India is the second largest textile economy in the world after China. There is huge development foreseen in Indian textile exports from the \$17bn attained in 2005-06 to \$50bn by 2009-10. The estimation for the exports in the current financial year is about \$19bn. There is substantial potential in Indian exports of technical textiles and home-textiles, as most European companies want to set up facilities near-by the emerging markets, such as China and India. The major markets for India Textile and Clothing exports are the USA and EU. We need to diversify T & C exports and seek new opportunities in the new markets like Gulf Cooperation Countries (GCC) namely Bahrain, Kuwait, Oman, Saudi Arabia, Qatar and UAE, Africa, Latin America, Russia and Oceania to withstand competition from our neighboring countries.

**SWOT Analysis :** Strengths: our strengths are,

- Experienced management team with exposure in textile industry to run the operations.
- Emphasis on quality of product nurtured across the company.



# SURYALATA SPINNING MILLS LIMITED

- The company has established strong presence in the market for several years.
- The business model is simple & needs minimum marketing requirement.
- Increase in the export of products.
- India has rich resources of raw materials of textile industry. It is one of the largest producers of cotton in the world and is also rich in resources of fibers like polyester, silk, viscose etc.,

## Weaknesses

- There is disadvantage in the form of increased power tariff, fuel cost, etc.
- Higher debt/ equity ratio indicates low leverage.
- Appreciation in rupee value is hurting the exports.
- India seriously lacks in trade pact memberships, which leads to restricted access to the other major markets.

## Opportunities

- Booming hosiery manufacturing sector in India, who are probable customers of the Company.
- Lucrative export market for the yarn especially 40s/ 45s count.
- High demand in premium innerwear market which generally requires 40s count yarn.

## Threats

- Threat of cheap Chinese import of yarn in Indian as well as global market.
- Raw materials constitute a significant percentage of the Company's total expenses. However, this is common for any spinning unit.
- The Company faces significant competition in its principal markets. A slowdown in economic growth in India could cause the Company's business to suffer.
- The market is highly competitive and is highly price sensitive.

## RISKS AND CONCERNS

In 2009-10 inflation has increased rapidly and touched record highs. Appreciation of the domestic currency from October'09 onwards, however, has impacted the competitiveness of the domestic exporters vis a vis other countries such as China, etc., as the currencies of these countries did not appreciate to the same extent against the USD as that of INR. With higher borrowings due to expansion projects, the credit profiles of most of the textile companies were impacted in FY09 -10. Usually, growing inflation dampens consumer demand for household goods, including textiles and apparels. If India's inflation continues to stay at such a level, there is a risk that domestic sales would be negatively impacted. We suffer on account of poor infrastructure, high transaction cost, not so favorable labour laws, increased power tariff and fuel cost, uncertainty in the government policies, etc., Structural weaknesses need to be addressed particularly in the wake of growing threat from China and other countries.

According to the experts in the industry, better quality standards, upgradation of technology in the Indian Textile sector coupled with branding as a tool could help gaining a larger share of the global exports in the post quota regime.

## OUTLOOK

After being severely battered by recession in the global markets and currency volatility in FY 09, credit profiles of the textile companies are expected to improve with revival in the domestic demand and signs of improvement in the global markets. However, appreciation of rupee and significant rise in raw material prices raise concerns on the profitability of the Textile Industries. The outlook for textile industry in India is very optimistic. It is expected that Indian textile industry would continue to grow at an impressive rate. Textile industry is being modernized by an exclusive scheme. India can also grab opportunities in the export market. The textile industry is anticipated to generate 12mn new jobs in various sectors.

Your Company, Suryalata has advantages that enable it to leverage these opportunities. With its expansion plans on track, the company has



# **SURYALATA SPINNING MILLS LIMITED**

the capabilities to service large volume needs of international and domestic customers at the right time. The end-to-end value chain enables Suryalata to offer competitive prices, since input costs are minimized. The Company has well laid distribution channels to reach its target market.

## **INTERNAL CONTROLS AND THEIR ADEQUACY**

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

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

## **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The gross turnover of your Company for 2009-10 was Rs. 16,969 lakhs (Rs. 15,840 lakhs in the previous year). The production during the year was 160.84 Lakh kgs. of yarn (151.95 Lakh kgs. in the previous year). Company is able to maintain increase in production at 6% and net sales turnover at 7% than the previous year

Your Company has earned a Profit Before Tax of Rs. 893 Lakhs for 2009-10 (Rs. 270 Lakhs in the previous year). The Company earned a profit after tax of Rs.573 Lakhs (Rs.152 Lakhs in the previous year). The extraordinary expenditure of Rs. 107 lakhs (previous year Rs.76 lakhs) represents MTM loss on derivatives structures, which have knocked in as per to the ICAI directive. During the year 2009-10, the textile industry was recovered from the previous recession. Irrespective of the prices of raw material touching high in the year and also the impact of appreciation of the dollar against rupee and the rise in prices of raw material

your company performed well in the industry standard.

## **HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS**

The Company recorded higher volumes, revenues, operation profit and net income and improved on several operational primarily because of the commitment, initiatives and high-octane energy demonstrated by the employees at all levels. Human Capital is the most valuable resource of an organization. Development of human capital has always been the thrust area of the Company. The success of any business lies under the qualified, trained & motivated Human Resources. Industrial relations are geared at developing and aligning the operatives to the overall goal of the organization. Company takes adequate steps for maintaining safety and healthy environment for the workers. Your Directors places on record their sincere appreciation for the excellent teamwork with which the workers and the staff of the Company at all levels contribute for the better performance of the Company.

## **CAUTIONARY STATEMENT**

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



## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

To succeed, we believe, it requires the highest standards of corporate behavior towards everyone we work with, the communities we touch, and the environment on which we have an impact. This is our road sustainable, profitable growth and creating long-term value for our shareholders, our people, and out

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

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

### 2. BOARD OF DIRECTORS

**Composition, category of Directors and attendance record for the year 2009-10 :**

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

Constitution of the Board and participation of Directors at meetings of the Board during the year 2009-10.

Name of the Director	Category	Board Meetings Attended	Attendance at last AGM held on 14.09.2009
Sri R. Surender Reddy	Non-Executive Independent	3	Present
Sri K. Srinivas Reddy	Non-Executive Independent	4	Present
Sri K. Lakshmikanth Reddy	Non-Executive Independent	2	Present
Sri R S Agarwal	Non-Executive Independent	2	Not-present
Sri Vithaldas Agarwal	Executive/Promoter	4	Present
Sri Mahender Kumar Agarwal	Executive/Promoter	4	Present
Mr Yash Agarwal*	Executive Director	—	—

\* Mr. Yash Agarwal appointed on the Board with effect from 24th July, 2010.



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

Name of the Director	Other Directorships	Committee Membership	Committee Chairmanship
Sri R. Surender Reddy	9	4	3
Sri K. Srinivas Reddy	3	Nil	2
Sri K. Lakshmikanth Reddy	None	None	None
Sri R S Agarwal	10	5	3
Sri Vithaldas Agarwal	2	None	None
Sri Mahender Kumar Agarwal	None	None	None
Mr Yash Agarwal	Executive Director	None	None

**Number of Board meetings held and their dates :**

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

6th June, 2009, 27th July, 2009, 31st October, 2009 and 28th January, 2010.

**RE-APPOINTMENT OF RETIRING DIRECTORS :**

In accordance with the Articles of Association of the Company Sri R. Surender Reddy, Director(s) of the Company, will retire at the 27th Annual General Meeting of the Company and, being eligible, offers him selves for re-appointment.

Sri Mahender Kumar Agarwal has been re-appointed as a Joint Managing Director for a further period of five years w.e.f. From 1st January, 2011 in the Board Meeting held on 24th July, 2010 subject to approval of the members of the Company, in its 27th Annual General Meeting.

***Brief Resume of Directors seeking re-appointment***
**Sri R. Surender Reddy (79)**

Sri R. Surender Reddy has wise experience in business and politics. He was a Member of Parliament for four terms and was a member of Andhra Pradesh Legislative Assembly also for four terms. He was also on the Board of Andhra Bank and A P State Financial Corporation.

**Names of Companies in which he is a Director**

1. Hyderabad Race Club Limited	Chairman
2. Suryaamba Spinning Mills Limited	Chairman
3. Suryavanshi Spinning Mills Limited	Director
4. Suryakiran International Limited	Director
5. Novapan Industries Limited	Director
6. Surana Telecom Limited	Director
7. Bhagyanagar India Limited	Director
8. Lakshmi Finance & Industries Corpn. Limited	Director
9. Suryalakshmi Cotton Mills Limited	Director



**Sri Mahender Kumar Agarwal (46)**

Sri Mahender Kumar Agarwal aged about 46 years has rich experience in Textile Industry, to handle the purchase of Inputs, Marketing of products, customer's relation and in administration and has very good past record in the Management of the Company. He is a promoter of the Company since 1991.

**Mr. Yash Agarwal (22)**

Mr. Yash Agarwal aged about 22 years. Mr. Yash Agarwal has done Master of Engineering (Engineering Management) from Cornell University, New York and graduated in Bachelor of Science in Industrial Engineering from Purdue University, State of Indiana, USA. Mr. Yash Agarwal has working as Chief Executive (Operations) for a period of One year in the Company.

Board of the Director co-opted Mr. Yash Agarwal as an Additional Director and Wholtime Director with a designation as 'Executive Director' w.e.f. 24th July 2010 in the Board Meeting held on 24th July 2010, it is proposed to regularize his appointment in the 27th Annual General Meeting.

**3. AUDIT COMMITTEE**
**a) Brief description of terms of reference :**

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

**b) Composition, names of the members and Chairman :**

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

1	Sri R. Surender Reddy	Chairman
2	Sri K. Srinivas Reddy	Member
3	Sri R S Agarwal	Member

**c) Meetings and Attendance during the year:**

During the year 2009-10, four Audit Committee meetings were held on 06-06-2009, 27-07-2009, 31-10-2009 and 28-01-2010. The attendance of each member of the Committee is given below :

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



**4. REMUNERATION COMMITTEE**
**a) Brief description of terms of reference :**

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

**b) Composition and Chairperson :**

1	Sri K. Srinivas Reddy	Chairman
2	Sri K. Lakshmikanth Reddy	Member
3	Sri R S Agarwal	Member

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

**c) Attendance during the year :**

During the year 2009-10, one Remuneration Committee meetings was held on 06-06-2009. The attendance of each member of the Committee is given below:

Sl. No.	Name	Number of Meetings attended
1	Sri K. Srinivas Reddy	1
2	Sri K Lakshmikanth Reddy	Nil
3	Sri R S Agarwal	1

**d) Remuneration policy :**

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

**e) Details of remuneration paid to Managerial Persons :**

The details of remuneration paid to Managerial Persons of the Company during the year 2009-2010 is given below :

Sri Vithaldas Agarwal - Managing Director				
Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs.)
11,40,000	5,70,000	5,70,000	Nil	22,80,000

Sri Mahender Kumar Agarwal - Joint Managing Director				
Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs.)
9,60,000	5,51,240	4,80,000	1,15,200	21,06,440

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 mentioned in the respective resolutions passed by the shareholders of the Company in general meetings, which do not provide for severance fees.

The details of Sitting Fees paid to the Non-Executive Directors for attending Board and Committee meetings during the financial year 2009-10 is given below :



Sl. No.	Name of the Director	Sitting Fees paid (Rs.)
1.	Sri R. Surender Reddy	12,000
2.	Sri K. Srinivas Reddy	18,000
3.	Sri K. Lakshmikanth Reddy	4,000
4.	Sri R.S. Agarwal	10,000

#### 5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

##### a) Composition and brief terms of reference :

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

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

##### b) Name and designation of the Compliance Officer :

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

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

Nil

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

Nil

##### e) Number of pending share transfers :

Nil

#### 6. GENERAL BODY MEETINGS

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

Financial year	Date	Venue	Time
2008-2009	14.09.2009	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.00 A.M.
2007-2008	18.09.2008	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.00 A.M
2006-2007	26.09.2007	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad - 500 026	10.30 A.M



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

In the 26th Annual General Meeting held on 14th September, 2009 a Special Resolution was passed for the reappointment of Sri Vithaldas Agarwal as the Managing Director of the Company for a further period of 5 years.

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

Financial year	Date	Venue	Time
Nil			

- b) Whether special resolutions were put through postal ballot last year, details of voting pattern :

NIL

- c) Person who conducted the postal ballot exercise :

NOT APPLICABLE

- d) Whether any resolution is proposed to be conducted through postal ballot.

In the Board Meeting held on 24th July, 2010 Company proposed to pass a resolution through postal ballot for alteration of the object clause of the Memorandum of Association of the Company. The relevant notice of the Postal Ballot is being sent to the shareholders of the Company on 5th August, 2010.

- e) Procedure for Postal Ballot

NOT APPLICABLE

## **7. DISCLOSURES**

- a) CEO and CFO Certificate

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

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

There were no materially significant related party transactions having potential conflict with the interests of the company at large. Transactions with related parties are disclosed in note No.20 of Notes on Accounts under Schedule 20.

- c) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to the Capital Markets during the last 3 years: Nil
- d) The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the Directors and the Members of the Senior Management.

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

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

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



- b) Newspapers in which Quarterly results normally published :  
The Quarterly results are normally published in Business Standard (English Daily, Hyderabad and Mumbai) and Andhra Prabha (Telugu Daily).
- c) Website, where the results and other official news releases are displayed :  
www.suryalata.com
- d) Whether the Management Discussion and Analysis is a part of the Annual Report :  
The Management Discussion and Analysis is a part of the Annual Report.

#### GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting**  
Date : 23rd September, 2010.  
Time : 11.00 A.M.  
Venue : Kamat Lingapur Hotel, 1-10-44/2,  
Chikoti Gardens, Begumpet, Hyderabad - 500 016.
- b) Financial Calendar : 1st April to 31st March.
- c) Date of Book closure : 20.09.2010 to 23.09.2010 (Both days inclusive).
- d) Dividend Payment Date : Within 30 days form the date of AGM, if declared.
- e) Listing on Stock Exchanges : Bombay Stock Exchange Ltd.

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

Name and Address of the Stock Exchange	Scrip Code
Bombay Stock Exchange Limited, Mumbai (BSE) Phiroze Jeejeebhoy Towers, Dalal street, Mumbai - 400 001.	514138

The listing fee for the year 2009-10 has been paid to the Stock Exchange.

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

#### BOMBAY STOCK EXCHANGE LIMITED, MUMBAI SHARE PRICE (Rs.)

MONTH	HIGH	LOW
April, 2009	15.05	10.25
May, 2009	21.68	14.10
June, 2009	35.00	22.75
July, 2009	35.70	25.85
August, 2009	36.90	28.35
September, 2009	34.80	28.40
October, 2009	32.85	25.00
November, 2009	37.15	25.30
December, 2009	59.70	30.55
January, 2010	74.90	51.00
February, 2010	92.50	59.15
March, 2010	64.30	54.00



# **SURYALATA SPINNING MILLS LIMITED**

**g) Registrar & Transfer Agents :**

M/s. Sathguru Management Consultants Private Limited  
 Plot No.15, Hindi Nagar, Panjagutta, Hyderabad- 500 034.  
 Phone No. 040-23356975/23356507/23350586  
 Fax No.040-23354042.  
 E-Mail: info@sathguru.com

**h) Share transfer System :**

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

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

In terms of SEBI circular No. D&CC/FITC/CR-16 dated 31-12.2002, Secretarial Audit is conducted on a quarterly basis by a practicing Company secretary for the purpose of, inter alia, reconciliation of the total submitted equity share capital with the depositories and in the physical form with the total issued/paid up equity capital of the Company. Certificates are placed before the Board of Directors and are also forwarded to Bombay Stock Exchange Limited, where the shares of the Company are listed.

**i) Distribution of Shareholding as on 31st March, 2010 :**

**(i) Shareholding Pattern as on 31st March, 2010**

Sl. No	Category	No. of Shares held	Percentage of shareholding
1.	Promoters	2002310	61.29
2.	Mutual Funds and UTI	96	0
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/ Non-Government Institutions)	1305	0.04
4.	Private Corporate Bodies	132703	4.06
5.	Indian Public	1118168	34.23
6.	NRIs/OCBs	12418	0.38
	<b>TOTAL</b>	<b>3267000</b>	<b>100</b>



# **SURYALATA SPINNING MILLS LIMITED**

## (ii) Distribution of Shareholding as on 31st March 2010

No. of Equity shares held	Share Holders		Share	
	Numbers	% to	Number	% of
1 — 5000	3042	91.19	362931	11.11
5001 — 10000	145	4.35	107668	3.30
10001 — 20000	72	2.16	105499	3.23
20001 — 30000	17	0.51	41695	1.28
30001 — 40000	11	0.33	39483	1.21
40001 — 50000	14	0.42	64525	1.98
50001 — 100000	11	0.33	82072	2.51
10001 — above	24	0.72	2463127	75.39
<b>TOTAL</b>	<b>3336</b>	<b>100.00</b>	<b>3267000</b>	<b>100.00</b>
<b>Physical mode</b>	<b>901</b>	<b>27.01</b>	<b>114868</b>	<b>3.52</b>
<b>Demat mode</b>	<b>2435</b>	<b>72.99</b>	<b>3152132</b>	<b>96.48</b>

## j) **Dematerialization of Shares & Liquidity :**

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

As on 31.03.2010, 3152132 Equity shares were dematerialized representing 96.48% of the total paid up equity share capital of the Company. The ISIN allotted to the company's scrip is INE132CO1027. The shares of the Company are actively traded at Bombay Stock Exchange Limited, Mumbai.

## k) **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on Equity.**

Nil.

## l) **Plant Locations :**

- |   |  |
|---|--|
| <p>i) Marchala Village<br/>Kalwakurthy Mandal<br/>Mahabubnagar District<br/>Andhra Pradesh<br/>Pin: 509 320</p> | <p>ii) Urukondapet Village<br/>Kalwakurthy-Mahabubnagar Road<br/>Mahabubnagar District<br/>Andhra Pradesh<br/>Pin: 509 320</p> |
|---|--|

## m) **Address for Correspondence :**

- (i) For transfer/dematerialisation of shares, change of address of members and other queries relating to the shares of the company :

M/s. Sathguru Management Consultants Private Limited  
Plot No.15, Hindi Nagar, Panjagutta, Hyderabad-500 034.  
Phone No. 23350586/23356507. Fax No.23354042.  
Email:sta@sathguru.com



- (ii) Any queries relating to dividend, annual reports etc.,  
The Compliance Officer,  
Suryalata Spinning Mills Limited  
Surya Towers, 1st Floor, 105, Sardar Patel Road,  
Secunderabad - 500 003. Andhra Pradesh.  
Phone No.040-27819908/27819909/27774200  
Fax No. 040-27846859.  
E-mail: cs@suryalata.com

#### **Auditors' certificate on Corporate Governance**

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

#### **NON-MANDATORY REQUIREMENTS**

**a) Chairman of the Board**

A Non-Executive Chairman heads the Board of Directors of the Company.

**b) Remuneration Committee**

The Board has constituted a Remuneration Committee consisting of the following three Non-Executive and Independent Directors :

1.	Sri K Srinivas Reddy	Chairman
2.	Sri K Lakshmikanth Reddy	Member
3.	Sri R S Agarwal	Member

The Committee reviews and recommends to the Board with regard to remuneration package payable to the Managerial Personnel.

**c) Shareholder Rights**

As the quarterly, half yearly and annual results are published in leading newspapers having wide circulation; the same are not sent to individual shareholders of the Company.

**d) Postal Ballot**

In the Board Meeting held on 24th July, 2010 Company proposed to pass a resolution through postal ballot for alteration of the object clause of the Memorandum of Association of the Company. The relevant notice of the Postal Ballot is being sent to the shareholders of the Company on 5th August, 2010.

for and on behalf of the Board  
for Suryalata Spinning Mills Limited

Place : Secunderabad  
Date : 24th July, 2010

**R. Surender Reddy**  
Chairman





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

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

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2010 and certify that to the best of our knowledge and belief;
  - i) These statements do not contain any materially untrue statement nor omit any material fact not contain statements that might be misleading; and
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies;
- d) We have indicated to the auditors and the Audit Committee of :
  - i) Significant changes in the internal control during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) There are no instances of significant fraud of which we have become aware.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

Place : Secunderabad  
Date : 24th July, 2010

Vithaldas Agarwal  
Managing Director

K Nageswara Rao  
General Manager (Finance)





## AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To  
The Members of  
**SURYALATA SPINNING MILLS LIMITED,**  
SECUNDERABAD.

We have examined the compliance of conditions of Corporate Governance by **SURYALATA SPINNING MILLS LIMITED** for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the 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, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement.

We state that in respect of Investor grievances received during the year ended 31st March, 2010, no investor grievances are pending against the Company as per the records of the company. We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **BRAHMAYYA & Co.,**  
Chartered Accountants  
Firm Regn. No.0005135

Place : Hyderabad  
Date : 24th July, 2010

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



**AUDITORS' REPORT**

To  
The Members of  
**SURYALATA SPINNING MILLS LIMITED**  
SECUNDERABAD.

We have audited the attached Balance Sheet of **SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD, A.P.** as at 31st March 2010 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.

We conducted our audit in accordance with 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.

**We report as follows :**

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the 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 and 5 of the said Order.  
Further to our comments in the Annexure referred to above, we report that :
2.
  - 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 the written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 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, 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, 2010;
  - b) in the case of the Profit and Loss account, of the Profit 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  
Firm Regn. No.0005135

**K.S. RAO**  
Partner

Place : Hyderabad  
Date : 20th May, 2010      Membership No.15850



# SURYALATA SPINNING MILLS LIMITED

**Re: SURYALATA SPINNING MILLS LIMITED,  
SECUNDERABAD.**

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.  
c) The plant and machinery disposed off during the year by the company is not substantial and hence, it has not affected the going concern status of the Company.
2. a) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.  
b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.  
b) In view of our comment in paragraph 3(a) above, III (b), (c) & (d) of the aforesaid order are not applicable to the company.  
c) During the year, the company has taken unsecured loans from 2 parties covered in the register maintained under section 301 of the companies Act, 1956 and the maximum amount involved during the year was Rs. 35.00 lakhs.
- d) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the register maintained under section 301 of the Companies Act 1956 are not prima-facie prejudicial to the interests of the company.
- e) The company is regular in payment of the principal amount and interest thereon as stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.  
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost



# **SURYALATA SPINNING MILLS LIMITED**

records under section 209(1)(d) of the Companies Act, 1956 in respect of yarn and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.
- c) According to the records of the Company and the information and explanations given to us, the dues of sales tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute are as follows:

Nature of disputed dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income-tax	50.20	Asst. year 2005-06	Commissioner of Income-tax (Appeals), Hyderabad
-do-	7.61	Asst. year 2006-07	-do-
-do-	2.76	Asst. year 2007-08	-do-

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

the Company has not defaulted in repayment of dues to any financial institutions and banks.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/ mutual benefit fund/society and therefore the requirements relating to such companies are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities and debentures.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were obtained.
17. In our opinion, and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of Shares to parties or companies covered in the register maintained u/s.301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
19. During the year, the Company has not issued any debentures and therefore the question of creating security in respect thereof does not arise.
20. During the year, the Company has not raised any money by public issue.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm Regn. No.0005135

**K.S. RAO**

Place : Hyderabad Partner  
Date : 20th May, 2010 Membership No.15850



# **SURYALATA SPINNING MILLS LIMITED**

## **BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule Reference		As at 31.03.2010 Rs.		As at 31.03.2009 Rs.
<b>SOURCES OF FUNDS:</b>					
<b>Share Holders Funds:</b>					
Share Capital	1	10,63,18,400		10,63,18,400	
Reserves and Surplus	2	<u>13,91,20,746</u>	24,54,39,146	<u>9,59,00,158</u>	20,22,18,558
<b>Loan Funds:</b>					
Secured Loans	3	72,74,47,380		64,01,71,886	
Unsecured Loans	4	<u>15,31,54,555</u>	88,06,01,935	<u>14,45,11,474</u>	78,46,83,360
Deferred Tax Liability			<u>8,88,87,128</u>		<u>7,89,65,210</u>
<b>Total</b>			<u>1,21,49,28,209</u>		<u>1,06,58,67,128</u>
<b>APPLICATION OF FUNDS:</b>					
<b>Fixed Assets</b>	5				
Gross Block		1,22,09,82,784		1,05,69,59,150	
Less : Depreciation		<u>34,35,94,817</u>		<u>29,43,18,665</u>	
Net Block		87,73,87,967		76,26,40,485	
Add : Capital Work-in-Progress		<u>2,68,42,594</u>	90,42,30,561	<u>33,13,530</u>	76,59,54,015
<b>Investments</b>	6		10,600		79,900
<b>Current Assets,</b>					
<b>Loans and Advances:</b>					
Inventories	7	16,30,80,604		8,39,57,993	
Sundry Debtors	8	13,92,16,788		19,05,47,082	
Cash and Bank Balances	9	26,35,289		32,07,280	
Loans and Advances	10	<u>10,82,23,784</u>		<u>7,72,62,709</u>	
		41,31,56,465		35,49,75,064	
Less : Current Liabilities and Provisions	11	<u>10,24,69,417</u>	31,06,87,048	<u>5,51,41,851</u>	29,98,33,213
<b>Total</b>			<u>1,21,49,28,209</u>		<u>1,06,58,67,128</u>
Accounting Policies and Notes on Accounts	20				

The Schedules referred above form an integral part of the Balance Sheet.

As per our report of even date for and on behalf of the Board  
for **BRAHMAYYA & CO.**,  
Chartered Accountants  
Firm Regn. No.000513S

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

**VITHALDAS AGARWAL**  
Managing Director

**K NAGESWARA RAO**  
General Manager (Finance)

Place : Secunderabad  
Date : 20th May, 2010

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule Reference	Current Year Rs.	Previous Year Rs.
<b>INCOME</b>			
Sales	12	1,69,69,60,061	1,58,40,54,061
Less: Excise duty		82,065	21,085
Net Sales		1,69,68,77,996	1,58,40,32,976
Other Income	13	59,86,821	20,95,046
<b>Total</b>		<b>1,70,28,64,817</b>	<b>1,58,61,28,022</b>
<b>EXPENDITURE</b>			
Raw material Consumed	14	1,15,19,48,532	1,05,28,71,506
Stores Consumed	15	5,09,10,131	4,08,92,173
Power and Fuel		12,57,40,274	11,46,62,639
Payments and Benefits to Employees	16	10,11,30,586	8,83,96,606
Other expenses	17	10,38,22,015	9,65,15,282
Finance charges	18	5,67,31,155	5,66,19,709
Depreciation	5	5,22,22,324	4,97,90,693
(Increase)/Decrease in Stocks	19	(2,88,91,546)	5,93,57,251
<b>Total</b>		<b>1,61,36,13,471</b>	<b>1,55,91,05,859</b>
Profit for the year		8,92,51,346	2,70,22,163
Less : Provision for Taxation			
- For the year		2,20,00,000	32,00,000
- Deferred tax		99,21,918	1,19,75,018
- Fringe Benefit Tax (for earlier years)		1,05,130	4,60,000
Add : Excess Prov. of Income tax		—	38,27,317
Profit after Tax		5,72,24,298	1,52,14,462
Add : Profit brought forward from previous year		1,69,56,758	78,27,022
Profit available for appropriation		7,41,81,056	2,30,41,484
<b>APPROPRIATIONS</b>			
Proposed Dividend:			
on Equity share capital		65,34,000	—
on Preference share capital		54,75,141	43,46,105
Corporate Dividend Tax		19,94,569	7,38,621
Transfer to General Reserve		2,00,00,000	10,00,000
Transfer to Preference Shares Redemption Reserve		1,02,25,000	—
Balance Carried to Balance Sheet		2,99,52,346	1,69,56,758
<b>Total</b>		<b>7,41,81,056</b>	<b>2,30,41,484</b>
Earnings per share (Face value Rs.10/-) (Basic and Diluted)		15.56	3.10
Accounting Policies and Notes on Accounts	20		

The Schedules referred above form an integral part of the Profit and Loss Account.

As per our report of even date for and on behalf of the Board  
for **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm Regn. No.000513S

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

**VITHALDAS AGARWAL**  
Managing Director

**K NAGESWARA RAO**  
General Manager (Finance)

Place : Secunderabad  
Date : 20th May, 2010

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL:</b>		
<b>Authorised</b>		
50,00,000 (50,00,000) Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000
12,00,000 (12,00,000) Preference Shares of Rs.100/- each	12,00,00,000	12,00,00,000
	<u>17,00,00,000</u>	<u>17,00,00,000</u>
<b>Issued, Subscribed and Paid up</b>		
32,67,000 (32,67,000) Equity Shares of Rs.10/- each fully paid up	3,26,70,000	3,26,70,000
35,535 (35,535) 12%, Cumulative Redeemable Preference Shares of Rs.100/- each (Series IV)	35,53,500	35,53,500
42,078 (42,078) 8% Cumulative Redeemable Preference Shares of Rs.100/- each (Series -VII)	42,07,800	42,07,800
1,00,000 (1,00,000) 8% Cumulative Redeemable Preference Shares of Rs.100/- each (Series -VIII)	1,00,00,000	1,00,00,000
5,58,871 (5,58,871) 7% Cumulative Redeemable Preference Shares of Rs.100/- each (Series -IX)	5,58,87,100	5,58,87,100
	<u>10,63,18,400</u>	<u>10,63,18,400</u>

Note : Of the above, 10,89,000 equity shares of Rs. 10/- each are allotted as fully paid up by way of Bonus shares by Capitalisation of Reserves.

## **SCHEDULE 2**

### **RESERVES AND SURPLUS :**

	Balance as on 01.04.2009 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Balance as at 31.03.2010 Rs.	Balance as at 31.03.2009 Rs.
<b>RESERVES :</b>					
<b>Capital Reserves :</b>					
Capital redemption reserve	4,25,00,000	–	–	4,25,00,000	4,25,00,000
Securities Premium	1,68,20,000	–	–	1,68,20,000	1,68,20,000
Subsidy	15,00,000	–	–	15,00,000	15,00,000
Preference Share Redemption Reserve	1,71,23,400	1,02,25,000	–	2,73,48,400	1,71,23,400
<b>Other Reserves :</b>					
General Reserve	10,00,000	2,00,00,000	–	2,10,00,000	10,00,000
<b>SURPLUS :</b>					
Profit and Loss Account	1,69,56,758	2,99,52,346	1,69,56,758	2,99,52,346	1,69,56,758
	<u>9,59,00,158</u>	<u>6,01,77,346</u>	<u>1,69,56,758</u>	<u>13,91,20,746</u>	<u>9,59,00,158</u>



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE 3</b>		
<b>SECURED LOANS :</b>		
<b>A) RUPEE TERM LOANS :</b>		
1) IDBI Bank Limited		
a) Term Loan - 4	4,44,61,535	5,23,07,690
b) Term Loan - 5	29,33,21,860	30,39,88,860
c) Addl. Term Loan - 5	2,87,50,000	3,00,00,000
d) Term Loan - 6	3,42,01,159	–
2) State Bank of India		
a) Term Loan - 2	2,72,51,430	3,33,92,858
b) Term Loan - 3	5,50,00,000	–
3) AXIS Bank Limited		
a) Corporate Loan - 1	–	8,33,331
b) Corporate Loan - 2	–	50,00,000
c) Corporate Loan - 3	–	2,43,05,556
4) Yes Bank Limited		
Medium Term Loan	58,73,850	63,48,234
5) IDBI Bank Limited		
Corporate Loan	1,66,66,672	–
(A)	<u>50,55,26,506</u>	<u>45,61,76,529</u>
<b>B) WORKING CAPITAL LOANS :</b>		
a) State Bank of India	16,82,06,096	15,85,47,268
b) AXIS Bank Limited	–	2,41,98,608
c) IDBI Bank Limited	4,48,83,846	–
(B)	<u>21,30,89,942</u>	<u>18,27,45,876</u>
<b>C) VEHICLE LOANS :</b>		
(C)	88,30,932	12,49,481
<b>Total (A+B+C)</b>	<u><b>72,74,47,380</b></u>	<u><b>64,01,71,886</b></u>

### Notes :

- Loans referred in A(1), (2) and (5) are secured by pari passu first charge on all movable and immovable properties of the Company present and future. The loans further secured by personal guarantees of two promoter Directors of the company and pledge of some shares of the promoters of the Company.



**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
2. Loans referred in A(3) are secured by second charges on the present and future movable and immovable properties of the Company on pari passu basis. The loans are further secured by personal guarantees of two promoter directors of the company in their individual capacity.		
3. Medium Term loan referred to in A(4) are secured by personal guarantees of two promoter Directors of the Company.		
4. Working Capital loans from bank referred to in B above are secured by hypothecation of stock in trade, raw materials, stock in process, stores and spares and receivables present and future and by a second charge on the present and future movable and immovable properties of the Company on pari passu basis. The loans further secured by personal guarantees of two promoter directors of the Company.		
5. Vehicle loans referred to C above are secured by hypothecation of the respective vehicles and guaranteed by the Managing Director of the Company.		

**SCHEDULE 4**
**UNSECURED LOANS :**

From Bodies Corporate	1,00,44,750	1,00,17,689
From Directors	36,50,000	27,96,699
Interest free Sales Tax loan	13,29,19,805	12,34,37,086
Deposits from others	65,40,000	82,60,000
	<u>15,31,54,555</u>	<u>14,45,11,474</u>





# SURYALATA SPINNING MILLS LIMITED

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE - 5 FIXED ASSETS :

Description	Gross Block			Depreciation			Net Block	
	As at 01.04.2009 Rs.	Additions Rs.	Deductions Rs.	Upto 31.03.2010 Rs.	Upto 01.04.2009 Rs.	For the Year Rs.	Upto 31.03.2010 Rs.	As at 31.03.2009 Rs.
Land	30,77,568	—	—	30,77,568	—	—	—	30,77,568
Factory Buildings	14,79,87,422	2,58,61,051	—	17,38,48,473	2,20,93,884	51,15,533	2,72,09,417	14,66,39,056
Non Factory Buildings	6,46,54,396	23,86,985	—	6,70,41,381	53,90,427	10,76,571	64,66,998	6,05,74,383
Plant and Machinery	75,60,01,648	11,89,36,958	24,17,431	87,25,21,175	24,00,78,383	4,07,13,134	27,92,42,772	59,32,78,403
Testing Equipment	75,36,017	14,39,076	—	89,75,093	19,45,524	3,98,226	23,43,750	66,31,343
Electrical Installations	4,93,92,101	94,72,877	—	5,88,64,978	1,37,94,004	26,89,705	1,64,83,709	4,23,81,269
Data Processing Equipment	54,28,633	51,773	—	54,80,406	42,23,871	3,20,690	45,44,561	9,35,845
Workshop Equipment	24,28,299	—	—	24,28,299	4,18,558	1,15,345	5,33,903	18,94,396
Weighing Machinery	12,46,990	—	—	12,46,990	5,79,479	59,232	6,38,711	6,08,279
Water Works	8,96,165	3,07,721	—	12,03,886	1,83,222	17,755	2,00,977	10,02,909
Furniture and Fixture	43,14,512	2,25,077	—	45,39,589	18,40,147	2,28,008	20,68,155	24,71,434
Office Equipment	38,59,706	3,74,044	—	42,33,750	9,02,201	1,92,489	10,94,690	31,39,060
Vehicles	1,01,35,693	1,07,02,482	33,16,979	1,75,21,196	28,68,965	12,95,636	27,67,174	1,47,54,022
Add: Capital work in Progress	1,05,69,59,150	16,97,58,044	57,34,410	1,22,09,82,784	29,43,18,665	5,22,22,324	34,35,94,817	87,73,87,967
Total	33,13,530	2,48,54,825	13,25,761	2,68,42,594	—	—	—	2,68,42,594
Less: Internal Transfers	1,06,02,72,680	19,46,12,869	70,60,171	1,24,78,25,378	29,43,18,665	5,22,22,324	34,35,94,817	90,42,30,561
Total	—	13,25,761	13,25,761	—	—	—	—	—
Previous Year	1,06,02,72,680	19,32,87,108	57,34,410	1,24,78,25,378	29,43,18,665	5,22,22,324	34,35,94,817	90,42,30,561
	1,03,30,44,470	3,16,64,905	44,36,695	1,06,02,72,680	24,55,18,926	4,97,90,693	29,43,18,665	76,59,54,015
								78,75,25,544



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE 6</b>		
<b>INVESTMENTS :</b> (Long term, at cost)		
Unquoted - Non traded		
National Saving Certificate (Pledged with Sales Tax Department)	1,000	1,000
Long term - Quoted -Traded		
a) 3,300 Equity Shares in AXIS Bank Ltd. of Rs.10/- each	–	69,300
b) 800 Equity Shares in UCO Bank Ltd. of Rs.10/- each	9,600	9,600
(Aggregate Market Value of Quoted investments Rs.45,200/-, Previous Year Rs.13,87,050/-)		
	<u>10,600</u>	<u>79,900</u>
<b>SCHEDULE 7</b>		
<b>INVENTORIES :</b>		
(As certified by the management)		
Raw Materials (including Material in Transit)	9,86,65,418	4,73,72,642
Stores and Spares	1,15,33,359	1,25,95,071
Yarn	3,55,98,101	1,10,82,142
Stocks-in-process	1,72,41,984	1,28,84,296
Waste (at realisable value)	41,742	23,842
	<u>16,30,80,604</u>	<u>8,39,57,993</u>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS :</b>		
(Unsecured and considered good)		
Due over six months	35,471	3,43,519
Others	13,91,81,317	19,02,03,563
	<u>13,92,16,788</u>	<u>19,05,47,082</u>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES :</b>		
Cash on Hand	2,97,862	4,12,306
With Scheduled Banks		
In Current Accounts	15,48,427	8,96,067
In Deposit Accounts	7,88,000	18,97,907
With Post Office Savings Bank	1,000	1,000
(Pledged with Central Excise Dept.)		
	<u>26,35,289</u>	<u>32,07,280</u>



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES :</b>		
(Unsecured, considered good recoverable in Cash or in kind or for value to be received)		
Advances for Suppliers and Expenses	40,94,468	11,30,735
Advances for Capital Works	3,01,97,730	81,56,282
Advances to Staff and Workers	11,94,254	9,74,736
Other Receivables	4,50,43,944	4,06,13,216
Interest Receivable	12,05,927	9,99,647
Deposits Recoverable	2,34,11,429	2,03,74,702
Prepaid Expenses	12,44,038	31,51,832
Tax Deducted at Source	18,31,994	18,61,559
	<u>10,82,23,784</u>	<u>7,72,62,709</u>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS :</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors:		
- Due to Micro, Small and Medium Enterprises	61,80,309	51,61,790
- Others	1,51,89,227	41,14,100
Sundry Creditors for : Capital Goods	87,79,609	46,00,828
: Expenses	3,34,81,268	3,08,28,389
: Other Finance	35,11,230	31,31,732
Unclaimed dividends*	5,39,435	5,40,685
Advances received against sales	60,55,342	2,51,562
<b>PROVISIONS :</b>		
For : Income Tax (net)	1,47,29,287	14,24,857
Fringe Benefit Tax (net)	–	3,182
Equity Dividend	65,34,000	–
Preference Dividend	54,75,141	43,46,105
Corporate Dividend Tax	19,94,569	7,38,621
	<u>10,24,69,417</u>	<u>5,51,41,851</u>

\* There is no amount due and/or outstanding to be credited to investor education and protection fund.



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULES FORMING PART OF THE ACCOUNTS**

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE 12</b>		
<b>SALES :</b>		
Yarn	1,69,37,32,480	1,58,10,46,682
Waste	31,60,635	29,91,871
Scrap Sales	66,946	15,508
	<u>1,69,69,60,061</u>	<u>1,58,40,54,061</u>
<b>SCHEDULE 13</b>		
<b>OTHER INCOME :</b>		
Interest earned (TDS Rs.1,34,684 [Previous Year Rs.3,28,114])	13,41,637	15,42,617
Dividend Received	33,800	20,600
Miscellaneous Income	1,74,284	1,18,050
Profit on sale of Investments	32,20,120	—
Credit Balances written back	238	1,45,082
Export Incentives/DEPB Received	11,37,716	2,02,487
Prior Period Income	79,026	66,210
	<u>59,86,821</u>	<u>20,95,046</u>
<b>SCHEDULE 14</b>		
<b>RAW MATERIAL CONSUMED :</b>		
Opening Stock (including Material in Transit)	4,73,72,642	5,41,41,110
Add: Purchases	1,20,61,56,801	1,04,61,03,038
	<u>1,25,35,29,443</u>	<u>1,10,02,44,148</u>
Less : Sale of raw material	29,15,493	—
Less : Closing Stock (including Material in Transit)	9,86,65,418	4,73,72,642
	<u>1,15,19,48,532</u>	<u>1,05,28,71,506</u>
<b>SCHEDULE 15</b>		
<b>STORES CONSUMED :</b>		
Consumable Stores	2,50,16,820	2,07,21,360
Packing Material consumed	2,58,93,311	2,01,70,813
	<u>5,09,10,131</u>	<u>4,08,92,173</u>
<b>SCHEDULE 16</b>		
<b>PAYMENTS AND BENEFITS TO EMPLOYEES :</b>		
Salaries, Wages and Bonus	8,13,70,016	7,08,69,750
Contribution to Provident Fund and other funds	84,37,350	72,33,447
Welfare Expenses	73,90,471	75,42,014
Gratuity	39,32,749	27,51,395
	<u>10,11,30,586</u>	<u>8,83,96,606</u>



**SCHEDULES FORMING PART OF THE ACCOUNTS**

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE 17</b>		
<b>OTHER EXPENSES :</b>		
Rent	–	4,800
Rates and Taxes	6,18,322	7,98,393
Sales Tax	2,11,82,057	2,79,19,946
Printing and Stationery	6,47,283	5,60,863
Postage, Telegrams and Telephones	10,75,609	11,30,520
Travelling, Conveyance and Vehicle expenses	56,16,512	52,39,395
Commission on Sales	14,87,882	9,50,985
Selling Expenses	1,80,83,880	2,08,17,318
Insurance	17,95,309	15,64,428
Managerial Remuneration	43,86,440	33,36,160
Directors sitting fees	44,000	66,000
Auditors Remuneration	2,86,630	1,70,965
Cost Auditors Fees	20,000	26,531
Repairs to :		
Buildings	14,38,223	11,79,738
Machinery	2,21,83,921	1,06,87,221
Others	3,69,214	2,16,395
Professional charges	16,31,721	11,18,393
Office Maintenance	78,29,291	89,83,927
Miscellaneous expenses	31,63,367	35,32,255
Loss on Derivatives	1,06,64,250	75,82,910
Loss on sale of assets	12,24,987	4,49,912
Donations	73,117	1,78,227
	<u>10,38,22,015</u>	<u>9,65,15,282</u>
<b>SCHEDULE 18</b>		
<b>FINANCE CHARGES :</b>		
Interest on term loans	3,08,38,140	2,77,91,681
Interest on others	2,17,93,740	2,48,76,550
Bank charges	40,99,275	39,51,478
	<u>5,67,31,155</u>	<u>5,66,19,709</u>
<b>SCHEDULE 19</b>		
<b>INCREASE / DECREASE IN STOCKS :</b>		
<b>OPENING STOCK :</b>		
Yarn	1,10,82,142	6,66,46,336
Stock in process	1,28,84,297	1,65,99,847
Waste	23,842	1,01,349
	<u>2,39,90,281</u>	<u>8,33,47,532</u>
<b>CLOSING STOCK :</b>		
Yarn	3,55,98,101	1,10,82,142
Stock in process	1,72,41,984	1,28,84,297
Waste	41,742	23,842
	<u>5,28,81,827</u>	<u>2,39,90,281</u>
(Increase) / Decrease in Stocks	<u>(2,88,91,546)</u>	<u>5,93,57,251</u>



**SCHEDULES FORMING PART OF THE ACCOUNTS****SCHEDULE-20****A. SIGNIFICANT ACCOUNTING POLICIES****BASIS OF PREPARATION :**

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

**FIXED ASSETS :**

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

**INVENTORIES :**

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

**INVESTMENTS :**

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

**DERIVATIVE INSTRUMENTS :**

The company uses derivative financial instruments such as Principal only swaps for the purposes of cost reduction. In case of loss, the transactions having protection are taken as contingent liability and where protection is knocked in has been written off to profit and loss account.

**FOREIGN EXCHANGE TRANSACTIONS :**

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

**CONTINGENT LIABILITIES :**

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

**RETIREMENT BENEFITS :**

Company's contribution to Provident Fund determined under the relevant statute and charged to revenue. The gratuity contribution has been made on the basis of actuarial valuation under Accounting Standard -15 given by SBI life insurance Company.

The liability for leave encashment is provided for on the basis of accrued leaves at the close of the year.

**ACCOUNTING FOR INCOME TAX :**

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





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

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

Share issue expenditure is amortised over a period of ten years in equal installments.

		2009-10 Rs.	2008-09 Rs.
1	Contingent Liabilities not provided for on account of :		
	a) Bank Guarantee	Nil	Rs.33.02 lakhs
	b) Letter of Credit (FLC for Capital equipment)	Rs.196.45 lakhs	Nil
	c) Derivative structures under European knock in	Nil	Rs.40.00 lakhs
2	Licensed/Registered Capacity :		
	a) No. of Spindles	90,080	90,080
	b) No. of Rotors	1,699	1,699
3	Installed Capacity :		
	No. of Spindles	69,408	59,328
	The figures have been certified by the Management and not verified by the auditors being a technical matter.		

55



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULE 20 (contd.)**

	2009-10		2008-09	
	Kgs.	Rs.	Kgs.	Rs.
<b>5 Stocks of Raw Materials :</b>				
a) Opening Stocks :				
Polyester Staple Fibre	5,56,657	3,29,93,539	4,88,568	3,06,69,950
Viscose Staple Fibre	86,481	87,41,737	2,00,618	2,34,71,160
Material in Transit	96,112	56,37,366	–	–
<b>Total</b>	<b>7,39,250</b>	<b>4,73,72,642</b>	<b>6,89,185</b>	<b>5,41,41,110</b>
b) Purchase of Raw Materials :				
Polyester Staple Fibre	1,48,52,064	97,02,47,069	1,41,77,254	90,28,22,559
Viscose Staple Fibre	20,84,317	23,59,09,732	13,34,441	14,32,80,479
<b>Total</b>	<b>1,69,36,381</b>	<b>1,20,61,56,801</b>	<b>1,55,11,695</b>	<b>1,04,61,03,038</b>
c) Raw Materials consumed :				
Polyester Staple Fibre	1,44,47,408	93,41,54,962	1,40,13,053	89,48,61,604
Viscose Staple Fibre	19,45,322	21,77,93,570	14,48,578	15,80,09,902
<b>Total</b>	<b>1,63,92,730</b>	<b>1,15,19,48,532</b>	<b>1,54,61,631</b>	<b>1,05,28,71,506</b>
d) Sale of Raw Material :				
Polyester Staple Fibre	1,567	90,383	–	–
Viscose Staple Fibre	23,922	28,25,110	–	–
<b>Total</b>	<b>25,489</b>	<b>29,15,493</b>	<b>–</b>	<b>–</b>
e) Closing Stocks :				
Polyester Staple Fibre	10,55,858	7,46,76,125	5,56,657	3,29,93,539
Viscose Staple Fibre	2,01,554	2,39,89,293	86,481	87,41,737
Material in Transit	–	–	96,112	56,37,366
<b>Total</b>	<b>12,57,412</b>	<b>9,86,65,418</b>	<b>7,39,250</b>	<b>4,73,72,642</b>
<b>6 Consumption in Percentages :</b>				
a) Raw Materials :				
Indigenous	99.66%	1,14,79,91,266	100.00%	1,05,28,71,506
Imported	0.34%	39,57,266	0.00%	–
<b>Total</b>	<b>100.00%</b>	<b>1,15,19,48,532</b>	<b>100.00%</b>	<b>1,05,28,71,506</b>
b) Spare parts and components :				
Indigenous	74.66%	1,86,77,299	86.22%	1,78,65,546
Imported	25.34%	63,39,521	13.78%	28,55,814
<b>Total</b>	<b>100.00%</b>	<b>2,50,16,820</b>	<b>100.00%</b>	<b>2,07,21,360</b>
<b>7 Auditors' Remuneration :</b>				
As Auditors		82,725		82,725
As Tax Auditors		16,545		16,545
Tax Representation Fee		88,090		–
Certification fees		99,270		71,695
<b>Total</b>		<b>2,86,630</b>		<b>1,70,965</b>



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULE 20 (contd.)**

	2009-10 Rs.	2008-09 Rs.
8 Cost Auditors' Fees	20,000	26,531
9 Managerial Remuneration :		
a) Managing Director :		
Salary	11,40,000	11,40,000
Perquisites	5,70,000	5,70,000
Commission	5,70,000	—
	<u>22,80,000</u>	<u>17,10,000</u>
b) Joint Managing Director :		
Salary	9,60,000	9,60,000
Perquisites	5,51,240	5,50,960
Commission	4,80,000	—
Contribution to Provident Fund	1,15,200	1,15,200
	<u>21,06,440</u>	<u>16,26,160</u>
<b>Total (a+b)</b>	<u><b>43,86,440</b></u>	<u><b>33,36,160</b></u>
10 Computation of profits in accordance with Section 198 of the Companies Act, 1956		
Profit for the year before taxation as per profit and loss account	8,92,51,346	2,70,22,163
Add: Managerial remuneration	43,86,440	33,36,160
Loss on sale of assets	12,24,987	4,49,912
Less : Profit on sale of Investments	32,20,120	—
Net Profit in accordance with Section 198 of the Companies Act, 1956	<u>9,16,42,653</u>	<u>3,08,08,235</u>
Maximum remuneration to whole time directors 10%	91,64,265	30,80,824
Maximum commission @ 1% of Net Profit to each of the Working Director	18,32,853	—
Restricted 50% of salary	10,50,000	—
11 DEFERRED TAXATION :		
Deferred Tax Assets		
Employee benefits	11,68,623	13,14,485
	<u>11,68,623</u>	<u>13,14,485</u>
Deferred Tax Liabilities		
Depreciation	9,00,55,751	8,02,79,695
	<u>9,00,55,751</u>	<u>8,02,79,695</u>
Deferred Tax Liability (Net)		
	<u><b>8,88,87,128</b></u>	<u><b>7,89,65,210</b></u>



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULE 20 (contd.)**

	2009-10 Rs.	2008-09 Rs.		
12 Earnings Per Share (EPS)				
Profit after tax and extra ordinary items	5,72,24,298	1,52,14,463		
Less : Preference dividend provided	54,75,141	43,46,105		
Corporate Dividend Tax	9,09,353	7,38,621		
Profit attributable to Equity Shareholders	5,08,39,804	1,01,29,737		
No of Equity shares (Face value Rs. 10/- each)	32,67,000	32,67,000		
Weighted average No. of Shares*	32,67,000	32,67,000		
Earnings Per Share (EPS)	15.56	3.10		
13 a) Earnings in Foreign Exchange				
FOB Value of Exports	1,48,10,514	19,52,153		
b) Value of Imports on C.I.F. basis in respect of				
Raw Materials	36,48,226	-		
Spares	52,04,075	53,07,124		
Capital Goods	5,46,64,061	20,59,634		
c) Expenditure in foreign currency on account of				
Foreign Travel	5,69,080	3,48,463		
Commission	Nil	Nil		
14 The Company has opted for exempted route under Excise rules w.e.f. 31st July, 2007. Accordingly, the CENVAT benefit not availed from the said date.				
15 Interest paid, payable or accrued and due to Micro and Small Enterprises is Nil.				
16 Details of Non Convertible Cumulative Redeemable Preference Shares are as under:				
Nature	Series	Amount Rs.	Date of issue	Date of Redemption
12% CRPSs of Rs.100/- each	IV	35,53,500	21.10.2003	20.10.2013
8% CRPSs of Rs.100/- each	VII	42,07,800	30.10.2004	29.10.2014
8% CRPSs of Rs.100/- each	VIII	1,00,00,000	31.01.2007	31.01.2017
7% CRPSs of Rs.100/- each	IX	50,00,000	06.03.2009	05.03.2012
7% CRPSs of Rs.100/- each	IX	5,08,87,100	06.03.2009	05.03.2021
Total		7,36,48,400		



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULE 20 (contd.)**

- 17 Interest free Sales tax loan from Andhra Pradesh State Government amounting to Rs. 13,29,19,805/- is repayable as under :

(Amount in Rs.)

Due Date for Payment	Loan I	Loan II	Total
01.04.2012	47,06,648	–	47,06,648
01.04.2013	40,92,785	–	40,92,785
01.04.2014	84,31,590	–	84,31,590
01.04.2015	39,17,337	26,77,586	65,94,923
01.04.2016	84,39,395	59,08,885	1,43,48,280
01.04.2017	74,71,267	36,75,859	1,11,47,126
01.04.2018	52,03,793	38,81,283	90,85,076
01.04.2019	30,93,840	55,93,716	86,87,556
01.04.2020	71,28,376	1,05,28,760	1,76,57,136
01.04.2021	64,29,637	98,62,687	1,62,92,324
01.04.2022	18,37,560	94,78,350	1,13,15,910
01.04.2023	29,10,174	81,67,558	1,10,77,732
01.04.2024	78,87,598	15,95,121	94,82,719
	7,15,50,000	6,13,69,805	13,29,19,805

- 18 Derivatives :

Outstanding as at Balance Sheet date:

Particulars	Currency	Amount in Foreign Currency		Purpose
		as on 31.03.2010	as on 31.03.2009	
Principal only Swap	USD	Nil	2.43 Mio	Cost reduction

The above contracts are for hedging purpose not for speculation.

Out of the above derivative transactions, structures which are knocked in, the MTM loss has been provided for. While for structures with European knock in protection.

- 19 The Company's operations predominantly comprise of only one reportable product segment i.e. Yarn, as per Accounting Standard - 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.
- 20 Disclosure in respect of related parties pursuant to Accounting Standard - 18 :

List of related parties with whom the transactions have taken place and relationships :

Sl. No.	Name of the party	Relationship
1	Sri Vithaldas Agarwal	Key Management personnel
2	Sri Mahender Kumar Agarwal	Key Management personnel
3	Relatives of Key Management Personnel	Others
4	Suryaamba Spinning Mills Limited	Others



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULE 20 (contd.)**

During the year following transactions were carried out with related party in the ordinary course of business.

Sl. No.	Nature of transaction	2009-10 Key Management		2008-09 Key Management	
		Personnel	Others	Personnel	Others
1	Preference shares issued	Nil	Nil	2,11,11,300	1,72,75,800
2	Loans Accepted	35,00,000	27,061	1,06,82,210	Nil
3	Loans Repaid	26,46,699	Nil	2,04,65,511	1,36,47,000
4	Deposits Accepted	Nil	9,80,000	Nil	66,34,470
5	Deposits Repaid	Nil	Nil	Nil	2,36,57,150
6	Interest paid	2,84,384	1,07,556	16,51,464	13,81,503
7	Managerial remuneration	43,86,440	Nil	33,36,160	Nil
8	Salary	Nil	3,98,125	Nil	Nil

## **21 Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits :**

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

Description	31.03.2010 Rs.	31.03.2009 Rs.
<b>A Change in Obligations over the year ended 31 March 2010</b>		
Present Value of Defined Benefit Obligation at the beginning of the year	1,20,13,513	1,02,72,456
Current Service cost	9,72,247	16,01,221
Past Service cost	–	–
Interest Cost	9,44,262	8,21,796
Curtailment cost/(credit)	–	–
Settlement cost/(credit)	–	–
Amalgamations	–	–
Actuarial (gains)/losses	(3,61,288)	(3,46,232)
Benefits paid	–	(3,35,728)
Present Value of Defined Benefit Obligation at the end of the year	<u>1,35,68,734</u>	<u>1,20,13,513</u>
<b>B Change in Plan Assets</b>		
(Reconciliation of opening and closing balances)		
Fair value of Plan Assets at the beginning of the year	88,89,566	74,32,194
Expected return on Plan Assets	7,48,240	6,29,247
Actuarial Gain / (Loss)	1,08,368	(38,659)
Contributions	12,60,059	12,02,511
Benefits Paid	–	(3,35,727)
Fair value of Plan Assets at the end of the year	<u>1,10,06,233</u>	<u>88,89,566</u>



# **SURYALATA SPINNING MILLS LIMITED**

## **SCHEDULE 20 (contd.)**

Description		31.03.2010 Rs.	31.03.2009 Rs.
<b>C</b>	<b>Reconciliation of fair value of assets and obligations</b>		
	Fair value of Plan assets at the end of the year	1,10,06,233	88,89,566
	Present value of Obligation at the end of the year	1,35,68,734	1,20,13,513
	Amount recognized in Balance Sheet	(25,62,501)	(31,23,947)
<b>D</b>	<b>Expense recognized during the year</b>		
	Current Service cost	9,72,247	16,01,221
	Past Service cost	—	—
	Interest cost	9,44,262	8,21,796
	Curtailment cost / (Credit)	—	—
	Settlement cost / (Credit)	—	—
	Actuarial (gains) / losses	(4,69,656)	(3,07,574)
	Expected return on plan assets	(7,48,240)	(6,29,247)
		6,98,613	14,86,916
<b>E</b>	<b>Investment details of plan assets</b>		
	Insurer managed fund	100%	100%
	Government Securities	—	—
	Others	—	—
<b>F</b>	<b>Principal Actuarial Assumptions</b>		
	- Discount rate (based on the market yields available on Government bonds at the accounting date with a that term matches that of the liabilities)	7.86%	8.00%
	- Expected rate of return on assets	7.86%	8.00%
	- Salary increase (taking into account inflation, seniority, promotion and other relevant factors)	6.00%	6.00%
22	Previous Year's figures have been regrouped wherever necessary. Paise have been rounded off to the nearest rupee.		
23	Additional information pursuant to provisions of Part IV of Schedule VI of the Companies Act, 1956 is furnished in Annexure "A"		

As per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm Regn. No.000513S

for and on behalf of the Board

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

**VITHALDAS AGARWAL**  
Managing Director

**K NAGESWARA RAO**  
General Manager (Finance)

Place : Secunderabad  
Date : 20th May, 2010

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax		8,92,51,346		2,70,22,163
Add : Depreciation	5,22,22,324		4,97,90,693	
Finance Charges	5,26,31,880		5,26,68,231	
Loss on sale of Assets (net)	12,24,987	10,60,79,191	4,49,912	10,29,08,836
		19,53,30,537		12,99,30,999
Less : Interest received	13,41,637		15,42,617	
Dividend received	33,800		20,600	
Credit balances written back	238		1,45,082	
Profit on Sale of Investments	32,20,120		—	
Direct Taxes paid	95,12,699	1,41,08,494	66,67,339	83,75,638
Operating Profit before working capital charges		18,12,22,043		12,15,55,361
Add : Decrease/(Increase) in Inventories	(7,91,22,611)		6,65,53,542	
Decrease/(Increase) in Receivables	5,13,30,294		(6,15,75,060)	
Decrease/(Increase) in Loans and Advances	(87,42,912)		1,17,76,234	
Increase/(Decrease) in Current Liabilities	2,51,07,334	(1,14,27,895)	(6,22,65,335)	(4,55,10,619)
Net Cash inflow from Operating activity		16,97,94,148		7,60,44,742
<b>B CASHFLOW FROM INVESTING ACTIVITIES</b>				
<b>OUTFLOW:</b>				
Acquisition of fixed assets including Capital Work in Progress		(19,32,87,108)		(2,98,69,475)
Increase/(Decrease) in Advance for Capital equipment		(2,20,41,448)		—
<b>INFLOW:</b>				
Sale of Assets(net of taxes)	15,63,250		7,90,000	
Sale of Investment	32,89,420		—	
Interest Received	11,35,358		15,42,617	
Dividend received	33,800	60,21,828	20,600	23,53,217
Net Cash Outflow from Investing activity		(20,93,06,728)		(2,75,16,258)



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
<b>INFLOW:</b>				
Preference Share Capital	–		5,13,00,000	
Term Loans Received	10,86,31,831		3,20,45,000	
Hire Purchase Loans Received	89,78,000		–	
Unsecured Loans received	1,39,89,780		4,98,94,412	
Increase/(decrease) in Bank Borrowings	3,03,44,066	16,19,43,677	(51,15,513)	12,81,23,899
<b>OUTFLOW:</b>				
Repayment of Term loans	5,92,81,855		5,24,63,680	
Dividend Paid	43,46,105		–	
Repayment of Hire Purchase loans	13,96,549		10,85,368	
Repayment of Unsecured loans	53,46,699		7,82,77,103	
Interest Paid	5,26,31,880	12,30,03,088	5,26,68,231	18,44,94,382
Net Cash outflow from financing activities		3,89,40,589		(5,63,70,483)
Net increase/(decrease) in Cash/Cash Equivalents during the year (A+B+C)		(5,71,991)		(78,41,999)
Add: Cash/Cash equivalents at the beginning of the year		32,07,280		1,10,49,279
Cash/Cash equivalents at the end of the year		26,35,289		32,07,280

As per our report of even date for **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm Regn. No.0005135

for and on behalf of the Board

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

**VITHALDAS AGARWAL**  
Managing Director

**K NAGESWARA RAO**  
General Manager (Finance)

Place : Secunderabad  
Date : 20th May, 2010

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director



# **SURYALATA SPINNING MILLS LIMITED**

ANNEXURE- "A" forming part of Schedule 20

## **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 31ST MARCH, 2010**

### I. Registration details

Registration No.  State code    
Balance sheet date

### II. Capital raised during the year (Amount in Rs. thousands)

Public issue        
Rights issue        
Bonus issue        
Private placement

### III. Position of mobilisation and deployment of funds (Amount in Rs.thousands)

Total liabilities         
Total assets

#### SOURCES OF FUNDS

Paid-up capital  
Equity Share Capital         
Reserves and surplus         
Preference Share Capital         
Secured loans         
Deferred Tax Liability         
Unsecured loans

#### APPLICATION OF FUNDS

Net Fixed Assets         
Investments        
Net current assets         
Misc. expenditure        
Accumulated Losses

### IV. Performance of Company (Amount in Rs.thousands)

Net Turnover and other income         
Total expenditure         
Profit Before Tax        
Profit after tax        
Earning per share in Rs.        
Equity Dividend rate %      %

### V. Generic names of three principal products/services of Company (As per monetary terms)

Item Code No.(ITC Code)	Product Description
<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="2"/>	<input type="text" value="P"/> <input type="text" value="O"/> <input type="text" value="L"/> <input type="text" value="Y"/> <input type="text" value="E"/> <input type="text" value="S"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value=""/> <input type="text" value="Y"/> <input type="text" value="A"/> <input type="text" value="R"/> <input type="text" value="N"/>
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## ELECTRONIC CLEARING SERVICE (ECS) MANDATE FORM FOR DIVIDEND

M/S. SATHGURU MANAGEMENT CONSULTANTS PRIVATE LIMITED.

(Unit: SURYALATA SPINNING MILLS LIMITED)

Plot No.15, Hindi Nagar, Panjagutta, Hyderabad- 500 034.

Shareholders authorization to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No.	ECS Ref. No.: (For office use only)
Name of the first / Sole Shareholder	
Bank Name	
Branch Address & Telephone No. of Branch	
Bank Account Number (As appearing on the Cheque Books)	
9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy (Xerox copy) of a Cheque issued to you by your bank, for verification of the above particulars.	
Account Type (Please tick the option)	Savings ( )      Current ( )
Account No. (as appearing on the Cheque Book)	
Bank Account Ledger Folio No. (if any)	
Effective date of this mandate	

I hereby declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold M/s. SURYALATA SPINNING MILLS LIMITED responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent change(s) in the above particulars.

Place: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Shareholder)

**Note:** In case of shareholders holding the equity shares in demat form, the ECS form be sent to their respective Depository Participant(s) with whom the account is maintained.

### BANKER'S CERTIFICATION

Certified that the particulars furnished above are correct as per our records.

Banker's Seal :

Date :

Signature of the Authorised  
official of the Bank



[illegible]





## PROXY FORM

### SURYALATA SPINNING MILLS LIMITED

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

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

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of Suryalata Spinning Mills Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my behalf at the 27th Annual General Meeting to be held on Thursday, 23rd September, 2010 at 11.00 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

\* Applicable for investors holding shares in electronic form.

Note: (1) The Proxy need not be a member of the company.

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

Affix a  
Re.1.00  
Revenue  
Stamp  
and Sign  
across

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



## ATTENDANCE SLIP

### SURYALATA SPINNING MILLS LIMITED

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

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

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

NAME AND ADDRESS OF THE SHAREHOLDER / PROXY

I/We hereby record my / our presence at the 27th Annual General Meeting to be held on Thursday, 23rd September, 2010 at 11.00 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016.

Signature of the Shareholder or Proxy : \_\_\_\_\_

\* Applicable for investors holding shares in electronic form.

Members are requested to bring their copy of the Annual Report to the meeting.





